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LOUISVILLE MUNICIPAL SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2021



LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

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# SUZANNE E. SMITH, CPA, PLLC

## AUDITING AND ACCOUNTING SERVICES

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### INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Louisville Municipal School District

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Louisville Municipal School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal 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.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 13-20, 61, 63, 65, 67, and 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

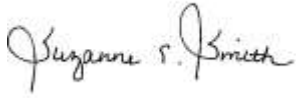
The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the Louisville Municipal School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the

results of that testing, and not to provide an opinion on the effectiveness of the Louisville Municipal 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 Louisville Municipal School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Suzanne E. Smith".

Suzanne E. Smith, CPA, PLLC  
Starkville, Mississippi  
July 29, 2022

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Louisville Municipal 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 \$319,255, including a prior period adjustment of (\$355,617), which represents a 1% decrease from fiscal year 2020. Total net position for 2020 increased \$897,147, including a residual equity transfer of \$105,997, which represents a 4% increase from fiscal year 2019.
- General revenues amounted to \$22,453,162 and \$23,592,615, or 74% and 78% 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 \$8,059,547, or 26% of total revenues for 2021, and \$6,812,068, or 22% of total revenues for 2020.
- The District had \$30,476,347 and \$29,613,533 in expenses for fiscal years 2021 and 2020; only \$8,059,547 for 2021 and \$6,812,068 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$22,453,162 for 2021 and general revenues of \$23,592,615 for 2020 were adequate to provide for these programs.
- Among major funds, the General Fund had \$22,916,375 in revenues and \$20,514,320 in expenditures for 2021, and \$24,957,091 in revenues and \$21,023,482 in expenditures in 2020. The General Fund's fund balance increased by \$1,103,252, including a prior period adjustment of (\$334,147), from 2020 to 2021, and increased by \$2,985,022, including a residual equity transfer of \$105,997, from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$511,631, for 2021 and decreased by \$132,535 for 2020. The decrease for 2021 was due primarily to the increase in accumulated depreciation.
- Long-term debt, including the liability for compensated absences, decreased by \$372,808, including a prior period adjustment of \$21,471, for 2021 and decreased by \$332,787 for 2020. This decrease for 2021 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$5,271 for 2021 and increased by \$42,213 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.

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

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

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

### **Fund Financial Statements**

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

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

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

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### **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.

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$22,027,462 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.



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

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 14,278,427	\$ 12,680,545	12.60 %
Restricted assets	249,306	242,307	2.89 %
Capital assets, net	12,058,095	12,569,726	-4.07 %
<b>Total assets</b>	<b>26,585,828</b>	<b>25,492,578</b>	<b>4.29 %</b>
 <b>Deferred outflows of resources</b>	 <b>8,200,916</b>	 <b>7,233,296</b>	 <b>13.38 %</b>
Current liabilities	1,750,646	1,373,680	27.44 %
Long-term debt outstanding	4,571,615	4,944,423	-7.54 %
Net pension liability	44,670,906	43,359,288	3.02 %
Net OPEB liability	2,523,894	2,788,062	-9.47 %
<b>Total liabilities</b>	<b>53,517,061</b>	<b>52,465,453</b>	<b>2.00 %</b>
 <b>Deferred inflows of resources</b>	 <b>3,297,145</b>	 <b>1,968,628</b>	 <b>67.48 %</b>
 <b>Net position:</b>			
Net investment in capital assets	9,653,095	9,904,726	-2.54 %
Restricted	2,450,708	2,366,723	3.55 %
Unrestricted	(34,131,265)	(33,979,656)	-0.45 %
<b>Total net position</b>	<b>\$ (22,027,462)</b>	<b>\$ (21,708,207)</b>	<b>-1.47 %</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)	\$ (34,131,265)
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	42,291,029
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 8,159,764</u>

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

- Increase in current assets of \$1,597,882.
- Increase in deferred outflows of resources of \$967,620
- Increase in current liabilities of \$376,966.
- Increase in deferred inflows of resources of \$1,328,517.
- The principal retirement of \$399,550 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 \$30,512,709 and \$30,404,683, respectively. The total cost of all programs and services was \$30,476,347 for 2021 and \$29,613,533 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.

