



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

LAUDERDALE COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2021

Charles L. Shivers, CPA, LLC  
Ridgeland, MS

This page left blank intentionally.

## TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT.....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	5
BASIC FINANCIAL STATEMENTS.....	15
Government-wide Financial Statements	
Exhibit A    Statement of Net Position.....	17
Exhibit B    Statement of Activities.....	18
Governmental Funds Financial Statements	
Exhibit C    Balance Sheet .....	19
Exhibit C-1  Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position.....	20
Exhibit D    Statement of Revenues, Expenditures and Changes in Fund Balances.....	21
Exhibit D-1  Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	22
Notes to the Financial Statements.....	23
REQUIRED SUPPLEMENTARY INFORMATION.....	49
Budgetary Comparison Schedule for the General Fund.....	51
Budgetary Comparison Schedule for the Major Special Revenue Fund – ESSER II Fund.....	52
Schedule of the District’s Proportionate Share of the Net Pension Liability.....	53
Schedule of District Contributions (PERS).....	54
Schedule of the District’s Proportionate Share of the Net OPEB Liability.....	55
Schedule of District Contributions (OPEB).....	56
Notes to the Required Supplementary Information.....	57
SUPPLEMENTARY INFORMATION.....	61
Schedule of Expenditures of Federal Awards.....	63
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds .....	66
OTHER INFORMATION.....	67
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years.....	69
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	70
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE.....	71
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 <i>Government Auditing Standards</i> ...	73
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	75
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	77
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	81
AUDITEE’S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR AUDIT FINDINGS.....	85

This page left blank intentionally.

## INDEPENDENT AUDITOR'S REPORT

This page left blank intentionally.

# CHARLES L. SHIVERS, CPA, LLC

*Certified Public Accountant*

Post Office Box 2775  
Ridgeland, MS 39158

Phone: 601.941.6649  
Email: clscpa@bellsouth.net

## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Lauderdale County School District

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lauderdale 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 Lauderdale 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my 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 Lauderdale 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.

*Member: AICPA MSCP*

The CPA Never Underestimate The Value.®



## ***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, 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) 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lauderdale 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 my 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, I do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated September 9, 2022, on my consideration of the Lauderdale County School District's internal control over financial reporting and on my 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 my 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 Lauderdale 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 Lauderdale County School District's internal control over financial reporting and compliance.

***Charles L Shivers, CPA, LLC***

Charles L. Shivers, CPA, LLC  
Ridgeland, MS  
September 9, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This page left blank intentionally.

LAUDERDALE COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

The following discussion and analysis of Lauderdale 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 \$6,627,008, including a prior period adjustment of \$356,184, which represents an 11% decrease from fiscal year 2020. Total net position for 2020 decreased \$10,168,396, including a fund reclassification of \$240,755 and a prior period adjustment of (\$19,853), which represents a 20% decrease from fiscal year 2019.
- General revenues amounted to \$49,004,316 and \$47,637,002, or 79% and 83% 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 \$13,164,450, or 21% of total revenues for 2021, and \$9,556,132, or 17% of total revenues for 2020.
- The District had \$69,151,958 and \$67,582,432 in expenses for fiscal years 2021 and 2020; only \$13,164,450 for 2021 and \$9,556,132 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$49,004,316 for 2021 and \$47,637,002 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$48,403,826 in revenues and \$52,073,545 in expenditures for 2021, and \$48,097,068 in revenues and \$52,976,551 in expenditures in 2020. The General Fund's fund balance decreased by \$4,467,260 from 2020 to 2021, including a prior period adjustment of \$353,770, and increased by \$4,400,475 from 2019 to 2020, including a fund reclassification of \$240,755 and a prior period adjustment of \$28,244.
- Capital assets, net of accumulated depreciation, decreased by \$392,460 for 2021 and decreased by \$677,129 for 2020. The decrease for 2021 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$1,204,332 for 2021 and increased by \$8,963,675 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$29,502 for 2021 and decreased by \$138,067 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, 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. The funds of the District are currently reported as governmental funds.

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

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

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

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

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

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

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

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

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

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

### **Notes to the financial statements**

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District’s Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of the District’s Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison

schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

### Supplementary Information

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

### Other Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$67,604,657 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.

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	\$ 12,468,896	\$ 14,303,785	(12.83) %
Restricted assets	5,807,520	11,414,634	(49.12) %
Capital assets, net	23,773,629	24,166,089	(1.62) %
<b>Total assets</b>	<b>42,050,045</b>	<b>49,884,508</b>	<b>(15.71) %</b>
<b>Deferred outflows of resources</b>	<b>11,099,514</b>	<b>10,522,170</b>	<b>5.49 %</b>
Current liabilities	2,012,494	5,491,922	(63.36) %
Long-term debt outstanding	13,791,696	14,996,028	(8.03) %
Net OPEB liability	5,198,452	5,838,282	(10.96) %
Net pension liability	96,355,325	93,763,105	2.76 %
<b>Total liabilities</b>	<b>117,357,967</b>	<b>120,089,337</b>	<b>(2.27) %</b>
<b>Deferred inflows of resources</b>	<b>3,396,249</b>	<b>1,294,990</b>	<b>162.26 %</b>
<b>Net position:</b>			
Net investment in capital assets	19,777,257	19,479,789	1.53 %
Restricted	5,692,103	5,203,019	9.40 %
Unrestricted	(93,074,017)	(85,660,457)	(8.65) %
<b>Total net position</b>	<b>\$ (67,604,657)</b>	<b>\$ (60,977,649)</b>	<b>(10.87) %</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)	\$ (93,074,017)
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	93,850,512
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 776,495</u>

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

- Decrease in net capital assets in the amount of \$392,460.
- The principal retirement of \$1,233,834 of long-term debt.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$62,168,766 and \$57,193,134, respectively. The total cost of all programs and services was \$69,151,958 for 2021 and \$67,582,432 for 2020.

