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**George County School District**

Audited Financial Statements  
For the Year Ended June 30, 2021

**Fortenberry & Ballard, PC**  
Certified Public Accountants

# George County School District

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## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the George 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 8 - 19 and 64 - 74, 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 George 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare

the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the George 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 George 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 George County School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
October 25, 2022

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**George County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

The following discussion and analysis of George 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 decreased \$1,820,383, including a prior period adjustment of (\$1,826), which represents a 6% decrease from fiscal year 2020. Total net position for 2020 decreased \$3,311,473, including a prior period adjustment of \$269,958, which represents a 12% decrease from fiscal year 2019.
- General revenues amounted to \$29,461,730 and \$28,889,136, or 75% and 79% 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 \$9,977,681, or 25% of total revenues for 2021, and \$7,847,097, or 21% of total revenues for 2020.
- The District had \$41,062,718 and \$40,317,664 in expenses for fiscal years 2021 and 2020; only \$9,977,681 for 2021 and only \$7,847,097 for 2020 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$29,461,730 for 2021 and \$28,889,136 for 2020 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$29,622,065 in revenues and \$28,442,755 in expenditures for 2021, and \$29,528,562 in revenues and \$28,436,078 in expenditures for 2020. The General Fund's fund balance increased by \$428,814, from 2020 to 2021, and increased by \$765,831, which includes a prior period adjustment of \$269,958, from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$291,611 for 2021 decreased by \$636,559 for 2020. The decrease for 2021 was due primarily to the disposal of assets coupled with the accumulated depreciation.
- Long-term debt decreased by \$263,924 for 2021 and decreased by \$438,749 for 2020. This decrease for 2021 was mainly due to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$21,844 for 2021 and decreased by \$1,000 for 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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Management's Discussion and Analysis  
For the Year Ended June 30, 2021

supplementary information, and other information.

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

**George County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

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

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Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$33,572,598 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.



**George 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**

	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>Percentage Change</b>
Current assets	\$ 8,283,070	6,068,465	36%
Restricted assets	3,256,347	3,856,461	(16)%
Capital assets, net	23,232,816	23,524,427	(1)%
<b>Total assets</b>	<b>34,772,233</b>	<b>33,449,353</b>	<b>4%</b>
<b>Deferred outflows of resources</b>	<b>11,764,524</b>	<b>8,636,204</b>	<b>36%</b>
Current liabilities	1,872,678	1,400,652	34%
Long-term debt outstanding	8,900,609	9,186,377	(3)%
Net OPEB liability	3,652,698	3,894,739	(6)%
Net pension liability	61,643,380	58,481,875	5%
<b>Total liabilities</b>	<b>76,069,365</b>	<b>72,963,643</b>	<b>4%</b>
<b>Deferred inflows of resources</b>	<b>4,039,990</b>	<b>874,129</b>	<b>362%</b>
<b>Net position:</b>			
Net investment in capital assets	14,842,816	14,739,427	1%
Restricted	6,374,501	5,666,257	12%
Unrestricted	(54,789,915)	(52,157,899)	(5)%
<b>Total net position (deficit)</b>	<b>\$ (33,572,598)</b>	<b>(31,752,215)</b>	<b>(6)%</b>

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)	\$ (54,789,915)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>57,571,544</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 2,781,629</u>

**George County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

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 \$291,611.
- The principal retirement of \$445,454 of long-term debt.
- Issuance of a shortfall note in the amount of \$181,530.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$39,439,411 and \$36,736,233, respectively. The total cost of all programs and services was \$41,062,718 for 2021 and \$40,317,664 for 2020.

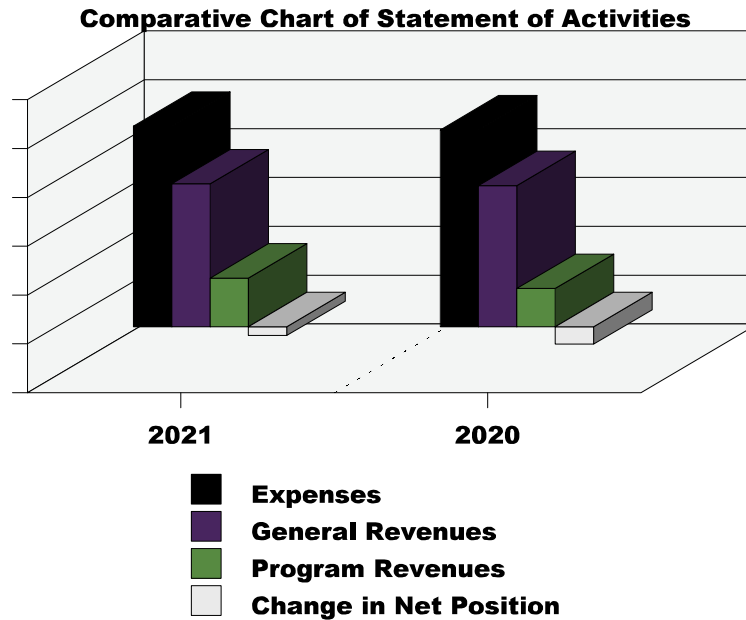
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

**George County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**Table 2**  
**Changes in Net Position**

	<b>Year Ended June 30, 2021</b>	<b>Year Ended June 30, 2020</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,353,182	1,001,624	35%
Operating grants and contributions	8,624,499	6,845,473	26%
General Revenues:			
Property taxes	7,719,589	7,375,125	5%
Grants and contributions not restricted	21,403,155	20,843,616	3%
Unrestricted investment earnings	170,746	203,339	(16)%
Sixteenth section sources	149,063	57,800	158%
Other	19,177	409,256	(95)%
<b>Total revenues</b>	<b>39,439,411</b>	<b>36,736,233</b>	<b>7%</b>
<b>Expenses:</b>			
Instruction	20,945,971	20,172,801	4%
Support services	10,885,423	10,284,170	6%
Non-instructional	2,329,951	2,316,449	1%
Sixteenth section	23,891	16,629	44%
Pension expense	6,591,057	7,116,187	(7)%
OPEB expense	155,286	283,528	(45)%
Interest on long-term liabilities	131,139	127,900	3%
<b>Total expenses</b>	<b>41,062,718</b>	<b>40,317,664</b>	<b>2%</b>
<b>Excess (deficiency) before Extraordinary Items</b>	<b>(1,623,307)</b>	<b>(3,581,431)</b>	<b>55%</b>
<b>Extraordinary Items</b>	<b>(195,250)</b>		<b>N/A</b>
<b>Increase (Decrease) in net position</b>	<b>(1,818,557)</b>	<b>(3,581,431)</b>	<b>49%</b>
<b>Net position (Deficit), July 1, as previously reported</b>	<b>(31,752,215)</b>	<b>(28,440,742)</b>	<b>(12)%</b>
<b>Prior period adjustment</b>	<b>(1,826)</b>	<b>269,958</b>	<b>(101)%</b>
<b>Net position (Deficit), July 1, as restated</b>	<b>(31,754,041)</b>	<b>(28,170,784)</b>	<b>(13)%</b>
<b>Net Position (Deficit), June 30</b>	<b>\$ (33,572,598)</b>	<b>(31,752,215)</b>	<b>(6)%</b>