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

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

	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 811,985	\$ 921,870	(11.92) %
Operating grants and contributions	7,232,298	5,470,248	32.21 %
Capital grants and contributions	15,264	419,950	(96.37) %
General revenues:			
Property taxes	7,550,099	7,078,620	6.66 %
Grants and contributions not restricted	14,187,044	15,751,127	(9.93) %
Investment earnings	336,823	238,417	41.27 %
Sixteenth section sources	276,671	417,541	(33.74) %
Other	102,525	106,910	(4.10) %
<b>Total revenues</b>	<b>30,512,709</b>	<b>30,404,683</b>	<b>0.36 %</b>
<b>Expenses:</b>			
Instruction	15,380,698	13,703,070	12.24 %
Support services	8,984,806	8,810,862	1.97 %
Non-instructional	1,674,416	1,870,254	(10.47) %
Sixteenth section	64,470	61,697	4.49 %
Pension expense	4,207,173	4,882,540	(13.83) %
OPEB expense	32,991	142,970	(76.92) %
Interest on long-term liabilities	131,793	142,140	(7.28) %
<b>Total expenses</b>	<b>30,476,347</b>	<b>29,613,533</b>	<b>2.91 %</b>
<b>Increase (Decrease) in net position</b>	<b>36,362</b>	<b>791,150</b>	<b>(95.40) %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(21,708,207)</b>	<b>(22,605,354)</b>	<b>3.97 %</b>
<b>Prior Period Adjustment</b>	<b>(355,617)</b>	<b>-</b>	<b>N/A %</b>
<b>Residual Equity Transfer</b>	<b>-</b>	<b>105,997</b>	<b>(100.00) %</b>
<b>Net Position, July 1, as restated</b>	<b>(22,063,824)</b>	<b>(22,499,357)</b>	<b>1.94 %</b>
<b>Net Position, June 30</b>	<b>\$ (22,027,462)</b>	<b>\$ (21,708,207)</b>	<b>(1.47) %</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.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
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**Table 3**  
**Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ 15,380,698	\$ 13,703,070	12.24 %
Support services	8,984,806	8,810,862	1.97 %
Non-instructional	1,674,416	1,870,254	(10.47) %
Sixteenth section	64,470	61,697	4.49 %
Pension Expense	4,207,173	4,882,540	(13.83) %
OPEB Expense	32,991	142,970	(76.92) %
Interest on long-term liabilities	131,793	142,140	(7.28) %
<b>Total expenses</b>	<b>\$ 30,476,347</b>	<b>\$ 29,613,533</b>	<b>2.91 %</b>

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ (11,482,078)	\$ (10,567,362)	(8.66) %
Support services	(6,679,866)	(7,150,126)	6.58 %
Non-instructional	155,275	97,462	59.32 %
Sixteenth section	(38,174)	(13,789)	(176.84) %
Pension Expense	(4,207,173)	(4,882,540)	13.83 %
OPEB Expense	(32,991)	(142,970)	76.92 %
Interest on long-term liabilities	(131,793)	(142,140)	7.28 %
<b>Total net (expense) revenue</b>	<b>\$ (22,416,800)</b>	<b>\$ (22,801,465)</b>	<b>1.69 %</b>

- Net cost of governmental activities [(\$22,416,800) for 2021 and (\$22,801,465) for 2020] was financed by general revenue, which is primarily made up of property taxes (\$7,550,099 for 2021 and \$7,078,620 for 2020) and state and federal revenues (\$14,187,044 for 2021 and \$15,751,127 for 2020). In addition, there was \$276,671 and \$417,541 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$336,823 for 2021 and \$238,417 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.

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

**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 \$12,855,311, an increase of \$1,220,098, which includes a prior period adjustment of (\$334,147) and a decrease in inventory of \$63,448. \$9,905,896 or 77% 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 \$2,949,415 or 23% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,103,252, which included a prior period adjustment of (\$334,147). The fund balance of Other Governmental Funds showed an increase in the amount of \$116,846, which included a decrease in inventory of \$63,448, due primarily to the net change in fund balance of the Child Nutrition Fund.

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2021, the District's total capital assets were \$25,879,698, including land, school buildings, building improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$162,198 from 2020. Total accumulated depreciation as of June 30, 2021, was \$13,821,603, and total depreciation expense for the year was \$752,807, resulting in total net capital assets of \$12,058,095.

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

	June 30, 2021	June 30, 2020	Percentage Change
Land	\$ 351,451	\$ 351,451	0.00 %
Buildings	4,606,473	4,747,718	(2.98) %
Building improvements	4,258,581	4,499,472	(5.35) %
Improvements other than buildings	1,267,243	1,345,027	(5.78) %
Mobile equipment	1,259,723	1,238,111	1.75 %
Furniture and equipment	314,624	387,947	(18.90) %
<b>Total</b>	<b>\$ 12,058,095</b>	<b>\$ 12,569,726</b>	<b>(4.07) %</b>

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

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

**Debt Administration.** At June 30, 2021, the District had \$4,571,615 in outstanding long-term debt, including compensated absences, of which \$415,164 is due within one year. The liability for compensated absences increased \$5,271 from the prior year.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>	
Certificates of participation payable	\$ 1,895,000	\$ 2,025,000	(6.42)	%
Three mill notes payable	2,405,000	2,665,000	(9.76)	%
Obligations under finance lease	11,921	-	N/A	%
Compensated absences payable	259,694	254,423	2.07	%
<b>Total</b>	<b><u>\$ 4,571,615</u></b>	<b><u>\$ 4,944,423</u></b>	<b>(7.54)</b>	<b>%</b>

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

## **CURRENT ISSUES**

The Louisville Municipal 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 plans to continue its sound financial management to meet the challenges and to embrace the opportunities of the future.