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

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

	<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	\$ 762,788	\$ 1,051,674	(27.47) %
Operating grants and contributions	12,401,662	8,504,458	45.83 %
General revenues:			
Property taxes	16,132,138	14,992,574	7.60 %
Grants and contributions not restricted	31,850,694	31,423,709	1.36 %
Investment earnings	127,087	201,028	(36.78) %
Sixteenth section sources	414,352	623,337	(33.53) %
Other	480,045	396,354	21.12 %
<b>Total revenues</b>	<u><b>62,168,766</b></u>	<u><b>57,193,134</b></u>	<b>8.70 %</b>
<b>Expenses:</b>			
Instruction	35,298,133	32,022,805	10.23 %
Support services	22,154,170	22,414,570	(1.16) %
Non-instructional	1,610,344	1,851,794	(13.04) %
Sixteenth section	268,672	331,017	(18.83) %
Pension expense	9,463,417	10,421,555	(9.19) %
OPEB expense	85,252	332,879	(74.39) %
Interest on long-term liabilities	271,970	207,812	30.87 %
<b>Total expenses</b>	<u><b>69,151,958</b></u>	<u><b>67,582,432</b></u>	<b>2.32 %</b>
<b>Increase (Decrease) in net position</b>	<u><b>(6,983,192)</b></u>	<u><b>(10,389,298)</b></u>	<b>32.78 %</b>
<b>Net Position, July 1, as previously reported</b>	<u><b>(60,977,649)</b></u>	<u><b>(50,809,253)</b></u>	<b>(20.01) %</b>
<b>Fund Reclassification</b>	<b>0</b>	<b>240,755</b>	<b>(100.00) %</b>
<b>Prior Period Adjustment</b>	<b>356,184</b>	<b>(19,853)</b>	<b>1,894.11 %</b>
<b>Net Position, July 1, as restated</b>	<u><b>(60,621,465)</b></u>	<u><b>(50,588,351)</b></u>	<b>(19.83) %</b>
<b>Net Position, June 30</b>	<u><b>\$ (67,604,657)</b></u>	<u><b>\$ (60,977,649)</b></u>	<b>(10.87) %</b>

### Governmental activities

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

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

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 35,298,133	\$ 32,022,805	10.23 %
Support services	22,154,170	22,414,570	(1.16) %
Non-instructional	1,610,344	1,851,794	(13.04) %
Sixteenth section	268,672	331,017	(18.83) %
Pension Expense	9,463,417	10,421,555	(9.19) %
OPEB Expense	85,252	332,879	(74.39) %
Interest on long-term liabilities	271,970	207,812	30.87 %
<b>Total expenses</b>	<b>\$ 69,151,958</b>	<b>\$ 67,582,432</b>	<b>2.32 %</b>

  

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (26,838,442)	\$ (26,711,786)	(0.47) %
Support services	(19,827,234)	(20,510,466)	3.33 %
Non-instructional	764,238	469,637	62.73 %
Sixteenth section	(265,431)	(311,439)	14.77 %
Pension Expense	(9,463,417)	(10,421,555)	9.19 %
OPEB Expense	(85,252)	(332,879)	74.39 %
Interest on long-term liabilities	(271,970)	(207,812)	(30.87) %
<b>Total net (expense) revenue</b>	<b>\$ (55,987,508)</b>	<b>\$ (58,026,300)</b>	<b>3.51 %</b>

- Net cost of governmental activities (\$55,987,508 for 2021 and \$58,026,300 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$16,132,138 for 2021 and \$14,992,574 for 2020) and state and federal revenues (\$31,850,694 for 2021 and \$31,423,709 for 2020). In addition, there was \$414,352 and \$623,337 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$127,087 for 2021 and \$201,028 for 2020.

## 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 \$16,335,431, a decrease of \$3,969,337, which includes a prior period adjustment of \$356,184 and an increase in inventory of \$8,820. \$9,390,963, or 57% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$6,944,468, or 43% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$4,467,260, which includes a prior period adjustment of \$353,770. The fund balance of Other Governmental Funds showed an increase in the amount of \$497,923, which includes a prior period adjustment of \$2,414 and an increase in inventory of \$8,820. The increase (decrease) in the fund balance for the other major fund were as follows:



Major Fund	Increase (Decrease)
ESSER II Fund	No increase or decrease

## BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and 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 \$48,459,351, including land, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$533,406 from 2020. Total accumulated depreciation as of June 30, 2021, was \$24,685,722, and total depreciation expense for the year was \$1,178,327, resulting in total net capital assets of \$23,773,629.

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

	June 30, 2021	June 30, 2020	Percentage Change
Land	\$ 482,482	\$ 482,482	0.00 %
Buildings	19,721,559	20,412,812	(3.39) %
Improvements other than buildings	1,151,936	1,222,285	(5.76) %
Mobile equipment	1,759,251	1,622,376	8.44 %
Furniture and equipment	658,401	426,134	54.51 %
<b>Total</b>	<b>\$ 23,773,629</b>	<b>\$ 24,166,089</b>	<b>(1.62) %</b>

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 \$13,791,696 in outstanding long-term debt, of which \$1,238,148 is due within one year. During the fiscal year, the District made principal payments totaling \$1,233,834. The liability for compensated absences increased \$29,502 from the prior year.

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

	June 30, 2021	June 30, 2020	Percentage Change
Certificates of participation payable	\$ 651,372	\$ 776,300	(16.09) %
Three mill notes payable	2,020,000	2,685,000	(24.77) %
Obligations under energy efficiency leases	7,766,039	8,209,945	(5.41) %
Qualified school construction bonds payable	2,815,000	2,815,000	0.00 %
Compensated absences payable	539,285	509,783	5.79 %
<b>Total</b>	<b>\$ 13,791,696</b>	<b>\$ 14,996,028</b>	<b>(8.03) %</b>

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

## CURRENT ISSUES

The Lauderdale 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.

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Lauderdale County School District, 301 46th Court, Meridian, Mississippi 39305.

This page left blank intentionally.

## BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 9,223,818
Due from other governments	3,114,962
Accrued interest receivable	7,566
Other receivables, net	5,834
Inventories	109,962
Prepaid items	6,754
Restricted assets (Note 4)	5,807,520
Non-depreciable capital assets (Note 5)	482,482
Depreciable capital assets, net (Note 5)	23,291,147
Total Assets	42,050,045
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 8)	10,062,025
Deferred outflow - OPEB (Note 9)	1,037,489
Total Deferred Outflows of Resources	11,099,514
Liabilities	
Accounts payable and accrued liabilities	1,940,985
Interest payable on long-term liabilities	71,509
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 6)	656,677
Non-capital related liabilities (Note 6)	581,471
Net OPEB liability (Note 9)	205,865
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 6)	3,339,695
Non-capital related liabilities (Note 6)	9,213,853
Net pension liability (Note 8)	96,355,325
Net OPEB liability (Note 9)	4,992,587
Total Liabilities	117,357,967
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 8)	2,121,462
Deferred inflows - OPEB (Note 9)	1,274,787
Total Deferred Inflows of Resources	3,396,249
Net Position	
Net investment in capital assets	19,777,257
Restricted net position	
Expendable	
School-based activities	1,480,243
Debt service	3,144,905
Forestry improvements	513,268
Unemployment benefits	130,000
Non-expendable	
Sixteenth section	423,687
Unrestricted	(93,074,017)
Total Net Position	\$ (67,604,657)