**George 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.

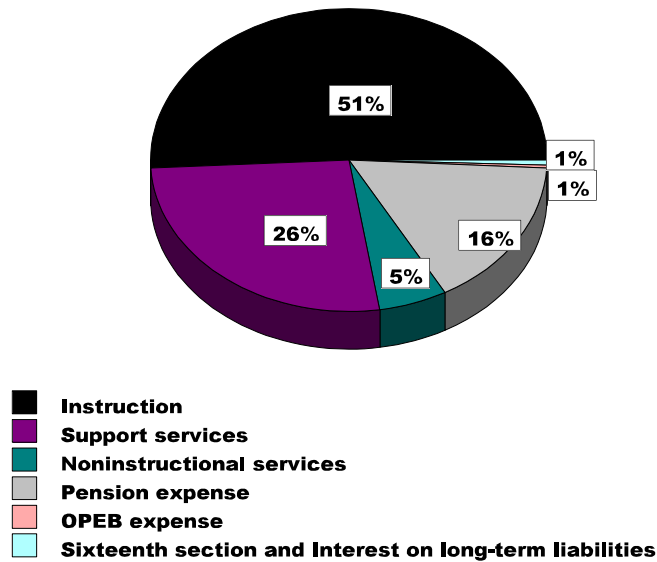
**Table 3**  
**Net Cost of Governmental Activities**

		<b>Total Expenses</b>		<b>Percentage Change</b>
		<b>2021</b>	<b>2020</b>	
Instruction	\$	20,945,971	20,172,801	4%
Support services		10,885,423	10,284,170	6%
Non-instructional		2,329,951	2,316,449	1%
Sixteenth section		23,891	16,629	44%
Pension expense		6,591,057	7,116,187	(7)%
OPEB expense		155,286	283,528	(45)%
Interest on long-term liabilities		131,139	127,900	3%
<b>Total expenses</b>	\$	<b>41,062,718</b>	<b>40,317,664</b>	<b>2%</b>

**George County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

	<b>Net (Expense) Revenue</b>		
	<b>2021</b>	<b>2020</b>	<b>Percentage Change</b>
Instruction	\$ (15,337,355)	(15,856,298)	3%
Support services	(8,976,785)	(8,792,491)	(2)%
Non-instructional	117,453	(277,534)	142%
Sixteenth section	(10,868)	(16,629)	35%
Pension expense	(6,591,057)	(7,116,187)	7%
OPEB expense	(155,286)	(283,528)	45%
Interest on long-term liabilities	(131,139)	(127,900)	(3)%
<b>Total net (expense) revenue</b>	<b>\$ (31,085,037)</b>	<b>(32,470,567)</b>	<b>4%</b>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$31,085,037 for 2021 and \$32,470,567 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$7,719,589 for 2021 and \$7,375,125 for 2020) and state and federal revenues (\$21,403,155 for 2021 and \$20,843,616 for 2020). In addition, there was \$149,063 and \$57,800 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$170,746 for 2021 and \$203,339 for 2020.

**George 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. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9,744,575, an increase of \$1,157,357, which includes a prior period adjustment of (\$1,840) and a decrease in inventory of \$19,068. \$2,902,977 or 30% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$6,841,598 or 70% 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 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 \$428,814. The fund balance of Other Governmental Funds showed an increase in the amount of \$210,146. The increase (decrease) in the fund balance for the other major funds was as follows:

Major Fund		Increase (Decrease)
Child Nutrition Fund	\$	169,167
Title I Fund		no increase or decrease
QSCB 2013 Sinking Fund	\$	168,124
QSCB 2013 Trustmark \$3,000,000 Fund	\$	181,106

**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.

**George County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major special revenue 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 \$45,976,204, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$488,489 from 2020. Total accumulated depreciation as of June 30, 2021, was \$22,743,388, and total depreciation expense for the year was \$1,051,380, resulting in total net capital assets of \$23,232,816.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 530,657	530,657	0%
Buildings	18,752,638	19,301,575	(3)%
Building improvements	1,559,086	1,658,292	(6)%
Improvements other than buildings	322,934	348,331	(7)%
Mobile equipment	1,468,304	1,540,263	(5)%
Furniture and equipment	599,197	145,309	312%
<b>Total</b>	<u>\$ 23,232,816</u>	<u>23,524,427</u>	<u>(1)%</u>

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 \$8,900,609 in outstanding long-term debt, of which \$516,444 is due within one year. The liability for compensated absences decreased \$21,844 from the prior year.

**George County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 3,145,000	3,305,000	(5)%
Three mill notes payable	245,000	480,000	(49)%
Shortfall notes payable	233,587	102,511	128%
Qualified school construction bonds payable	5,000,000	5,000,000	0%
Compensated absences payable	277,022	298,866	(7)%
<b>Total</b>	<u><u>\$ 8,900,609</u></u>	<u><u>9,186,377</u></u>	<u><u>(3)%</u></u>

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

## **CURRENT ISSUES**

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

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

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

Enrollment for the 2020 - 2021 year decreased by 8% to 4,152 students.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the George County School District, 5152 Main Street, Lucedale, MS 39452.



## FINANCIAL STATEMENTS

**GEORGE COUNTY SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 7,065,352
<i>Due from other governments</i>	1,147,898
<i>Inventories</i>	69,820
<i>Restricted assets</i>	3,256,347
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	530,657
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	18,752,638
<i>Building improvements</i>	1,559,086
<i>Improvements other than buildings</i>	322,934
<i>Mobile equipment</i>	1,468,304
<i>Furniture and equipment</i>	599,197
Total Assets	<u>34,772,233</u>
<b>Deferred Outflows of Resources</b>	
<i>Deferred outflows - pensions</i>	10,767,834
<i>Deferred outflows - OPEB</i>	996,690
Total Deferred Outflows of Resources	<u>11,764,524</u>
<b>LIABILITIES:</b>	
<i>Accounts payable and accrued liabilities</i>	1,794,813
<i>Unearned revenue</i>	29
<i>Interest payable on long-term liabilities</i>	77,836
<i>Long-term liabilities, due within one year:</i>	
Capital related liabilities	405,000
Non-capital related liabilities	111,444
Net OPEB liability	140,952
<i>Long-term liabilities, due beyond one year:</i>	
Capital related liabilities	7,985,000
Non-capital related liabilities	399,165
Net OPEB liability	3,511,746
Net pension liability	61,643,380
Total Liabilities	<u>76,069,365</u>
<b>Deferred Inflows of Resources</b>	
<i>Deferred inflows - pensions</i>	3,249,965
<i>Deferred inflows - OPEB</i>	790,025
Total Deferred Inflows of Resources	<u>4,039,990</u>
<b>Net Position</b>	
Net Investment in Capital Assets	14,842,816
Restricted For:	
Expendable:	
School-based activities	1,652,547
Debt service	4,035,593
Forestry improvements	377,248
Unemployment benefits	105,431
Nonexpendable:	
Sixteenth section	203,682
Unrestricted	(54,789,915)
Total Net Position (Deficit)	<u>\$ (33,572,598)</u>