## **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 Louisville Municipal School District, 891 S. Columbus Avenue (P.O. Box 909), Louisville, Mississippi 39339.

## FINANCIAL STATEMENTS

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2021**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 13,216,564
Due from other governments	941,393
Other receivables, net	11,643
Inventories	108,827
Restricted assets	249,306
Capital assets, net of accumulated depreciation:	12,058,095
Total Assets	<u>26,585,828</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	7,712,606
Deferred outflows - OPEB	488,310
Total deferred outflows of resources	<u>8,200,916</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,672,422
Interest payable on long-term liabilities	78,224
Long-term liabilities, due within one year:	
Capital related liabilities	270,000
Non-capital related liabilities	145,164
Net OPEB liability	86,869
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,135,000
Non-capital related liabilities	2,021,451
Net pension liability	44,670,906
Net OPEB liability	2,437,025
Total Liabilities	<u>53,517,061</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	2,681,032
Deferred inflows - OPEB	616,113
Total deferred inflows of resources	<u>3,297,145</u>
<b>Net Position</b>	
Net investment in capital assets	9,653,095
Restricted for:	
Expendable:	
School-based activities	1,387,648
Debt service	203,684
Forestry improvements	583,790
Unemployment benefits	26,280
Non-expendable:	
Sixteenth section	249,306
Unrestricted	(34,131,265)
Total Net Position	<u>\$ (22,027,462)</u>

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



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**LOUISVILLE MUNICIPAL 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
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 15,380,698	685,812	3,212,808		(11,482,078)
Support services	8,984,806	8,000	2,289,074	7,866	(6,679,866)
Non-instructional	1,674,416	91,877	1,730,416	7,398	155,275
Sixteenth section	64,470	26,296			(38,174)
Pension expense	4,207,173				(4,207,173)
OPEB expense	32,991				(32,991)
Interest on long-term liabilities	131,793				(131,793)
Total Governmental Activities	<u>\$ 30,476,347</u>	<u>811,985</u>	<u>7,232,298</u>	<u>15,264</u>	<u>(22,416,800)</u>
General Revenues:					
Taxes:					
General purpose levies					
					7,205,005
Debt purpose levies					
					345,094
Unrestricted grants and contributions:					
State					
					13,868,603
Federal					
					318,441
Unrestricted investment earnings					
					336,823
Sixteenth section sources					
					276,671
Other					
					102,525
Total General Revenues					<u>22,453,162</u>
Change in Net Position					<u>36,362</u>
Net Position - Beginning, as previously reported					(21,708,207)
Prior Period Adjustments					<u>(355,617)</u>
Net Position - Beginning, as restated					<u>(22,063,824)</u>
Net Position - Ending					<u>\$ (22,027,462)</u>

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2021**

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 10,992,902	2,472,968	13,465,870
Due from other governments	318,748	622,645	941,393
Other receivables, net	11,643		11,643
Due from other funds	447,039	52,566	499,605
Inventories		108,827	108,827
Total assets	<u>11,770,332</u>	<u>3,257,006</u>	<u>15,027,338</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	1,432,065	240,357	1,672,422
Due to other funds	52,566	447,039	499,605
Total Liabilities	<u>1,484,631</u>	<u>687,396</u>	<u>2,172,027</u>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Inventory		108,827	108,827
Permanent fund principal		249,306	249,306
<b>Restricted:</b>			
Debt service		281,908	281,908
Forestry improvement purposes		583,790	583,790
Grant activities		1,278,821	1,278,821
Unemployment benefits		26,280	26,280
<b>Assigned:</b>			
Student Activities	379,805		379,805
Unemployment benefits		40,678	40,678
<b>Unassigned</b>	<u>9,905,896</u>		<u>9,905,896</u>
Total Fund Balances	<u>10,285,701</u>	<u>2,569,610</u>	<u>12,855,311</u>
Total Liabilities and Fund Balances	<u>\$ 11,770,332</u>	<u>3,257,006</u>	<u>15,027,338</u>

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 12,855,311

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 351,451	
Buildings	10,516,631	
Building improvements	6,022,276	
Improvements other than buildings	2,000,176	
Mobile equipment	5,156,538	
Furniture and equipment	1,832,626	
Accumulated depreciation	<u>(13,821,603)</u>	12,058,095

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

Net pension liability	(44,670,906)	
-----------------------	--------------	--

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	7,712,606	
Deferred inflows of resources related to pensions	<u>(2,681,032)</u>	(39,639,332)

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

Net OPEB liability	(2,523,894)	
--------------------	-------------	--

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	488,310	
Deferred inflows of resources related to OPEB	<u>(616,113)</u>	(2,651,697)