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

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

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 35,298,133	647,099	7,812,592	(26,838,442)
Support services	22,154,170	5,449	2,321,487	(19,827,234)
Non-instructional	1,610,344	106,999	2,267,583	764,238
Sixteenth section	268,672	3,241		(265,431)
Pension expense	9,463,417			(9,463,417)
OPEB expense	85,252			(85,252)
Interest on long-term liabilities	271,970			(271,970)
Total Governmental Activities	<u>69,151,958</u>	<u>762,788</u>	<u>12,401,662</u>	<u>(55,987,508)</u>
General Revenues				
Taxes				
General purpose levies				15,463,799
Debt purpose levies				668,339
Unrestricted grants and contributions				
State				31,739,706
Federal				110,988
Unrestricted investment earnings				127,087
Sixteenth section sources				414,352
Other				480,045
Total General Revenues				<u>49,004,316</u>
Changes in Net Position				<u>(6,983,192)</u>
Net Position - Beginning, as previously reported				(60,977,649)
Prior Period Adjustments (Note 11)				356,184
Net Position - Beginning - as restated				<u>(60,621,465)</u>
Net Position - Ending				<u>\$ (67,604,657)</u>

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2021

Exhibit C

	Major Funds		Other	Total
	General	ESSER II	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 9,223,818		4,184,487	13,408,305
Cash with fiscal agent (Note 2)	424,244		51,212	475,456
Investments (Note 2)			1,147,577	1,147,577
Due from other governments	686,096	1,213,257	1,215,609	3,114,962
Accrued interest receivable			7,566	7,566
Other receivables, net	5,834			5,834
Due from other funds (Note 3)	2,289,891		2,271	2,292,162
Advances to other funds (Note 3)			123,006	123,006
Inventories			109,962	109,962
Prepaid items	6,754			6,754
<b>Total Assets</b>	<b>12,636,637</b>	<b>1,213,257</b>	<b>6,841,690</b>	<b>20,691,584</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable & accrued liabilities	1,935,058		5,927	1,940,985
Due to other funds (Note 3)		1,213,257	1,078,905	2,292,162
Advances from other funds (Note 3)	123,006			123,006
<b>Total Liabilities</b>	<b>2,058,064</b>	<b>1,213,257</b>	<b>1,084,832</b>	<b>4,356,153</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory			109,962	109,962
Permanent fund principal			300,681	300,681
Advances			123,006	123,006
Prepaid items	6,754			6,754
<b>Restricted</b>				
Debt service			3,216,414	3,216,414
Forestry improvements			513,268	513,268
Unemployment benefits			130,000	130,000
Grant activities			1,363,527	1,363,527
Improvements	548,704			548,704
<b>Assigned</b>				
School activities	632,152			632,152
<b>Unassigned</b>	<b>9,390,963</b>			<b>9,390,963</b>
<b>Total Fund Balances</b>	<b>10,578,573</b>	<b>0</b>	<b>5,756,858</b>	<b>16,335,431</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,636,637</b>	<b>1,213,257</b>	<b>6,841,690</b>	<b>20,691,584</b>

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



LAUDERDALE COUNTY SCHOOL DISTRICT  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 16,335,431
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	482,482	
Buildings	34,562,639	
Improvements other than buildings	3,109,620	
Mobile equipment	8,194,444	
Furniture and equipment	2,110,166	
Accumulated depreciation	<u>(24,685,722)</u>	23,773,629
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(96,355,325)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	10,062,025	
Deferred inflows of resources related to pensions	<u>(2,121,462)</u>	7,940,563
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(5,198,452)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	1,037,489	
Deferred inflows of resources related to OPEB	<u>(1,274,787)</u>	(237,298)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Qualified school construction bonds payable	(2,815,000)	
Notes payable	(2,020,000)	
Certificates of participation payable	(651,372)	
Energy efficiency lease obligations	(7,766,039)	
Compensated absences	(539,285)	
Accrued interest payable	<u>(71,509)</u>	(13,863,205)
Total Net Position - Governmental Activities		<u><u>\$ (67,604,657)</u></u>

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2021

Exhibit D

	Major Funds		Other	Total
	General	ESSER II	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues				
Local sources	\$ 16,465,284		998,349	17,463,633
State sources	31,501,617		2,424,468	33,926,085
Federal sources	36,824	1,213,257	9,087,038	10,337,119
Sixteenth section sources	400,101		41,828	441,929
Total Revenues	48,403,826	1,213,257	12,551,683	62,168,766
Expenditures				
Instruction	29,592,771	389,531	8,637,061	38,619,363
Support services	21,431,990	92,781	2,403,891	23,928,662
Noninstructional services	31,116	608,512	1,534,770	2,174,398
Sixteenth section	239,096		29,576	268,672
Debt service				
Principal (Note 6)	568,834		665,000	1,233,834
Interest	209,188		66,396	275,584
Other	550		2,598	3,148
Total Expenditures	52,073,545	1,090,824	13,339,292	66,503,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,669,719)	122,433	(787,609)	(4,334,895)
Other Financing Sources (Uses)				
Sale of other property	254		300	554
Operating transfers in (Note 3)	211,140		1,869,702	2,080,842
Operating transfers out (Note 3)	(1,362,705)	(122,433)	(595,704)	(2,080,842)
Payment to bond escrow agent			(122,064)	(122,064)
Payment held by bond escrow agent			122,064	122,064
Total Other Financing Sources (Uses)	(1,151,311)	(122,433)	1,274,298	554
Net Change in Fund Balances	(4,821,030)	0	486,689	(4,334,341)
Fund Balances				
July 1, 2020, as previously reported	15,045,833		5,258,935	20,304,768
Prior period adjustments (Note 11)	353,770		2,414	356,184
July 1, 2020, as restated	15,399,603	0	5,261,349	20,660,952
Increase in reserve for inventory			8,820	8,820
June 30, 2021	\$ 10,578,573	0	5,756,858	16,335,431

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

## LAUDERDALE COUNTY SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2021

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ (4,334,341)

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

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

Capital outlay	804,883	
Depreciation expense	<u>(1,178,327)</u>	(373,444)

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

(19,016)

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

Payments of debt principal	1,233,834	
Accrued interest payable	<u>6,762</u>	1,240,596

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

Pension expense	(9,463,417)	
Contributions made subsequent to the measurement date	<u>5,896,098</u>	(3,567,319)

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

OPEB expense	(85,252)	
Contributions made subsequent to the measurement date	<u>176,266</u>	91,014

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

Change in compensated absences	(29,502)	
Change in inventory reserve	<u>8,820</u>	<u>(20,682)</u>

Changes in Net Position of Governmental Activities

\$ (6,983,192)

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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, Lauderdale 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.

**Blended component unit**

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

The Authority is governed by a six member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 14).

**B. Government-wide and Fund Financial Statements**

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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 - The school district's financial statements consist of governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

ESSER II Fund - This is a special revenue fund that is used to account for federal sources received and expenditures incurred related to the District's Elementary and Secondary School Emergency Relief (ESSER) program.