The accompanying notes are an integral part of this statement.

**GEORGE COUNTY SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
<i>Instruction</i>	\$ 20,945,971	\$ 1,146,224	\$ 4,462,392	\$ (15,337,355)
<i>Support services</i>	10,885,423	--	1,908,638	(8,976,785)
<i>Noninstructional services</i>	2,329,951	193,935	2,253,469	117,453
<i>Sixteenth section</i>	23,891	13,023	--	(10,868)
<i>Pension expense</i>	6,591,057	--	--	(6,591,057)
<i>OPEB expense</i>	155,286	--	--	(155,286)
<i>Interest on long-term liabilities</i>	131,139	--	--	(131,139)
Total Governmental Activities	<u>\$ 41,062,718</u>	<u>\$ 1,353,182</u>	<u>\$ 8,624,499</u>	<u>(31,085,037)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				7,001,225
<i>Debt purpose levies</i>				718,364
Unrestricted grants and contributions:				
<i>State</i>				21,138,604
<i>Federal</i>				264,551
<i>Unrestricted investment earnings</i>				170,746
<i>Sixteenth section sources</i>				149,063
<i>Other</i>				19,177
Total General Revenues				<u>29,461,730</u>
Extraordinary items				<u>(195,250)</u>
Total General Revenues and Extraordinary Items				<u>29,266,480</u>
Change in Net Position				<u>(1,818,557)</u>
Net Position (Deficit) - Beginning, as previously reported				(31,752,215)
Prior Period Adjustment				(1,826)
Net Position (Deficit) - Beginning, as restated				<u>(31,754,041)</u>
Net Position (Deficit) - Ending				<u>\$ (33,572,598)</u>

The accompanying notes are an integral part of this statement.

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**GEORGE COUNTY SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2021

	General Fund	Child Nutrition Fund	Title I Fund
<b>Assets:</b>			
<i>Cash and cash equivalents</i>	\$ 4,008,623	\$ 1,193,688	\$ --
<i>Cash with fiscal agent</i>	--	--	--
<i>Investments</i>	--	--	--
<i>Due from other governments</i>	404,664	679	252,736
<i>Due from other funds</i>	666,621	--	--
<i>Inventories</i>	--	69,820	--
Total Assets	<u>\$ 5,079,908</u>	<u>\$ 1,264,187</u>	<u>\$ 252,736</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
<i>Accounts payable and accrued liabilities</i>	\$ 1,793,077	\$ 147	\$ --
<i>Due to other funds</i>	--	--	252,736
<i>Unearned revenue</i>	--	--	--
Total Liabilities	<u>1,793,077</u>	<u>147</u>	<u>252,736</u>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
<i>Permanent fund principal</i>	--	--	--
<i>Inventory</i>	--	69,820	--
<b>Restricted:</b>			
<i>Unemployment benefits</i>	--	--	--
<i>Forestry improvements</i>	--	--	--
<i>Debt service</i>	--	--	--
<i>Grant activities</i>	--	--	--
<i>Food service</i>	--	1,194,220	--
<b>Assigned:</b>			
<i>Activity funds</i>	383,854	--	--
<b>Unassigned</b>	<u>2,902,977</u>	<u>--</u>	<u>--</u>
Total Fund Balance	<u>3,286,831</u>	<u>1,264,040</u>	<u>--</u>
Total Liabilities and Fund Balance	<u>\$ 5,079,908</u>	<u>\$ 1,264,187</u>	<u>\$ 252,736</u>

The accompanying notes are an integral part of this statement.

QSCB 2013 Sinking Fund	QSCB 2013 Trustmark \$3,000,000 Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ 2,066,723	\$ 7,269,034
29,997	9	24	30,030
1,398,000	1,624,635	--	3,022,635
--	--	489,819	1,147,898
--	--	--	666,621
--	--	--	69,820
<u>\$ 1,427,997</u>	<u>\$ 1,624,644</u>	<u>\$ 2,556,566</u>	<u>\$ 12,206,038</u>
\$ --	\$ --	\$ 1,589	\$ 1,794,813
--	--	413,885	666,621
--	--	29	29
<u>--</u>	<u>--</u>	<u>415,503</u>	<u>2,461,463</u>
--	--	203,682	203,682
--	--	--	69,820
--	--	105,431	105,431
--	--	377,248	377,248
1,427,997	1,624,644	1,060,788	4,113,429
--	--	393,914	393,914
--	--	--	1,194,220
--	--	--	383,854
--	--	--	2,902,977
<u>1,427,997</u>	<u>1,624,644</u>	<u>2,141,063</u>	<u>9,744,575</u>
<u>\$ 1,427,997</u>	<u>\$ 1,624,644</u>	<u>\$ 2,556,566</u>	<u>\$ 12,206,038</u>

**GEORGE COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021*

Total fund balances for governmental funds balance sheet	\$ 9,744,575
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	23,232,816
Liabilities due in one year are not recognized in the funds.	(657,396)
Payables for bond principal which are not due in the current period are not reported in the funds.	(7,985,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(77,836)
Payables for notes which are not due in the current period are not reported in the funds.	(122,143)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(277,022)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(61,643,380)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(3,249,965)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	10,767,834
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(3,511,746)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(790,025)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	996,690
Net position of governmental activities	\$ <u>(33,572,598)</u>

The accompanying notes are an integral part of this statement.