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

Certificates of participation payable	(1,895,000)	
Three mill notes payable	(2,405,000)	
Obligations under finance lease	(11,921)	
Compensated absences	(259,694)	
Accrued interest payable	<u>(78,224)</u>	(4,649,839)

**Net Position of governmental activities** \$ (22,027,462)

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2021**

**Exhibit D**

	<u>Major Funds</u>	<u>Other</u>	<u>Total</u>
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>Revenues:</b>			
Local sources	\$ 8,216,582	477,105	8,693,687
State sources	14,044,972	702,987	14,747,959
Federal sources	319,141	6,367,506	6,686,647
Sixteenth section sources	335,680	48,736	384,416
Total Revenues	<u>22,916,375</u>	<u>7,596,334</u>	<u>30,512,709</u>
<b>Expenditures:</b>			
Instruction	12,725,149	4,063,510	16,788,659
Support services	7,518,653	2,346,824	9,865,477
Noninstructional services		1,633,343	1,633,343
Sixteenth section	68,377		68,377
Debt service:			
Principal	139,550	260,000	399,550
Interest	62,591	77,019	139,610
Total Expenditures	<u>20,514,320</u>	<u>8,380,696</u>	<u>28,895,016</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,402,055</u>	<u>(784,362)</u>	<u>1,617,693</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	3,675	968,331	972,006
Operating transfers out	(968,331)	(3,675)	(972,006)
Total Other Financing Sources (Uses)	<u>(964,656)</u>	<u>964,656</u>	<u>0</u>
Net Change in Fund Balances	<u>1,437,399</u>	<u>180,294</u>	<u>1,617,693</u>
<b>Fund Balances:</b>			
July 1, 2020, as previously reported	9,182,449	2,452,764	11,635,213
Prior period adjustments	(334,147)		(334,147)
July 1, 2020, as restated	<u>8,848,302</u>	<u>2,452,764</u>	<u>11,301,066</u>
Decrease in reserve for inventory		<u>(63,448)</u>	<u>(63,448)</u>
June 30, 2021	<u>\$ 10,285,701</u>	<u>2,569,610</u>	<u>12,855,311</u>

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



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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 1,617,693

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 241,974	
Depreciation expense	<u>(752,807)</u>	(510,833)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(798)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	399,550	
Accrued interest payable	<u>7,817</u>	407,367
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(4,207,173)	
Contributions subsequent to the measurement date	<u>2,744,947</u>	(1,462,226)
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	(32,991)	
Contributions subsequent to the measurement date	<u>86,869</u>	53,878
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(5,271)	
Change in inventory reserve	<u>(63,448)</u>	(68,719)
<b>Change in Net Position of governmental activities</b>		<u><u>\$ 36,362</u></u>

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Fiduciary Net Position**  
**June 30, 2021**

**Exhibit E**

	Private-Purpose Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 34,072
Investments	20,376
Total Assets	<u>54,448</u>
<b>Liabilities</b>	
Total Liabilities	<u>0</u>
<b>Net Position</b>	
Restricted for individuals, organizations and other governments	54,448
Total Net Position	<u>\$ 54,448</u>

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2021**

**Exhibit F**

	Private-Purpose Trust Funds
<b>Additions</b>	
Interest on investments	\$ 893
Total Additions	<u>893</u>
<b>Deductions</b>	
Total Deductions	<u>0</u>
Net increase (decrease) in fiduciary net position	<u>893</u>
Net position - Beginning	<u>53,555</u>
Net position - Ending	<u><u>\$ 54,448</u></u>

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

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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:



LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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.

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 also reports fiduciary funds which focus on net position and changes in net position.

The district's fiduciary funds include the following:

Scholarship Trust Funds – These funds are private-purpose trust funds used to administer endowment scholarships to students.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

#### FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

### **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, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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 maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

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

**Cash and cash equivalents**

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

**Investments**

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

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

Investments for the district are reported at fair market value.

**2. Receivables and payables**

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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

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.

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 Sixteenth Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

See Note 5 for details.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows of resources related to pensions  
Deferred outflows of resources related to OPEB

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

Deferred inflows of resources related to pensions  
Deferred inflows of resources related to OPEB

See Note 7, Note 8, and Note 15 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For

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this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. Fund Balances

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

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

*Nonspendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the school board, the district's highest level of decision-making authority. This formal action is a formal action by the school board to commit a portion of fund balance at balance sheet date. Currently there is no committed fund balance for this school district.

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

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

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

13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

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**Note 2 – Cash and Cash Equivalents and Investments**

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

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

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$13,465,870 and \$34,072, respectively.

**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.

**Investments**

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

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	Less than 1	\$ 20,376
Total			<u>\$ 20,376</u>

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

- Certificates of deposits of \$20,376 are valued using a matrix pricing model (Level 2 inputs).