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

The school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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

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

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

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

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

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

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

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

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

**D. Encumbrances**

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

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

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

Cash and cash equivalents

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 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. Unspent proceeds from long-term debt are also included in restricted assets.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings,

# LAUDERDALE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2021

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
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 deferred outflows are directly related to pension reporting and OPEB reporting.

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

See Note 8, 9, and 16 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



LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

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 and 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.

## LAUDERDALE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2021

*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 documented in the board minutes 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 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 of education and/or the business manager pursuant to authorization established by the school board.

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

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

Lauderdale County School District's goal is to achieve and maintain an unassigned fund balance in the General Fund at fiscal year-end of not less than 7% of district revenues.

#### 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*, were 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) 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 district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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 \$13,408,305.

*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 \$16,062,674 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 \$475,456.

#### Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	1 to 10 years	\$ 1,147,577

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's recurring fair value measurements as of June 30, 2021, 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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

means of managing its exposure to fair value losses arising from increasing interest rates.

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2021, the district did not have any investments to which this would apply.

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

**Note 3 – Inter-fund Receivables, Payables and Transfers**

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

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

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	\$ 1,213,257
	Other governmental funds	1,076,634
Other governmental funds	Other governmental funds	2,271
Total		<u>\$ 2,292,162</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Other governmental funds	General Fund	<u>\$ 123,006</u>

**Sixteenth section principal loans payable**

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ 28,967	\$ 4,920	\$ 33,887
2023	30,125	3,762	33,887
2024	31,330	2,557	33,887
2025	32,584	1,303	33,887
Total	<u>\$ 123,006</u>	<u>\$ 12,542</u>	<u>\$ 135,548</u>

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,362,705
ESSER II Fund	General Fund	122,433
Other governmental funds	General Fund	88,707
	Other governmental funds	506,997
Total		<u>\$ 2,080,842</u>

The transfers out of the General Fund were for the purpose of funding the vocational program and other various programs in the Other Governmental Funds. The transfers from the ESSER II Fund to the General Fund were for indirect costs. The transfers from Other Governmental Funds to the General Fund were also for indirect costs as well as the transfer of interest from the 16th Section Principal Fund to the 16th Section Interest Fund. The remaining transfers between Other Governmental Funds were related to food service transfers and debt service transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$300,681 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 also include the cash balance totaling \$3,883,806 of various state and federal grants and debt service funds which are legally restricted. In addition, the restricted assets represent the cash with fiscal agent and investment balance, totaling \$51,212 and \$1,147,577, respectively, of the QSCB Bond Retirement Funds. The restricted assets also include cash with fiscal agent in the General Fund totaling \$424,244 related to unspent proceeds from the energy efficiency lease.

**Note 5 – Capital Assets**

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 482,482	\$	\$	\$ 482,482
Total non-depreciable capital assets	482,482	0	0	482,482
<u>Depreciable capital assets:</u>				
Buildings	34,562,639			34,562,639
Improvements other than buildings	3,109,620			3,109,620
Mobile equipment	8,041,653	326,121	173,330	8,194,444
Furniture and equipment	1,729,551	478,762	98,147	2,110,166
Total depreciable capital assets	47,443,463	804,883	271,477	47,976,869
<u>Less accumulated depreciation for:</u>				
Buildings	14,149,827	691,253		14,841,080
Improvements other than buildings	1,887,335	70,349		1,957,684
Mobile equipment	6,419,277	171,913	155,997	6,435,193
Furniture and equipment	1,303,417	244,812	96,464	1,451,765
Total accumulated depreciation	23,759,856	1,178,327	252,461	24,685,722
Total depreciable capital assets, net	23,683,607	(373,444)	19,016	23,291,147
Governmental activities capital assets, net	\$ 24,166,089	\$ (373,444)	\$ 19,016	\$ 23,773,629

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 768,869
Support services	367,744
Non-instructional	41,714
Total depreciation expense - Governmental activities	<u>\$ 1,178,327</u>

#### Note 6 – Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. Certificates of participation payable	\$ 776,300	\$	\$ 124,928	\$ 651,372	\$ 126,677
B. Three mill notes payable	2,685,000		665,000	2,020,000	630,000
C. Obligations under energy efficiency leases	8,209,945		443,906	7,766,039	454,507
D. Qualified school construction bonds payable	2,815,000			2,815,000	0
E. Compensated absences payable	509,783	29,502		539,285	26,964
Total	\$ 14,996,028	\$ 29,502	\$ 1,233,834	\$ 13,791,696	\$ 1,238,148

#### A. Certificates of participation payable

As more fully explained in Note 14, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Trust Certificates, Series 2016	1.40%	6/24/2016	6/1/2026	\$ 1,259,000	\$ 651,372

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 126,677	\$ 9,119	\$ 135,796
2023	128,451	7,346	135,797
2024	130,249	5,547	135,796
2025	132,073	3,724	135,797
2026	133,922	1,875	135,797
Total	\$ 651,372	\$ 27,611	\$ 678,983

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

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited-tax note, Series 2013	2.0-2.25%	4/1/2013	4/1/2022	\$ 4,855,000	\$ 530,000
2. Limited-tax note, Series 2020	1.97-2.41%	1/31/2020	1/31/2029	1,590,000	1,490,000
Total				\$ 6,445,000	\$ 2,020,000

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

- Three mill notes payable issued on April 1, 2013:

Year Ending June 30	Principal	Interest	Total
2022	\$ 530,000	\$ 11,925	\$ 541,925

This debt will be retired from the Three Mill Note \$4.855M Fund (Debt Service Fund).

- Three mill notes payable issued on January 31, 2020:

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ 100,000	\$ 32,961	\$ 132,961
2023	175,000	30,991	205,991
2024	185,000	27,544	212,544
2025	210,000	23,899	233,899
2026	215,000	19,762	234,762
2027 – 2029	605,000	27,715	632,715
Total	\$ 1,490,000	\$ 162,872	\$ 1,652,872

This debt will be retired from the Three Mill Note 2019 Fund (Debt Service Fund).

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 630,000	\$ 44,886	\$ 674,886
2023	175,000	30,991	205,991
2024	185,000	27,544	212,544
2025	210,000	23,899	233,899
2026	215,000	19,762	234,762
2027 – 2029	605,000	27,715	632,715
Total	\$ 2,020,000	\$ 174,797	\$ 2,194,797

**C. Obligations under energy efficiency leases**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease	2.374%	11/20/2019	10/1/2035	\$ 8,455,000	\$ 7,766,039

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



LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ 454,507	\$ 181,684	\$ 636,191
2023	465,361	170,830	636,191
2024	476,475	159,717	636,192
2025	487,853	148,338	636,191
2026	499,504	136,688	636,192
2027 – 2031	2,682,248	498,710	3,180,958
2032 – 2036	2,700,091	162,772	2,862,863
Total	\$ 7,766,039	\$ 1,458,739	\$ 9,224,778

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

An energy efficiency lease agreement dated November 20, 2019, was executed by and between the district, the lessee, and Bank of America, the lessor.