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**GEORGE COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Child Nutrition Fund	Title I Fund
<b>Revenues:</b>			
Local sources	\$ 7,722,596	\$ 92,987	\$ --
State sources	21,395,045	--	--
Federal sources	344,496	2,416,241	1,045,254
Sixteenth section sources	159,928	--	--
Total revenues	<u>29,622,065</u>	<u>2,509,228</u>	<u>1,045,254</u>
<b>Expenditures:</b>			
Instruction	18,177,895	--	722,562
Support services	10,263,283	156,660	578,882
Noninstructional services	1,037	2,020,225	24,367
Sixteenth section	540	--	--
Debt service:			
Principal	--	--	--
Interest	--	--	--
Total Expenditures	<u>28,442,755</u>	<u>2,176,885</u>	<u>1,325,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,179,310</u>	<u>332,343</u>	<u>(280,557)</u>
<b>Other Financing Sources (Uses):</b>			
Notes proceeds	181,530	--	--
Insurance recovery	125,927	--	--
Sale of transportation equipment	7,475	--	--
Payment held by QSCB escrow agent	--	--	--
Payment to QSCB escrow agent	--	--	--
Operating transfers in	357,736	--	293,702
Other financing sources	--	--	--
Operating transfers out	(1,227,914)	(144,108)	(18,552)
Total Other Financing Sources (Uses)	<u>(555,246)</u>	<u>(144,108)</u>	<u>275,150</u>
Extraordinary items	<u>(195,250)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>428,814</u>	<u>188,235</u>	<u>(5,407)</u>
July 1, 2020, as previously reported	2,858,017	1,094,873	--
Prior Period Adjustment	--	--	5,407
July 1, 2020, as restated	<u>2,858,017</u>	<u>1,094,873</u>	<u>5,407</u>
Increase (Decrease) in inventory	--	(19,068)	--
June 30, 2021	<u>\$ 3,286,831</u>	<u>\$ 1,264,040</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

QSCB 2013 Sinking Fund	QSCB 2013 Trustmark \$3,000,000 Fund	Other Governmental Funds	Total Governmental Funds
\$ 15,124	\$ --	\$ 1,118,991	\$ 8,949,698
--	--	1,377,330	22,772,375
--	--	3,584,078	7,390,069
--	--	23,502	183,430
<u>15,124</u>	<u>--</u>	<u>6,103,901</u>	<u>39,295,572</u>
--	--	4,318,265	23,218,722
--	--	1,398,610	12,397,435
--	--	48	2,045,677
--	1,250	22,101	23,891
--	--	445,454	445,454
--	--	116,247	116,247
<u>--</u>	<u>1,250</u>	<u>6,300,725</u>	<u>38,247,426</u>
15,124	(1,250)	(196,824)	1,048,146
--	--	--	181,530
--	--	--	125,927
--	--	--	7,475
142,563	188,353	--	330,916
(142,563)	--	(188,353)	(330,916)
142,563	1,250	1,364,614	2,159,865
10,437	--	--	10,437
--	--	(769,291)	(2,159,865)
<u>153,000</u>	<u>189,603</u>	<u>406,970</u>	<u>325,369</u>
--	--	--	(195,250)
168,124	188,353	210,146	1,178,265
1,259,873	1,443,538	1,930,917	8,587,218
--	(7,247)	--	(1,840)
<u>1,259,873</u>	<u>1,436,291</u>	<u>1,930,917</u>	<u>8,585,378</u>
--	--	--	(19,068)
<u>\$ 1,427,997</u>	<u>\$ 1,624,644</u>	<u>\$ 2,141,063</u>	<u>\$ 9,744,575</u>

**GEORGE COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021*

Net change in fund balances - total governmental funds	\$ 1,178,265
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	785,776
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,051,380)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(26,007)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	160,000
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	285,454
(Increase) decrease in accrued interest from beginning of period to end of period.	(14,892)
Change in inventory affects fund balance in the funds but affects expense in SOA.	(19,068)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	21,844
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(181,530)
Amounts paid by employer as benefits come due subsequent to measurement date of NOL and before end of reporting period.	121,074
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	3,668,250
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(6,591,057)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(155,286)
Change in net position of governmental activities	\$ <u>(1,818,557)</u>

The accompanying notes are an integral part of this statement.

**George County School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

## **George County School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### **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, George 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. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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

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

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

The school district reports the following major governmental funds:

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

Child Nutrition Fund – This fund accounts for the food service activity of the school district.

Title I Fund – This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

QSCB 2013 Sinking Fund – This fund accounts for the sinking fund activities of the qualified school construction bonds.

QSCB 2013 Trustmark \$3,000,000 Fund – This fund accounts for the sinking fund activities of the 2013 qualified school construction bonds.

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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.

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.

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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 are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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



## George County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### **D. Encumbrances**

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

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

#### **1. Cash, Cash equivalents and Investments**

##### Cash and cash equivalents

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

##### Investments

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

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

Investments for the district are reported at fair market value.

#### **2. Receivables and payables**

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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.

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

#### 5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> 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 date of donation. The costs of normal maintenance and repair that do not add to the value of

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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 two deferred outflow items which are presented as deferred outflow for pensions and deferred outflow for 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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

be recognized as an inflow of resources (revenue) until that time. The school district has two deferred inflow items which are presented as deferred inflow for pensions and deferred inflow for OPEB.

See Note 11 for further details.

#### 8. Compensated Absences

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

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

#### 9. Long-term Liabilities and Bond Discounts/Premiums

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

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

#### 10. Pensions

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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 level of decision-making authority. This formal action is the approval of the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

*Assigned fund balance* includes amounts that are constrained by the

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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

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

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

The goal of the District is to maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 7% of District Maintenance revenues or expenditures.

#### 13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. 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)

## **George County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2021

pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

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

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

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

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

#### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$7,269,034.

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$7,674,205 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$30,030.

#### Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government Securities	AA+	1-5 Years	\$ 1,398,000
Qualified School Construction Bonds Common Trust Fund 2012-A	Unrated	Less than one year	1,624,635
Total			\$ 3,022,635

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:

- U.S. government securities and Common Trust Fund type of investments of \$3,022,635 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.



## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

*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.

*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:

Investment Type	Fair Value	Fair Value
U.S. Government Securities	\$ 1,398,000	46%
Qualified School Construction Bonds Common Trust Fund 2012-A	1,624,635	54%
Total	\$ 3,022,635	100%

### Note 3 - Inter-fund Receivables, Payables and Transfers

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

#### A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 252,736
	Other Governmental Funds	413,885
Total		\$ 666,621

The purpose of the Due From/To other funds was to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

## George County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Child Nutrition Fund	\$ 144,108
	Title I Fund	18,552
	Other Governmental Funds	195,076
Title I Fund	Other Governmental Funds	293,702
QSCB 2013 Sinking Fund	Other Governmental Funds	142,563
QSCB 2013 Trustmark \$3,000,000 Fund	Other Governmental Funds	1,250
Other Governmental Funds	General Fund	1,227,914
	Other Governmental Funds	136,700
Total		\$ <u>2,159,865</u>

The purpose of the transfers was to cover negative cash balances and startup cash for ball games.

### Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$203,682, 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.

The restricted assets represented the cash with fiscal agents balance, totaling \$24, of the MAEP Retirement Fund.

In addition, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$29,997 and \$1,398,000, respectively, of the 2013 QSCB Sinking Fund.

In addition, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$9 and \$1,624,635, respectively, of the QSCB 2013 Trustmark \$3,000,000 Fund.

# George County School District

## Notes to the Financial Statements For the Year Ended June 30, 2021

### Note 5 - Capital Assets

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

	Balance 7-1-2020	Additions	Deletions	Balance 6-30-2021
<u>Non-depreciable capital assets:</u>				
Land	\$ 530,657			530,657
Total non-depreciable capital assets	530,657	0	0	530,657
<u>Depreciable capital assets:</u>				
Buildings	33,666,730			33,666,730
Building improvements	3,098,165			3,098,165
Improvements other than buildings	1,198,905		31,871	1,167,034
Mobile equipment	4,944,344	203,361	165,557	4,982,148
Furniture and equipment	2,048,914	582,415	99,859	2,531,470
Total depreciable capital assets	44,957,058	785,776	297,287	45,445,547
<u>Less accumulated depreciation for:</u>				
Buildings	14,365,155	548,937		14,914,092
Building improvements	1,439,873	99,206		1,539,079
Improvements other than buildings	850,574	19,023	25,497	844,100
Mobile equipment	3,404,081	258,764	149,001	3,513,844
Furniture and equipment	1,903,605	125,450	96,782	1,932,273
Total accumulated depreciation	21,963,288	1,051,380	271,280	22,743,388
Total depreciable capital assets, net	22,993,770	(265,604)	26,007	22,702,159
Governmental activities capital assets, net	\$ 23,524,427	(265,604)	26,007	23,232,816

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 363,293
Support services	288,089
Non-instructional	399,998
Total depreciation expense	\$ 1,051,380

# George County School District

## Notes to the Financial Statements For the Year Ended June 30, 2021

### 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. General obligations bonds payable	\$ 3,305,000		160,000	3,145,000	160,000
B. Three mill notes payable	480,000		235,000	245,000	245,000
C. Shortfall notes payable	102,511	181,530	50,454	233,587	111,444
D. Qualified school construction bonds payable	5,000,000			5,000,000	
E. Compensated absences payable	298,866		21,844	277,022	
Total	\$ 9,186,377	181,530	467,298	8,900,609	516,444

#### A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, 2013	3.54%	08-15-13	08-15-32	\$ 4,000,000	3,145,000

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 160,000	108,026	268,026
2023	160,000	103,226	263,226
2024	170,000	98,276	268,276
2025	185,000	92,719	277,719
2026	185,000	86,706	271,706
2027 - 2031	1,530,000	312,773	1,842,773
2032 - 2033	755,000	24,281	779,281
Total	\$ 3,145,000	826,007	3,971,007

This debt will be retired from the general obligation bond debt service fund.

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

The amount of bonded indebtedness that can be incurred by the George County School District is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2021, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2020.

#### **B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, Series 2019	2.4-3.1%	04-09-19	04-09-22	\$ <u>710,000</u>	<u>245,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ <u>245,000</u>	<u>7,595</u>	<u>252,595</u>

This debt will be retired from the Three Mill Notes Retirement Fund.

#### **C. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall notes payable, 2018	3.39%	07-23-18	07-23-21	\$ 151,260	52,057
Shortfall notes payable, 2020	1.88%	07-24-20	07-24-23	<u>181,530</u>	<u>181,530</u>
Total				\$ <u>332,790</u>	<u>233,587</u>

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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

1. Shortfall notes payable, 2018

Year Ending June 30	Principal	Interest	Total
2022	\$ <u>52,057</u>	<u>1,767</u>	<u>53,824</u>

This debt will be retired from the Shortfall Debt Service Fund.

2. Shortfall notes payable, 2020

Year Ending June 30	Principal	Interest	Total
2022	\$ 59,387	3,413	62,800
2023	60,503	2,296	62,799
2024	<u>61,640</u>	<u>1,159</u>	<u>62,799</u>
Total	\$ <u>181,530</u>	<u>6,868</u>	<u>188,398</u>

This debt will be retired from the Shortfall Debt Service Fund.

Total shortfall notes payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 111,444	5,180	116,624
2023	60,503	2,296	62,799
2024	<u>61,640</u>	<u>1,159</u>	<u>62,799</u>
Total	\$ <u>233,587</u>	<u>8,635</u>	<u>242,222</u>

#### D. Qualified school construction bonds payable

As more fully explained in Note 14, debt has been currently issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB, Series 2009	0%	11-05-09	09-15-24	\$ 2,000,000	2,000,000
QSCB, Series 2013	0%	08-15-13	06-18-28	3,000,000	3,000,000
Total				<u>\$ 5,000,000</u>	<u>5,000,000</u>

## George County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### **E. Compensated absences payable**

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

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

## **Note 7 - Defined Benefit Pension Plan**

### **General Information about the Pension Plan**

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

*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 \$3,668,250, \$3,689,343, and \$3,409,971, 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 \$61,643,380 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 0.318425 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.014010 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.

For the year ended June 30, 2021, the District recognized pension expense of \$6,591,057. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 534,538	\$
Net difference between projected and actual earnings on pension plan investments	2,636,449	
Changes of assumptions	360,005	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,568,592	3,249,965
District contributions subsequent to the measurement date	3,668,250	
Total	<u>\$ 10,767,834</u>	<u>\$ 3,249,965</u>

\$3,668,250 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



## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2022	\$	928,774
2023		1,345,156
2024		759,772
2025		815,917
Total	\$	<u>3,849,619</u>

*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 will be 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.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimates 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:

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00%	4.90%
International Equity	22.00%	4.75%
Global Equity	12.00%	5.00%
Fixed Income	20.00%	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 lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 79,789,781	\$ 61,643,380	\$ 46,665,308

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

## George County School District

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### Note 8 - Other Postemployment Benefits (OPEB)

#### General Information about the OPEB Plan.

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

#### *Benefits provided.*

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

#### *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 \$121,074 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 \$3,652,698 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 0.46937295 percent. This was an increase of 0.01038046 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$155,286. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$	4,656	\$	635,667
Changes in assumptions		567,115		154,358
Net difference between projected and actual earnings on OPEB plan investments		117		
Changes in proportion and differences between District contributions and proportionate share of contributions		303,728		
District contributions subsequent to the measurement date		121,074		
Total	\$	<u>996,690</u>	\$	<u>790,025</u>

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

\$121,074 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:		
2022	\$	22,970
2023		22,970
2024		24,654
2025		27,351
2026		(12,354)
Total	\$	<u>85,591</u>

*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 ultimate rate of 4.50% by 2030
Pre-Medicare	

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 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 Buyer General Obligation 20-year Municipal Bond Index Rate.