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

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

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

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

Issuer	Fair Value	% of Total Investments
Certificates of deposit - Regions Bank	\$ 5,176	25%
Certificates of deposit - Citizens Bank	15,200	75%
	<u>\$ 20,376</u>	

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 447,039
Other governmental funds	General Fund	52,566
Total		<u>\$ 499,605</u>

The inter-fund balances represent loans created by the existence of negative fund cash balances in a pooled bank account and interfund loans due to the General Fund at June 30, 2021. Negative fund cash balances in governmental funds (special revenue funds) are a result of the timing of cash flows inherent in the reimbursable grant funds due from the other governments. Amount due to other governmental funds from the General Fund represent operating transfers due to other governmental funds at June 30, 2021.

#### B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 968,331
Other governmental funds	General Fund	3,675
Total		<u>\$ 972,006</u>

Inter-fund transfers represent operating transfers from the General Fund to other governmental funds and transfers of indirect costs from other governmental funds to the General Fund.

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**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, totaling \$249,306, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

**Note 5 – Capital Assets**

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 351,451			351,451
Total non-depreciable capital assets	351,451	-	-	351,451
<u>Depreciable capital assets:</u>				
Buildings	10,516,631			10,516,631
Building improvements	6,022,276			6,022,276
Improvements other than buildings	2,000,176			2,000,176
Mobile equipment	4,952,977	203,561		5,156,538
Furniture and equipment	1,873,989	38,413	79,776	1,832,626
Total depreciable capital assets	25,366,049	241,974	79,776	25,528,247
<u>Less accumulated depreciation for:</u>				
Buildings	5,768,913	141,245		5,910,158
Building improvements	1,522,804	240,891		1,763,695
Improvements other than buildings	655,149	77,784		732,933
Mobile equipment	3,714,866	181,949		3,896,815
Furniture and equipment	1,486,042	110,938	78,978	1,518,002
Total accumulated depreciation	13,147,774	752,807	78,978	13,821,603
Total depreciable capital assets, net	12,218,275	(510,833)	798	11,706,644
Governmental activities capital assets, net	\$ 12,569,726	(510,833)	798	12,058,095

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 416,789
Support services	248,006
Non-instructional	88,005
Sixteenth section	7
Total depreciation expense - Governmental activities	\$ 752,807

**Note 6 – Long-term Liabilities**

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



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	Balance 7/1/2020	Additions	Reductions	Adjustments	Balance 6/30/2021	Amounts due within one year
A. Certificates of participation payable	\$ 2,025,000	-	130,000		1,895,000	135,000
B. Three mill notes payable	2,665,000	-	260,000		2,405,000	270,000
C. Obligations under finance lease	-	-	9,550	21,471	11,921	10,164
D. Compensated absences payable	254,423	5,271	-		259,694	-
Total	\$ 4,944,423	5,271	399,550	21,471	4,571,615	415,164

**A. Certificates of participation payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2017 Trust Certificates	3.05%	31-Jul-17	1-Apr-32	\$ 2,285,000	\$ 1,895,000
Total				\$ 2,285,000	\$ 1,895,000

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

Certificates of participation issue of July 31, 2017.

Year Ending June 30	Principal	Interest	Total
2022	\$ 135,000	57,798	192,798
2023	145,000	53,680	198,680
2024	150,000	49,258	199,258
2025	160,000	44,683	204,683
2026	165,000	39,803	204,803
2027-2031	975,000	117,425	1,092,425
2032	165,000	5,033	170,033
Total	\$ 1,895,000	367,680	2,262,680

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
2017 Limited Tax Note	2.89%	14-Nov-17	1-Aug-29	\$ 3,100,000	\$ 2,405,000
Total				\$ 3,100,000	\$ 2,405,000

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

Three mill notes payable issue of November 14, 2017.

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Year Ending June 30	Principal	Interest	Total
2022	\$ 270,000	69,504	339,504
2023	275,000	61,702	336,702
2024	265,000	53,754	318,754
2025	270,000	46,096	316,096
2026	275,000	38,293	313,293
2027-2030	1,050,000	76,152	1,126,152
Total	<u>\$ 2,405,000</u>	<u>345,501</u>	<u>2,750,501</u>

This debt will be retired from the Three Mill Note Retirement Fund (debt service fund).

**Pledge of Future Revenues**

The school district has pledged future state education enhancement revenues for buildings and buses to help repay the \$3,100,000 limited tax notes payable issued November 14, 2017. The notes were issued to make improvements to the district's buildings. The debt will be paid in full and the pledge satisfied August 1, 2029. The annual pledge is approximately \$85,680, which is 100% of such state revenues. The district levies local taxes not to exceed three mills each year to satisfy the portion of debt requirements not covered by this pledge.

**C. Obligations under finance lease**

The school district has entered into a lease agreement as lessee for financing the acquisition of security cameras at a cost of \$28,987. None of the individual assets require capitalization according to the district's asset capitalization policy.