The agreement authorized the borrowing of \$8,455,000 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not exceed fifteen (15) years.

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

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

**D. Qualified school construction bonds payable**

As more fully explained in Note 15, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. QSCB, Series 2009	0.69%	12/21/2009	9/15/2024	\$ 1,500,000	\$ 1,500,000
2. QSCB, Series 2014	0.00%	8/20/2014	9/15/2028	1,315,000	1,315,000
Total				\$ 2,815,000	\$ 2,815,000

The following is a schedule by years of the total payments due on the QSCB, Series 2009 issue:

Year Ending June 30	Principal	Interest	Total
2022	\$ 0	\$ 10,350	\$ 10,350
2023	0	10,350	10,350
2024	0	10,350	10,350
2025	1,500,000	10,350	1,510,350
Total	\$ 1,500,000	\$ 41,400	\$ 1,541,400

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

This debt is partially secured by an irrevocable pledge of building and bus fund revenues in the amount of \$224,580 which the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972). This debt will be retired from the QSCB Debt Retirement Fund (Debt Service Fund).

There are no annual interest payments on the QSCB, Series 2014 issue. It will retire with a balloon payment in the amount of \$1,315,000 during the 2028-2029 fiscal year.

**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 – Other Commitments**

**Operating leases:**

The school district has operating leases for the following:

1. Toshiba Digital Copier e-Studio 857
2. Ricoh Pro 8200S Copier

Lease expenditures for the year ended June 30, 2021, amounted to \$25,492.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2022	\$ 21,857
2023	3,797
2024	3,797
2025	3,797
Total	<u>\$ 33,248</u>

**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$5,896,098, \$5,766,858 and \$5,467,165, 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 \$96,355,325 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 0.497733 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.035255 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 \$9,463,417. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 607,858	\$
Net difference between projected and actual earnings on pension plan investments	3,166,326	
Changes of assumptions	391,743	
Changes in proportion and differences between District contributions and proportionate share of contributions		2,121,462
District contributions subsequent to the measurement date	5,896,098	
Total	\$ <u>10,062,025</u>	\$ <u>2,121,462</u>

\$5,896,098 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

Year Ending June 30:	
2022	\$ 311,943
2023	311,943
2024	628,997
2025	791,582

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

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

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

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

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

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

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 124,720,128	\$ 96,355,325	\$ 72,942,965

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

**Note 9 – Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan.**

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

*Benefits provided.*

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

*Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$176,266 for the year ended June 30, 2021.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For 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 \$5,198,452 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 0.66800287 percent. This was a decrease of 0.02003484 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 \$85,252. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,627	\$ 904,670
Changes of assumptions	807,108	219,679
Net difference between projected and actual earnings on OPEB plan investments	167	
Changes in proportion and differences between District contributions and proportionate share of contributions	47,321	150,438
District contributions subsequent to the measurement date	176,266	
Total	<u>\$ 1,037,489</u>	<u>\$ 1,274,787</u>

\$176,266 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	\$ (103,056)
2023	(103,056)
2024	(87,885)
2025	(42,979)
2026	(76,588)

*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%

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

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

Pre-Medicare rate of 4.50% by 2030

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

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

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

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

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

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

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

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 5,744,644	\$ 5,198,452	\$ 4,729,968

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 4,799,975	\$ 5,198,452	\$ 5,649,908

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

**Note 10 – Sixteenth Section Lands**

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

Year Ending June 30	Amount
2022	\$ 408,042
2023	409,190
2024	408,871
2025	410,055
2026	411,256
2027 – 2031	1,764,350
2032 - 2036	1,163,323
2037 – 2041	715,532
2042 – 2046	699,658
Thereafter	1,206,897
Total	\$ 7,597,174

**Note 11 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
Correction of prior period errors at the governmental fund level	\$ 356,184



LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

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

Fund	Explanation	Amount
General Fund	Correction of prior period errors	\$ 353,770
Other governmental funds	Correction of prior period errors	2,414
Total		<u>\$ 356,184</u>

**Note 12 – 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.

**Note 13 – Risk Management**

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

**Note 14 – Trust Certificates**

A trust agreement dated June 24, 2016, was executed by and between the school district and U.S. Bank National Association, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$1,259,000. Approximately \$1,235,000 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$24,000 was used to pay the cost of issuance.

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

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

**Note 15 – Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. There were no subsidy payments associated with these debts.

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 \$959,637 for the Qualified School Construction Bond 2009 and \$239,152 for the Qualified School Construction Bond 2014. 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.

1. Qualified School Construction Bond 2009:

Year Ending June 30	Amount
2022	\$ 140,000
2023	140,000
2024	140,000
2025	140,000
Total	<u>\$ 560,000</u>

2. Qualified School Construction Bond 2014:

Year Ending June 30	Amount
2022	\$ 35,000
2023	85,000
2024	170,000
2025	170,000
2026	170,000
2027 – 2029	510,000
Total	<u>\$ 1,140,000</u>

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2021

Total Qualified School Construction Bonds:

Year Ending June 30	Amount
2022	\$ 175,000
2023	225,000
2024	310,000
2025	310,000
2026	170,000
2027 – 2029	510,000
Total	<u>\$ 1,700,000</u>

**Note 16 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$93,074,017) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$5,896,098 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 \$4,165,927 balance of deferred outflow of resources related to pensions at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$93,074,017) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,121,462 balance of deferred inflow of resources related to pensions at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$93,074,017) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$176,266 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$861,223 balance of deferred outflow of resources related to OPEB at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$93,074,017) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,274,787 balance of deferred inflow of resources related to OPEB at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

**Note 17 - 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 School District evaluated the activity of the district through September 9, 2022, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

In May of 2022, the school district issued \$6,165,000 in limited tax notes. The notes were issued for 13 years with an interest rate 2.79 per cent. The proceeds will be used for the purchase of a building and related land for a career technical educational center, repairs and renovations to that building and other building and school facilities.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2021

In the spring of 2022, two separate tornadoes touched down and did significant damage to the Clarkdale School campus. The estimated damage amounts to \$3,000,000. It is anticipated that all the damage will be covered with insurance recoveries.

This page left blank intentionally.

## REQUIRED SUPPLEMENTARY INFORMATION

This page left blank intentionally.