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

		1% Decrease (1.19%)		Discount Rate (2.19%)		1% Increase (3.19%)
Net OPEB liability	\$	4,036,481	\$	3,652,698	\$	3,323,517

*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-

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$	3,372,707	\$ 3,652,698	\$ 3,969,914

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

#### Note 9 - Risk Management

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

The school district is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the school district's 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 the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$500,000. For a claim exceeding \$500,000, MMWCG has insurance which will pay the excess up 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 pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

#### Note 10 - Contingencies

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

## **George County School District**

### Notes to the Financial Statements For the Year Ended June 30, 2021

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

#### **Note 11 - Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$54,789,915) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$3,668,250 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$7,099,584 balance of deferred outflow of resources, 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 (\$54,789,915) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,249,965 balance of deferred inflow of resources, at June 30, 2021 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$54,789,915) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$121,074 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$875,616 balance of deferred outflow of resources, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$54,789,915) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$790,025 balance of deferred inflow of resources at June 30, 2021 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

#### **Note 12 - 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



## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

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.

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 45,044
2023	37,764
2024	30,517
Total	<u>\$ 113,325</u>

### Note 13 - Prior Period Adjustment

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

#### Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
See explanations below.	(\$1,840)
To record netting from prior year and immaterial difference found.	14
Total	<u>(\$1,826)</u>

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
Title I Fund	To correctly present assets during the prior year.	\$ 5,407
QSCB 2013 Trustmark \$3,000,000 Fund	To remove QSCB payments and accruals.	(7,247)
Total		<u>\$ (1,840)</u>

### Note 14 – Qualified School Construction Bonds

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

## George County School District

### Notes to the Financial Statements For the Year Ended June 30, 2021

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The school district did not apply for any subsidies for the year ended June 30, 2021.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$3,052,641. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	QSCB Series 2009	QSCB Series 2013	Total
2022 \$	154,000	200,000	354,000
2023	154,000	200,000	354,000
2024	154,000	200,000	354,000
2025	154,000	210,000	364,000
2026		225,000	225,000
2027 - 2028		430,000	430,000
Total \$	616,000	1,465,000	2,081,000

#### Note 15 - Insurance Loss Recoveries

The George County School District received \$125,927 in insurance loss recoveries related to vehicle damage, hurricane and insurance reduction 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 to the non-instructional expense function.

#### Note 16 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

## **George County School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2021

### **Note 17 - Extraordinary Items**

The school district paid \$195,250 for legal consultation after their information was stolen with ransom ware and held for ransom.

### **Note 18 - Subsequent Events**

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

## REQUIRED SUPPLEMENTARY INFORMATION

**GEORGE COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2021

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 7,839,982	8,125,878	7,722,596	285,896	(403,282)
State sources	20,490,198	21,390,959	21,395,045	900,761	4,086
Federal sources	232,379	353,427	344,496	121,048	(8,931)
Sixteenth section sources	69,842	166,674	159,928	96,832	(6,746)
Total Revenues	28,632,401	30,036,938	29,622,065	1,404,537	(414,873)
<b>Expenditures:</b>					
Instruction	18,860,714	18,627,402	18,177,895	233,312	449,507
Support services	10,330,072	10,428,675	10,263,283	(98,603)	165,392
Noninstructional services	150	1,999	1,037	(1,849)	962
Sixteenth section	100	600	540	(500)	60
Facilities acquisition and construction	-	87,000	-	(87,000)	87,000
Debt service	2,047	2,047	-	-	2,047
Total Expenditures	29,193,083	29,147,723	28,442,755	45,360	704,968
Excess (Deficiency) of Revenues Over (Under) Expenditures	(560,682)	889,215	1,179,310	1,449,897	290,095
<b>Other Financing Sources (Uses):</b>					
Note proceeds	-	181,530	181,530	181,530	-
Insurance recovery	-	125,927	125,927	125,927	-
Sale of transportation equipment	-	7,475	7,475	7,475	-
Operating transfers in	4,338,765	4,254,620	357,736	(84,145)	(3,896,884)
Operating transfers out	(5,191,777)	(5,135,659)	(1,227,914)	56,118	3,907,745
Other financing uses	-	(195,250)	-	(195,250)	195,250
Total Other Financing Sources (Uses)	(853,012)	(761,357)	(555,246)	91,655	206,111
Extraordinary items	-	-	(195,250)	-	(195,250)
Net Change in Fund Balances	(1,413,694)	127,858	428,814	1,541,552	300,956
<b>Fund Balances:</b>					
July 1, 2020, as previously reported	2,629,815	2,646,123	2,858,017	16,308	211,894
Prior period adjustment	-	211,892		211,892	(211,892)
July 1, 2020, as restated	2,629,815	2,858,015	2,858,017	228,200	2
June 30, 2021	\$ 1,216,121	2,985,873	3,286,831	1,769,752	300,958

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

**GEORGE COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

Child Nutrition Fund

For the Year Ended June 30, 2021

**Exhibit 2**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 118,000	113,000	92,987	(5,000)	(20,013)
State sources	21,000	-	-	(21,000)	-
Federal sources	2,568,000	2,601,567	2,416,241	33,567	(185,326)
Total Revenues	2,707,000	2,714,567	2,509,228	7,567	(205,339)
<b>Expenditures:</b>					
Support services	159,414	159,414	156,660	-	2,754
Noninstructional services	2,284,746	2,306,747	2,020,225	(22,001)	286,522
Total Expenditures	2,444,160	2,466,161	2,176,885	(22,001)	289,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	262,840	248,406	332,343	(14,434)	83,937
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(180,000)	(180,000)	(144,108)	-	35,892
Total Other Financing Sources (Uses)	(180,000)	(180,000)	(144,108)	-	35,892
Net Change in Fund Balances	82,840	68,406	188,235	(14,434)	119,829
<b>Fund Balances:</b>					
July 1, 2020	1,090,610	1,094,872	1,094,873	4,262	1
Increase (decrease) in inventory	-	(19,067)	(19,068)	(19,067)	(1)
June 30, 2021	\$ 1,173,450	1,144,211	1,264,040	(29,239)	119,829