The option to purchase the equipment at the end of the current fiscal year was \$12,127.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
KS Statebank- Government Finance Department	6.27%	1-Aug-19	1-Aug-22	\$ 28,987	\$ 11,921
Total				<u>\$ 28,987</u>	<u>\$ 11,921</u>

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

Finance lease obligation of August 1, 2019.

Year Ending June 30	Principal	Interest	Total
2022	\$ 10,164	457	10,621
2023	1,757	14	1,771
Total	<u>\$ 11,921</u>	<u>471</u>	<u>12,392</u>

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material. This debt will be retired from the District Maintenance Fund (general fund).

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**D. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

*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 \$2,744,947, \$2,673,543 and \$2,528,203, 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 \$44,670,906 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 0.231 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.015 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 \$4,207,173. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 386,972	\$
Net difference between projected and actual earnings on pension plan investments	1,895,560	
Changes of assumptions	266,915	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,418,212	2,681,032
District contributions subsequent to the measurement date	2,744,947	
Total	\$ <u>7,712,606</u>	\$ <u>2,681,032</u>

\$2,744,947 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	\$ 165,184
2023	1,157,201
2024	372,974
2025	591,268

*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	

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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	<u>100</u>	<u>%</u>

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 57,820,999	\$ 44,670,906	\$ 33,816,796

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

## Note 8 – Other Postemployment Benefits (OPEB)

### General Information about the OPEB Plan.

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

### *Benefits provided.*

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

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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 \$86,869 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$2,523,894 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 0.32432132 percent. This was a decrease of 0.00424995 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 \$32,991. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,217	\$ 439,225
Changes of assumptions	391,858	106,656
Net difference between projected and actual earnings on OPEB plan investments	81	
Changes in proportion and differences between District contributions and proportionate share of contributions	6,285	70,232
District contributions subsequent to the measurement date	86,869	
Total	\$ <u>488,310</u>	\$ <u>616,113</u>

\$86,869 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	\$ (58,435)
2023	(58,435)
2024	(49,954)

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
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2025	(18,257)
2026	(29,591)

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

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

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:

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 2,789,076	\$ 2,523,894	\$ 2,296,441

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,330,430	\$ 2,523,894	\$ 2,743,801

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

#### Note 9 – 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	\$ 78,027
2023	67,669
2024	67,028
2025	63,508
2026	51,778
2027 – 2031	246,634
2032 - 2036	206,195
2037 – 2041	97,658
2042 - 2046	45,387
Total	<u>\$ 923,884</u>

#### Note 10 – Prior Period Adjustments

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



LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

**Exhibit B - Statement of Activities**

Explanation	Amount
1. Correction of prior year error in recording a liability	\$ (334,147)
2. Correction of prior year long term debt obligations	(21,471)
3. Rounding of prior year net pension liability	1
Total	<u>\$ (355,617)</u>

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

Fund	Explanation	Amount
General Fund	Correction of prior year error in recording a liability	\$ (334,147)
Total		<u>\$ (334,147)</u>

**Note 11 – Contingencies**

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

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

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

**Note 12 – Risk Management**

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

**Participation in Public Entity Risk Pool**

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

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
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The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 56 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 56 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

### **Note 13 – Trust Certificates**

A trust agreement dated July 31, 2017, was executed by and between the school district and Louisville Municipal School District, as trustees. The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,285,000. Approximately \$2,242,585 was used to provide financing for improvements to school buildings and related facilities and equipment (the “project”); the remainder of approximately \$42,415 was used to pay the costs 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.

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 requirements on the trust certificates.

Using the guidance provided in Section 2100 of the Codification of *Governmental Accounting and Financial Report 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.

### **Note 14 – Fund Balance Assignments**

The amount assigned for unemployment (\$40,678) shown on the Governmental Funds Balance Sheet (Exhibit C) represents the amounts held in the Unemployment Compensation Fund (special revenue fund) at June 30, 2021, which are above the statutory requirements necessary to fill that fund.

### **Note 15 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$34,131,265) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,744,947 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$4,967,659 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.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2021