LAUDERDALE COUNTY SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 16,302,628	16,465,284	16,465,284	162,656	0
State sources	30,925,605	31,501,617	31,501,617	576,012	0
Federal sources	209,563	36,824	36,824	(172,739)	0
Sixteenth section sources	378,350	400,101	400,101	21,751	0
Total Revenues	<u>47,816,146</u>	<u>48,403,826</u>	<u>48,403,826</u>	<u>587,680</u>	<u>0</u>
Expenditures					
Instruction	29,380,660	29,592,771	29,592,771	(212,111)	0
Support services	21,652,365	21,417,920	21,431,990	234,445	(14,070)
Noninstructional services	0	31,116	31,116	(31,116)	0
Sixteenth section	124,827	239,096	239,096	(114,269)	0
Facilities acquisition and construction	0	14,070	0	(14,070)	14,070
Debt service					
Principal	568,834	568,834	568,834	0	0
Interest	203,153	209,188	209,188	(6,035)	0
Other		550	550	(550)	0
Total Expenditures	<u>51,929,839</u>	<u>52,073,545</u>	<u>52,073,545</u>	<u>(143,706)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,113,693)</u>	<u>(3,669,719)</u>	<u>(3,669,719)</u>	<u>443,974</u>	<u>0</u>
Other Financing Sources (Uses)					
Proceeds of loans	3,223,158	0	0	(3,223,158)	0
Sale of other property	10,000	254	254	(9,746)	0
Operating transfers in	3,168,123	3,784,173	211,140	616,050	(3,573,033)
Operating transfers out	(4,341,773)	(4,939,662)	(1,362,705)	(597,889)	3,576,957
Total Other Financing Sources (Uses)	<u>2,059,508</u>	<u>(1,155,235)</u>	<u>(1,151,311)</u>	<u>(3,214,743)</u>	<u>3,924</u>
Net Change in Fund Balances			<u>(4,821,030)</u>		
Fund Balances					
July 1, 2020, as previously reported			15,045,833		
Prior period adjustments			353,770		
July 1, 2020, as restated			<u>15,399,603</u>		
June 30, 2021			<u>\$ 10,578,573</u>		

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



LAUDERDALE COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - ESSER II Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 0	1,213,257	1,213,257	1,213,257	0
Total Revenues	0	1,213,257	1,213,257	1,213,257	0
Expenditures					
Instruction	0	389,531	389,531	(389,531)	0
Support services	0	92,781	92,781	(92,781)	0
Noninstructional services	0	608,512	608,512	(608,512)	0
Total Expenditures	0	1,090,824	1,090,824	(1,090,824)	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	122,433	122,433	122,433	0
Other Financing Sources (Uses)					
Operating transfers out	0	(122,433)	(122,433)	(122,433)	0
Total Other Financing Sources (Uses)	0	(122,433)	(122,433)	(122,433)	0
Net Change in Fund Balances			0		
Fund Balances					
July 1, 2020			0		
June 30, 2021			\$ 0		

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

LAUDERDALE 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 proportion of the net pension liability	0.497733%	0.532988%	0.481855%	0.515646%	0.522036%	0.527310%	0.515232%
District's proportionate share of the net pension liability	\$ 96,355,325	93,763,105	80,146,802	85,717,867	93,248,665	81,511,727	62,539,731
District's covered payroll	\$ 33,142,862	34,712,159	32,731,308	33,085,263	33,399,111	32,943,949	31,469,010
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	270.12%	244.86%	259.08%	279.20%	247.43%	198.73%
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 the 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.

LAUDERDALE COUNTY SCHOOL DISTRICT  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,896,098	5,766,858	5,467,165	5,155,181	5,210,929	5,260,360	5,188,672
Contributions in relation to the contractually required contribution	5,896,098	5,766,858	5,467,165	5,155,181	5,210,929	5,260,360	5,188,672
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 33,885,621	33,142,862	34,712,159	32,731,308	33,085,263	33,399,111	32,943,949
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 Statement 68 was implemented in the 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.

LAUDERDALE 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 proportion of the net OPEB liability	0.66800287%	0.68803771%	0.68546353%	0.67800229%
District's proportionate share of the net OPEB liability	\$ 5,198,452	5,838,282	5,302,403	5,319,667
Covered employee payroll	\$ 33,142,862	34,712,159	32,731,308	33,085,263
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15.68%	16.82%	16.20%	16.08%
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.

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.

LAUDERDALE COUNTY SCHOOL DISTRICT  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	2021	2020	2019	2018
Actuarially determined contribution	\$ 176,266	207,313	234,016	226,785
Contributions in relation to the actuarially determined contribution	176,266	207,313	234,016	226,785
Contribution deficiency (excess)	0	0	0	0
Covered employee payroll	\$ 33,885,621	33,142,862	34,712,159	32,731,308
Contributions as a percentage of covered employee payroll	0.52%	0.63%	0.67%	0.69%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 75 was implemented in the 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).

LAUDERDALE 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%.

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.

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2021

2018: None

2019: None

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

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

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



This page left blank intentionally.

## SUPPLEMENTARY INFORMATION

This page left blank intentionally.

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

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - summer food service program for children	10.559	215MS326N1099	\$ 1,725,436
Total child nutrition cluster			1,725,436
Total passed-through Mississippi Department of Education			1,725,436
<b>Total U.S. Department of Agriculture</b>			<b>1,725,436</b>
<b><u>Department of the Treasury</u></b>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus relief fund	21.019	*	1,702,713
COVID-19 - MS Pandemic Response Broadband Availability Act HB1788	21.019	*	821,620
Total passed-through the Mississippi Department of Education			2,524,333
<b>Total Department of the Treasury</b>			<b>2,524,333</b>
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve officers' training corps	12.xxx	N/A	42,432
<b>Total U.S. Department of Defense</b>			<b>42,432</b>
<b><u>U.S. Environmental Protection Agency</u></b>			
Passed-through Mississippi Department of Environmental Quality			
EPA State Clean Diesel Grant Program	66.040	N/A	16,478
Total passed-through Mississippi Department of Environmental Quality			16,478
<b>Total U.S. Environmental Protection Agency</b>			<b>16,478</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A200024	1,416,907
Career and technical education - basic grants to states	84.048	V048A200024	78,160
Rural education	84.358	S358B200024	35,455
Supporting effective instruction - state grants	84.367	S367A200023	278,269
Student support and academic enrichment program	84.424	S424A200025	90,400
Total			1,899,191
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	1,136,438
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	1,213,257
Total education stabilization funds			2,349,695
Special education cluster:			
Special education - grants to states	84.027	H027A200108	1,527,935
Special education - preschool grants	84.173	H173A200113	34,960
Total special education cluster			1,562,895
Total passed-through Mississippi Department of Education			5,811,781

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

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
Passed-through the Mississippi Institution of Higher Learning			
Gaining early awareness & readiness for undergraduate programs (gear-up)	84.334	N/A	52,056
Total passed-through the Mississippi Institution of Higher Learning			52,056
<b>Total U.S. Department of Education</b>			5,863,837
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	2005MS5ADM	58,560
Total passed-through Mississippi Department of Education			58,560
<b>Total U.S. Department of Health and Human Services</b>			58,560
Total for All Federal Awards			\$ 10,231,076

\* Pass through numbers have not been provided by the Mississippi Department of Education

LAUDERDALE COUNTY SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2021

(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 reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$230,510 are included in the Summer Food Service Program for Children.