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

**GEORGE COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

Title I Fund

For the Year Ended June 30, 2021

**Exhibit 3**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,214,682	1,281,066	1,045,254	66,384	(235,812)
Total Revenues	<u>1,214,682</u>	<u>1,281,066</u>	<u>1,045,254</u>	<u>66,384</u>	<u>(235,812)</u>
<b>Expenditures:</b>					
Instruction	824,893	895,733	722,562	(70,840)	173,171
Support services	523,783	617,359	578,882	(93,576)	38,477
Noninstructional services	25,563	41,099	24,367	(15,536)	16,732
Total Expenditures	<u>1,374,239</u>	<u>1,554,191</u>	<u>1,325,811</u>	<u>(179,952)</u>	<u>228,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(159,557)</u>	<u>(273,125)</u>	<u>(280,557)</u>	<u>(113,568)</u>	<u>(7,432)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	170,018	293,702	293,702	123,684	-
Operating transfers out	<u>(19,537)</u>	<u>(20,577)</u>	<u>(18,552)</u>	<u>(1,040)</u>	<u>2,025</u>
Total Other Financing Sources (Uses)	<u>150,481</u>	<u>273,125</u>	<u>275,150</u>	<u>122,644</u>	<u>2,025</u>
Net Change in Fund Balances	<u>(9,076)</u>	<u>-</u>	<u>(5,407)</u>	<u>9,076</u>	<u>(5,407)</u>
Fund Balances:					
July 1, 2020, as previously reported	-	5,407	-	5,407	(5,407)
Prior period adjustments	<u>-</u>	<u>(5,407)</u>	<u>5,407</u>	<u>(5,407)</u>	<u>10,814</u>
July 1, 2020, as restated	-	-	5,407	-	5,407
June 30, 2021	<u>\$ (9,076)</u>	<u>-</u>	<u>-</u>	<u>9,076</u>	<u>-</u>

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

**George County School District**

## Schedule of the District's Proportionate Share of the Net Pension Liability

## PERS

## Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 61,643,380	58,481,875	51,163,850	50,115,217	53,180,584	45,755,145	33,986,874
District's proportion of the net pension liability	0.318425%	0.332435%	0.307605%	0.301474%	0.297722%	0.295996%	0.283241%
District's covered payroll	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025	18,492,108	17,307,511
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%	196.37%
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 the required supplementary information are an integral part of this schedule.

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

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



**George County School District**  
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	\$ 3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749	2,912,507
Contributions in relation to the contractually required contribution	3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749	2,912,507
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	21,081,897	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025	18,492,108
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**George County School District****Schedule of the District's Proportionate Share of the Net OPEB Liability  
OPEB**

Last 10 Fiscal Years\*

	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 3,652,698	3,894,739	3,428,617	3,356,202
District's proportion of the net OPEB liability	0.46937295%	0.45899249%	0.44323150%	0.42775473%
District's covered-employee payroll	22,620,753	21,019,221	20,047,059	19,217,844 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

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

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

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**George County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years\*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 121,074	145,669	156,113	143,080 **
Contributions in relation to the actuarially determined contribution	121,074	145,669	156,113	143,080 **
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 16,910,154	21,203,126	21,650,597	19,643,492
Contributions as a percentage of covered-employee payroll	0.72%	0.69%	0.72%	0.73%

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

## George County School District

### Notes to the 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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

#### Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

## George County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

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

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

#### 2019:

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

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

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

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

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

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

#### (2) *Changes in benefit provisions*

##### 2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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

## George County School District

### Notes to the 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 coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

(3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 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

## George County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

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

## SUPPLEMENTARY INFORMATION



**GEORGE COUNTY SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	215MS326N1099	10.555	\$ 188,701
Summer Food Service Program for Children	215MS326N1099	10.559	2,218,800
Total Child Nutrition Cluster			2,407,501
State Administrative Expenses for Child Nutrition	215MS907N2533	10.560	8,740
Total passed-through the Mississippi Department of Education			2,416,241
<b>Total U.S. Department of Agriculture</b>			<b>2,416,241</b>
<b><u>U. S. Department of Defense</u></b>			
Direct program:			
Reserve Officers' Training Corps	N/A	12.xxx	71,331
<b>Total U.S. Department of Defense</b>			<b>71,331</b>
<b><u>U.S. Department of Interior</u></b>			
Direct Program:			
Payment in Lieu of Taxes	N/A	15.226	163,528
<b>Total U.S. Department of Interior</b>			<b>163,528</b>
<b><u>U. S. Department of Treasury</u></b>			
Passed-through the Mississippi Department of Education			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	1,467,258
Total passed-through the Mississippi Department of Education			1,467,258
<b>Total U.S. Department of Treasury</b>			<b>1,467,258</b>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A180024	84.010	1,344,363
Career and Technical Education - Basic Grants to States	V048A180024	84.048	64,820
Education for Homeless Children and Youth	ES196A200025	84.196	15,851
Rural Education	ES358B180024	84.358	87,594
Supporting Effective Instruction State Grants	ES367A180023	84.367	224,376
School Improvement Grants	ES277A160025	84.377	168,262
Student Support and Academic Enrichment	ES424A200025	84.424	87,363
COVID-19 - Elementary and Secondary School Emergency Relief Grant (ESSER II)	S425D200031	84.425D	541,833
Subtotal			2,534,462
Special Education Cluster:			
Special Education - Grants to States	H027A180108	84.027	932,551
Special Education - Preschool Grants	H173A180113	84.173	32,646
Total Special Education Cluster			965,197
Total passed-through the Mississippi Department of Education			3,499,659
<b>Total U.S. Department of Education</b>			<b>3,499,659</b>
<b><u>U. S. Department of Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	04-21-04MSD100	96.001	35,415
Total passed-through the Mississippi Department of Rehabilitation Services			35,415
<b>Total U.S. Department of Social Security Administration</b>			<b>35,415</b>
Total for All Federal Awards			\$ 7,653,432

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

## George County School District

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

#### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The school district did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$188,701 are included in the National School Lunch Program.