The unrestricted net position amount of (\$34,131,265) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,681,032 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 (\$34,131,265) 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 \$86,869 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$401,441 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 (\$34,131,265) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$616,113 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 16 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Louisville Municipal School District evaluated the activity of the district through July 29, 2022, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 7,873,986	8,216,582	8,216,582	342,596	0
State sources	13,900,061	14,044,972	14,044,972	144,911	0
Federal sources	245,200	319,140	319,141	73,940	1
Sixteenth section sources	410,500	335,680	335,680	(74,820)	0
Total Revenues	22,429,747	22,916,374	22,916,375	486,627	1
<b>Expenditures:</b>					
Instruction	13,190,700	12,725,149	12,725,149	465,551	0
Support services	8,258,084	7,525,606	7,518,653	732,478	6,953
Sixteenth section	89,142	68,377	68,377	20,765	0
Facilities acquisition and construction	120,000	0	0	120,000	0
Debt service:					
Principal	0	140,013	139,550	(140,013)	463
Interest	0	62,128	62,591	(62,128)	(463)
Total Expenditures	21,657,926	20,521,273	20,514,320	1,136,653	6,953
Excess (Deficiency) of Revenues over (under) Expenditures	771,821	2,395,101	2,402,055	1,623,280	6,954
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	2,225,242	2,282,718	3,675	57,476	(2,279,043)
Operating transfers out	(3,450,797)	(3,247,374)	(968,331)	203,423	2,279,043
Total Other Financing Sources (Uses)	(1,225,555)	(964,656)	(964,656)	260,899	0
Net Change in Fund Balances	(453,734)	1,430,445	1,437,399	1,884,179	6,954
<b>Fund Balances:</b>					
July 1, 2020, as previously reported	9,182,449	9,182,449	9,182,449	0	0
Prior period adjustments	0	0	(334,147)	0	(334,147)
July 1, 2020, as restated	9,182,449	9,182,449	8,848,302	0	(334,147)
June 30, 2021	\$ 8,728,715	10,612,894	10,285,701	1,884,179	(327,193)

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

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**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		0.231%	0.246%	0.215%	0.231%	0.231%	0.230%	0.226%
District's proportionate share of the net pension liability	\$	44,670,906	43,359,288	35,760,888	38,400,040	41,262,368	35,553,464	27,432,262
District's covered payroll	\$	15,365,190	16,052,083	13,753,492	14,828,740	14,765,635	14,350,287	13,799,016
District's proportionate share of the net pension liability as a percentage of its covered payroll		290.73%	270.12%	260.01%	258.96%	279.45%	247.75%	198.80%
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 Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.



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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years**

		2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$	2,744,947	2,673,543	2,528,203	2,166,175	2,335,528	2,325,588	2,260,172
Contributions in relation to the contractually required contribution	\$	2,744,947	2,673,543	2,528,203	2,166,175	2,335,528	2,325,588	2,260,172
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-
District's covered payroll	\$	15,775,557	15,365,190	16,052,083	13,753,492	14,828,740	14,765,635	14,350,287
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 No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**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		0.32432132%	0.32857127%	0.32746598%	0.33329529%
District's proportionate share of the net OPEB liability	\$	2,523,894	2,788,062	2,533,113	2,615,065
District's covered - employee payroll	\$	15,762,773	15,655,658	15,108,213	15,245,296
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll		16.01%	17.81%	16.77%	17.15%
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.

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years\***

	2021	2020	2019	2018
Actuarially determined contribution**	\$ 86,869	100,653	111,754	111,484
Contributions in relation to the actuarially determined contribution**	\$ 86,869	100,653	111,754	111,484
Contribution deficiency (excess)	\$ -	-	-	-
District's covered - employee payroll	\$ 16,266,287	15,762,773	15,655,658	15,108,213
Contributions as a percentage of covered - employee payroll	0.53%	0.64%	0.71%	0.74%

The notes to the 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 No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on the historical amounts presented in prior year audit reports.

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

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LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2021

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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



LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2021

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

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.

LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2021

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
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%

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## SUPPLEMENTARY INFORMATION

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program (donated commodities)	10.555	215MS326N1099	141,903
Subtotal			141,903
COVID-19 - Summer food service program for children	10.559	215MS326N1099	1,604,584
Subtotal			1,604,584
Total child nutrition cluster			1,746,487
State administrative expenses for child nutrition	10.560	215MS907N2533	14,777
Total passed-through Mississippi Department of Education			1,761,264
Passed-through Winston County, Mississippi			
National forest-dependent rural communities	10.665	N/A	35,980
Total passed-through Winston County, Mississippi			35,980
<b>Total U.S. Department of Agriculture</b>			<b>1,797,244</b>
<b><u>U. S. Department of the Treasury</u></b>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund	21.019	2021	1,065,200
Total passed-through Mississippi Department of Education			1,065,200
<b>Total U.S. Department of the Treasury</b>			<b>1,065,200</b>
<b><u>U.S. Department of Education</u></b>			
Direct Program:			
Impact aid - facilities maintenance	84.040	N/A	60,472
Total direct programs			60,472
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A180024 S010A190024 S010A200024	1,636,231
Career and technical education - basic grants to states	84.048	V048A200024	53,900
Twenty-first century community learning centers	84.287	S287C200024	173,648
Rural education	84.358	S358B190024 S358B200024	67,978
Supporting Effective Instruction State Grants	84.367	S367A190023 S367A200023	26,499
Student support and enrichment program	84.424	S424A190025	11,576
Subtotal			1,969,832
Special education cluster:			
Special education - grants to states	84.027	H027A180108 H027A190108 H027A200108	722,121
Special education - preschool grants	84.173	H173A190113 H173A200113	27,582
Total special education cluster			749,703