(5) Other Items

For each federal grant passed through the Mississippi Department of Education, the school district has elected to use the pass-through entity identifying number as provided by the Mississippi Department of Education for the most recent and significant grant year.

LAUDERDALE COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2021

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 46,606,402	36,395,027	1,839,438	3,272,631	5,099,306
Other	19,897,259	7,059,161	424,306	83,609	12,330,183
Total	66,503,661	43,454,188	2,263,744	3,356,240	17,429,489
Total number of students	4,747				
Cost per student	\$ 14,010	9,154	477	707	3,672

Notes to the schedule.

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

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

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

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

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

Total number of students - the ADA report submission for month 9, which is the final submission for the fiscal year.

## OTHER INFORMATION



This page left blank intentionally.

LAUDERDALE COUNTY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

	UNAUDITED			
	2021	2020*	2019*	2018*
Revenues				
Local sources	\$ 16,465,284	15,372,099	15,099,475	14,755,431
State sources	31,501,617	31,990,679	31,306,076	32,545,638
Federal sources	36,824	97,047	116,604	46,007
Sixteenth section sources	400,101	637,243	942,258	601,558
Total Revenues	<u>48,403,826</u>	<u>48,097,068</u>	<u>47,464,413</u>	<u>47,948,634</u>
Expenditures				
Instruction	29,592,771	29,572,514	28,359,736	28,396,461
Support services	21,431,990	22,588,234	17,653,469	17,066,860
Noninstructional services	31,116	716	1,042	2,147
Sixteenth section	239,096	262,626	274,296	231,606
Facilities acquisition and construction	0	90,913	0	0
Debt service				
Principal	568,834	368,258	121,502	248,209
Interest	209,188	92,740	14,294	17,980
Other	550	550	8,136	9,126
Total Expenditures	<u>52,073,545</u>	<u>52,976,551</u>	<u>46,432,475</u>	<u>45,972,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,669,719)</u>	<u>(4,879,483)</u>	<u>1,031,938</u>	<u>1,976,245</u>
Other Financing Sources (Uses)				
Proceeds of loans	0	1,590,000	0	0
Inception of energy efficiency leases	0	8,455,000	0	0
Insurance loss recoveries	0	0	52,174	30,292
Sale of other property	254	491	122	1,906
Operating transfers in	211,140	34,854	107,610	146,125
Operating transfers out	(1,362,705)	(1,069,386)	(2,192,005)	(2,179,344)
Total Other Financing Sources (Uses)	<u>(1,151,311)</u>	<u>9,010,959</u>	<u>(2,032,099)</u>	<u>(2,001,021)</u>
Net Change in Fund Balances	<u>(4,821,030)</u>	<u>4,131,476</u>	<u>(1,000,161)</u>	<u>(24,776)</u>
Fund Balances:				
Beginning of period, as previously reported	15,045,833	10,645,358	11,569,925	11,594,685
Fund reclassification	0	240,755	75,594	16
Prior period adjustments	<u>353,770</u>	<u>28,244</u>	<u>0</u>	<u>0</u>
Beginning of period, as restated	<u>15,399,603</u>	<u>10,914,357</u>	<u>11,645,519</u>	<u>11,594,701</u>
End of period	<u>\$ 10,578,573</u>	<u>15,045,833</u>	<u>10,645,358</u>	<u>11,569,925</u>

\* Source - Prior year audit reports.

LAUDERDALE 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	17,463,633	16,566,391	16,541,818	16,120,128
State sources	33,926,085	34,349,545	32,979,308	34,046,267
Federal sources	10,337,119	5,600,049	6,768,966	5,785,195
Sixteenth section sources	441,929	677,149	1,059,297	643,733
<b>Total Revenues</b>	<b>62,168,766</b>	<b>57,193,134</b>	<b>57,349,389</b>	<b>56,595,323</b>
<b>Expenditures</b>				
Instruction	38,619,363	35,124,326	34,784,266	33,768,312
Support services	23,928,662	24,114,439	19,322,935	18,691,371
Noninstructional services	2,174,398	2,393,309	2,549,752	2,606,532
Sixteenth section	268,672	331,017	289,783	241,777
Facilities acquisition and construction	0	90,913	0	0
Debt service				
Principal	1,233,834	943,258	706,502	868,209
Interest	275,584	139,227	72,482	88,567
Other	3,148	3,851	11,012	11,138
<b>Total Expenditures</b>	<b>66,503,661</b>	<b>63,140,340</b>	<b>57,736,732</b>	<b>56,275,906</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,334,895)</b>	<b>(5,947,206)</b>	<b>(387,343)</b>	<b>319,417</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of loans	0	1,590,000	0	0
Inception of capital leases	0	8,455,000	0	0
Insurance loss recoveries	0	0	52,174	30,292
Sale of other property	554	491	122	1,906
Operating transfers in	2,080,842	1,387,961	2,299,615	2,325,469
Operating transfers out	(2,080,842)	(1,387,961)	(2,299,615)	(2,325,469)
Payment to QSCB escrow agent	(122,064)	(166,931)	(175,000)	(275,000)
Payment held by QSCB escrow agent	122,064	166,931	175,000	275,000
<b>Total Other Financing Sources (Uses)</b>	<b>554</b>	<b>10,045,491</b>	<b>52,296</b>	<b>32,198</b>
<b>Net Change in Fund Balances</b>	<b>(4,334,341)</b>	<b>4,098,285</b>	<b>(335,047)</b>	<b>351,615</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	20,304,768	15,987,363	16,305,468	15,938,016
Fund reclassification	0	240,755	0	0
Prior period adjustments	356,184	(12,254)	32,388	111
Beginning of period, as restated	20,660,952	16,215,864	16,337,856	15,938,127
Increase (Decrease) in reserve for inventory	8,820	(9,381)	(15,446)	15,726
<b>End of period</b>	<b>16,335,431</b>	<b>20,304,768</b>	<b>15,987,363</b>	<b>16,305,468</b>

\* Source - Prior year audit reports.

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

This page left blank intentionally.

# CHARLES L. SHIVERS, CPA, LLC

*Certified Public Accountant*

Post Office Box 2775  
Ridgeland, MS 39158

Phone: 601.941.6649  
Email: clscpa@bellsouth.net

## 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*

### Independent Auditor's Report

Superintendent and School Board  
Lauderdale County School District

I 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 Lauderdale County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lauderdale County School District's basic financial statements, and have issued my report thereon dated September 9, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Lauderdale County 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lauderdale County School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Lauderdale County School District's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item [2021-001] that I consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lauderdale County School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Lauderdale County School District's Response to Findings**

Lauderdale County School District's response to the finding identified in my audit is described in the accompanying Auditee's Corrective Action Plan. Lauderdale County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

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

*Charles L Shivers, CPA, LLC*

Charles L. Shivers, CPA, LLC  
Ridgeland, MS  
September 9, 2022

# CHARLES L. SHIVERS, CPA, LLC

*Certified Public Accountant*

Post Office Box 2775  
Ridgeland, MS 39158

Phone: 601.941.6649  
Email: clscpa@bellsouth.net

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

### Independent Auditor's Report

Superintendent and School Board  
Lauderdale County School District

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

I have audited Lauderdale 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 Lauderdale County School District's major federal programs for the year ended June 30, 2021. Lauderdale County School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Lauderdale County School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Lauderdale County School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Lauderdale County School District's compliance.