**GEORGE COUNTY SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2021

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	29,771,123	22,754,074	1,449,695	2,295,323	3,272,031
Other	8,476,303	3,853,155	203,534	18,559	4,401,055
Total \$	<u>38,247,426</u>	<u>26,607,229</u>	<u>1,653,229</u>	<u>2,313,882</u>	<u>7,673,086</u>
Total number of students *	<u>4,152</u>				
Cost per student \$	<u>9,211</u>	<u>6,408</u>	<u>398</u>	<u>557</u>	<u>1,848</u>

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

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

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

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

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

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

## OTHER INFORMATION

**GEORGE COUNTY SCHOOL DISTRICT**

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

"UNAUDITED"

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 7,722,596	7,654,631	7,225,533	6,792,522
State sources	21,395,045	21,564,714	20,614,906	19,427,741
Federal sources	344,496	246,493	353,815	205,649
Sixteenth section sources	159,928	62,724	176,226	81,700
Total Revenues	<u>29,622,065</u>	<u>29,528,562</u>	<u>28,370,480</u>	<u>26,507,612</u>
<b>Expenditures:</b>				
Instruction	18,177,895	18,662,197	18,029,179	17,312,332
Support services	10,263,283	9,754,333	9,515,144	9,219,045
Noninstructional services	1,037	10,715	1,641	2,796
Sixteenth section	540	333	516	22
Facilities acquisition and construction	-	8,500	-	-
Total Expenditures	<u>28,442,755</u>	<u>28,436,078</u>	<u>27,546,480</u>	<u>26,534,195</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,179,310</u>	<u>1,092,484</u>	<u>824,000</u>	<u>(26,583)</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	181,530	-	710,000	575,000
Insurance recovery	125,927	-	-	10,463
Sale of transportation equipment	7,475	-	-	60
Operating transfers in	357,736	783,986	479,985	218,372
Other financing sources	-	-	2,623	-
Operating transfers out	(1,227,914)	(1,369,122)	(1,945,012)	(1,742,429)
Other financing uses	-	(11,475)	-	(6,154)
Total Other Financing Sources (Uses)	<u>(555,246)</u>	<u>(596,611)</u>	<u>(752,404)</u>	<u>(944,688)</u>
Extraordinary Items	<u>(195,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	428,814	495,873	71,596	(971,271)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,858,017	2,092,186	2,020,590	2,991,861
Prior period adjustment	-	269,958	-	-
Beginning of period, as restated	<u>2,858,017</u>	<u>2,362,144</u>	<u>2,020,590</u>	<u>2,991,861</u>
End of period	<u>\$ 3,286,831</u>	<u>2,858,017</u>	<u>2,092,186</u>	<u>2,020,590</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**GEORGE COUNTY SCHOOL DISTRICT**

## Statement of Revenues, Expenditures and Changes in Fund Balances

## All Governmental Funds

## Last Four Years

"UNAUDITED"

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 8,949,698	8,979,708	8,498,742	8,020,289
State sources	22,772,375	22,998,028	21,849,882	20,861,970
Federal sources	7,390,069	4,691,060	4,503,247	4,414,504
Sixteenth section sources	183,430	78,912	185,235	100,615
Total Revenues	39,295,572	36,747,708	35,037,106	33,397,378
<b>Expenditures:</b>				
Instruction	23,218,722	22,540,136	21,266,930	20,246,672
Support services	12,397,435	11,380,417	11,132,740	10,770,540
Noninstructional services	2,045,677	2,074,345	2,069,248	2,050,467
Sixteenth section	23,891	16,629	22,423	14,913
Facilities acquisition and construction	-	8,500	-	-
Debt service:				
Principal	445,454	438,749	375,000	1,767,806
Interest	116,247	122,752	126,932	149,646
Other	-	5,500	2,850	5,040
Total Expenditures	38,247,426	36,587,028	34,996,123	35,005,084
Excess (Deficiency) of Revenues over (under) Expenditures	1,048,146	160,680	40,983	(1,607,706)
<b>Other Financing Sources (Uses):</b>				
Notes issued	181,530	-	861,260	575,000
Insurance recovery	125,927	-	-	10,463
Sale of transportation equipment	7,475	-	-	12,499
Payment held by QSCB escrow agent	330,916			
Payment to QSCB escrow agent	(330,916)	-	-	-
Operating transfers in	2,159,865	3,170,800	2,927,835	3,031,181
Other financing sources	10,437	4	2,623	-
Operating transfers out	(2,159,865)	(3,170,800)	(2,927,835)	(3,031,181)
Other financing uses	-	(11,475)	(12,169)	(11,669)
Total Other Financing Sources (Uses)	325,369	(11,471)	851,714	586,293
Extraordinary Items	(195,250)	-	-	-
Net Change in Fund Balances	1,178,265	149,209	892,697	(1,021,413)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	8,587,218	8,137,531	7,233,801	8,256,495
Prior period adjustment	(1,840)	269,958	-	-
Beginning of period, as restated	8,585,378	8,407,489	7,233,801	8,256,495
Increase (decrease) in inventory	(19,068)	30,520	11,033	(1,281)
End of period	\$ 9,744,575	8,587,218	8,137,531	7,233,801

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
George 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 George County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the George County School District's basic financial statements, and have issued our report thereon dated October 25, 2022.

**Internal Control Over Financial Reporting**

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

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

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



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the George 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
October 25, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
George County School District

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of George 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, the George 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 its major federal program for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the George 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 George 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 school district's internal control over compliance.

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

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

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
October 25, 2022

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
George County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the George County School District as of and for the year ended June 30, 2021, which collectively comprise George County School District's basic financial statements and have issued our report thereon dated October 25, 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 ensure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

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

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

### **Finding 1:**

#### Criteria:

Section 27-105-5 requires that the district maintain collateral in the amount of bank balances at 6/30/21 as reported on the Public Depositor Annual Report.

#### Condition:

The amount of collateral reported on the Public Depositor Annual Report should equal the District's cash bank balances on that date.

#### Cause:

The District inadvertently provided general ledger cash balances instead of bank cash balances on the 6/30/21 Public Depositor Annual Report.

#### Effect:

The District was under collateralized by \$405,172.23 at 6/30/21.

#### Recommendation:

The district should ensure that bank cash balances are used as collateralized amounts on the Public Depositor Annual Report.

#### Response:

George County School District will be more diligent to report the bank cash balance in the future.

### **Finding 2:**

#### Criteria:

Section 25-11-127, Miss. Code of 1972, as amended, requires that the school district files the PERS Form 4B (Re-employment of PERS Service Retiree Certification/Acknowledgement) within 5 days of employment if the prospective employee is a PERS retiree.

#### Condition:

During the testing of retired personnel, there were six out of twelve employees that did not have the Form 4B properly filled out and one employee was hired within 90 days of retiring.

#### Cause:

The school district failed to comply with Section 25-11-127, Miss. Code of 1972.

#### Effect:

It could result in employees being paid in excess of the amount allowed.

#### Recommendation:

PERS Form 4B must be properly completed annually by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within five days from the date of re-employment and within five days from the termination of such re-employment and employees must not be paid in excess of the maximum amount allowed.

Response:

George County School District will monitor retiree status at the beginning of the application process. Retirees will not be allowed to perform duties until form 4B has been submitted.

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

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
October 25, 2022

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS



## George County School District

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

#### Section I: Summary of Auditor's Results

##### Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### Federal Awards:

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

CFDA Numbers:	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Grant (ESSER II)

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

#### Section II: Financial Statements Findings

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

### Section III: Federal Awards Findings and Questioned Costs

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