#### ***Opinion on Each Major Federal Program***

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

#### **Report on Internal Control Over Compliance**

Management of Lauderdale 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 my audit of compliance, I



considered Lauderdale 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, I do not express an opinion on the effectiveness of Lauderdale County School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

*Charles L Shivers, CPA, LLC*

Charles L. Shivers, CPA, LLC  
Ridgeland, MS  
September 9, 2022

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

This page left blank intentionally.

# CHARLES L. SHIVERS, CPA, LLC

*Certified Public Accountant*

Post Office Box 2775  
Ridgeland, MS 39158

Phone: 601.941.6649  
Email: clscpa@bellsouth.net

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

Superintendent and School Board  
Lauderdale County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lauderdale County School District as of and for the year ended June 30, 2021, which collectively comprise Lauderdale County School District's basic financial statements and have issued my report thereon dated September 9, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit and, accordingly, I do not express such an opinion.

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

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

The results of my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. My findings and recommendations and Lauderdale County School District's responses are as follows:

### Finding No. 1

CONDITION: The school district had three district owned houses that were occupied by district employees rent free.

CRITERIA: Attorney General opinion 1979 WL 41450 states that "the School District cannot allow the use of school owned residential housing rent-free or less than value".

CAUSE OF CONDITION: The cause of the condition was an oversight by school district management.

POTENTIAL EFFECT OF CONDITION: The effect of this could be construed to be a matter of noncompliance with state law.

RECOMMENDATION: It is recommended that school district employees who are living in district owned houses either pay the fair rental value to the school district or that the fair rental value be included as taxable income on the employees IRS Form W-2.

RESPONSE: The Lauderdale County School Board has been aware of this issue and will take steps in correcting this by either charging a fair rental value or the fair rental value will be included as taxable income on the employee's Form W-2.

#### Finding No. 2

CONDITION: While testing a sample of 16<sup>th</sup> section leases, it was noted that two lease payments were for past due amounts which suggests that management is not presenting leases that are delinquent by more than 60 days to the Board of Education for cancellation or further action.

CRITERIA: *Section 29-3-57, Mississippi Code of 1972*, states "Upon a sixty (60) day default in payment of any rentals according to the terms of such 16<sup>th</sup> section lease, the lease shall be declared terminated unless the Board of Education finds extenuating circumstances were present, and the Board shall inaugurate the proper legal proceedings to terminate such lease".

CAUSE OF CONDITION: The cause of the condition was an oversight by school district management.

POTENTIAL EFFECT OF CONDITION: The effect of this could be construed to be a matter of noncompliance with state law.

RECOMMENDATION: It is recommended that school district management implement policies and procedures such that delinquent 16<sup>th</sup> section leases of 60 days be presented to the school board for cancellation or further action.

RESPONSE: The Lauderdale County School District's policies and procedures will be reviewed and strengthened to make certain that delinquent payments are communicated to the school board.

#### Finding No. 3

CONDITION: When testing payroll transactions, it was noted that the employment of two employees were not approved for employment by the school board.

CRITERIA: *Section 37-7-301(P) Miss. Code of 1972* states in part that the school board's powers and duties are "To select all school district personnel in the manner provided by law..."

CAUSE OF CONDITION: The cause of the condition was an oversight by school district management and the school board.

POTENTIAL EFFECT OF CONDITION: The effect of this could be construed to be a matter of noncompliance with state law.

RECOMMENDATION: It is recommended that employment recommendations presented to the school board be approved by the school board and documented in the board minutes.

RESPONSE: The Lauderdale County School District strives to make certain that everyone employed by the school district are properly presented to the school board for their approval. We will review current controls and strengthen where needed to be certain everyone receives school board approval.

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

The Lauderdale County School District's responses to the findings included in this report were not audited and, accordingly, I 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, 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.

*Charles L Shivers, CPA, LLC*

Charles L. Shivers, CPA, LLC  
Ridgeland, MS  
September 9, 2022

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

This page left blank intentionally.

LAUDERDALE 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?             | Yes        |
| 3. Noncompliance material to the financial statements? | 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. Federal program identified as major program:   |               |

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 – Coronavirus Relief Fund
21.019	COVID-19 – MS Pandemic Response Broadband Availability Act HB1788
84.425D	COVID-19 – Education Stabilization Fund (ESSER) I
84.425D	COVID-19 – Education Stabilization Fund (ESSER) II

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

Section II: Financial Statement Findings

The results of my tests disclosed the following significant deficiency.

Finding 2021-001

CONDITION: The business manager initiates, prepares, approves and enters all journal entries to correct, post, or otherwise cause the proper statement of the account balances and/or classes of transactions. Due to the timing of the audit, this is a repeat finding from the prior year. The follow up on this condition suggests that the deficiency was corrected in the subsequent fiscal year.

CRITERIA: A suitably designed system of accounting controls would have these duties segregated to the greatest extent possible.

CAUSE OF CONDITION: The cause of this condition is an inadequately designed system of accounting controls.

POTENTIAL EFFECT OF CONDITION: This condition could result in errors being made and those errors not being prevented or detected.

RECOMMENDATION: It is recommended that the duties of the business manager relating to journal entries be segregated to the greatest extent possible.

Section III: Federal Award Findings and Questioned Costs

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



This page left blank intentionally.

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

This page left blank intentionally.



## Corrective Action Plan

September 9, 2022

As required by 2 CFR 200.516(a), the Lauderdale County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

### Finding 2021-001

#### Corrective Action Plan

- a. Contact person responsible for corrective action: Tracy Luke, Business Manager
- b. Description of correction action to be taken: An additional staff member was added to assist with the segregation of duties in the finance department.
- c. Anticipated completion date of corrective action: July 1, 2021

Sincerely,

Superintendent of Education



## Summary Schedule of Prior Audit Findings

September 9, 2022

As required by 2 CFR 200.511(b), the Lauderdale County School District has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of June 30, 2021.

<u>Finding</u>	<u>Status</u>
2020 - 001	Not Corrected. See Finding 2021-001. Deficiency corrected by management in the 2021-22 FY.
2020 - 002	Corrected.
2020-003	Corrected.

Sincerely,



Superintendent of Education