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
COVID-19 - Education Stabilization Fund (ESSER I)	84.425D	S425D200031	781,916
Total passed-through Mississippi Department of Education			3,501,451
<b>Total U.S. Department of Education</b>			<b>3,561,923</b>
<b><u>Social Security Administration</u></b>			
Disability insurance/SSI cluster:			
Passed-through Mississippi Department of Education:			
Social security disability insurance	96.001	04-20-04MSD100	700
Total passed-through Mississippi Department of Education			700
Total disability insurance/SSI cluster			700
<b>Total Social Security Administration</b>			<b>700</b>
<b>Total for All Federal Awards</b>			<b>\$ 6,425,067</b>

The accompanying Notes to the Supplementary Information are an integral part of this schedule.

**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Supplementary Information**

**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	\$ 22,026,834	16,362,711	856,523	1,751,024	3,056,576
Other	6,868,182	3,069,981	281,805	100,377	3,416,019
Total	<u>\$ 28,895,016</u>	<u>19,432,692</u>	<u>1,138,328</u>	<u>1,851,401</u>	<u>6,472,595</u>
Total number of students *	<u>2,598</u>				
Cost per student	<u>\$ 11,122</u>	<u>7,480</u>	<u>438</u>	<u>713</u>	<u>2,491</u>

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

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

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

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

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

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



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LOUISVILLE MUNICIPAL SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Louisville Municipal 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 Louisville Municipal School District it is not intended to and does not present the financial position, changes in net position, or cash flows of the Louisville Municipal 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 Louisville Municipal School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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## OTHER INFORMATION

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 8,216,582	7,708,032	7,814,526	7,135,154
State sources	14,044,972	14,493,830	14,397,867	13,826,120
Federal sources	319,141	2,303,973	241,324	269,983
Sixteenth section sources	335,680	451,256	183,116	388,460
Total Revenues	22,916,375	24,957,091	22,636,833	21,619,717
<b>Expenditures:</b>				
Instruction	12,725,149	12,711,231	12,425,958	12,181,415
Support services	7,518,653	7,909,722	7,737,957	7,191,583
Sixteenth section	68,377	64,073	85,691	125,717
Facilities acquisition and construction		338,456	847,715	1,042,698
Debt service:				
Principal	139,550			
Interest	62,591			
Other				28,085
Total Expenditures	20,514,320	21,023,482	21,097,321	20,569,498
Excess (Deficiency) of Revenues over (under) Expenditures	2,402,055	3,933,609	1,539,512	1,050,219
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued				3,100,000
Insurance recovery		38,440	59,221	
Sale of transportation equipment				7,392
Sale of other property				775
Operating transfers in	3,675		234,950	17,484
Operating transfers out	(968,331)	(1,093,024)	(1,330,396)	(2,154,997)
Total Other Financing Sources (Uses)	(964,656)	(1,054,584)	(1,036,225)	970,654
Net Change in Fund Balances	1,437,399	2,879,025	503,287	2,020,873
<b>Fund Balances:</b>				
Beginning of period, as previously reported	9,182,449	6,197,427	5,694,140	3,673,267
Prior period adjustments	(334,147)	105,997		
Beginning of period, as restated	8,848,302	6,303,424	5,694,140	3,673,267
End of Period	\$ 10,285,701	9,182,449	6,197,427	5,694,140

\*SOURCE - PRIOR YEAR AUDIT REPORTS

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**LOUISVILLE MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 8,693,687	8,204,902	8,381,304	7,616,209
State sources	14,747,959	15,096,346	14,942,631	14,446,168
Federal sources	6,686,647	6,544,979	4,732,328	4,906,158
Sixteenth section sources	384,416	520,017	191,621	436,696
Total Revenues	30,512,709	30,366,244	28,247,884	27,405,231
<b>Expenditures:</b>				
Instruction	16,788,659	15,026,645	14,611,974	14,332,148
Support services	9,865,477	9,705,081	9,593,874	11,685,497
Noninstructional services	1,633,343	2,002,898	2,154,688	2,146,758
Sixteenth section	68,377	64,073	86,529	129,817
Facilities acquisition and construction		338,456	847,715	1,042,698
Debt service:				
Principal	399,550	375,000	295,000	1,040,000
Interest	139,610	149,811	132,887	93,069
Other				70,500
Total Expenditures	28,895,016	27,661,964	27,722,667	30,540,487
Excess (Deficiency) of Revenues over (under) Expenditures	1,617,693	2,704,280	525,217	(3,135,256)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued				5,385,000
Insurance recovery		38,440	59,221	
Sale of transportation equipment				7,392
Sale of other property				1,210
Operating transfers in	972,006	1,093,024	1,565,346	2,172,481
Operating transfers out	(972,006)	(1,093,024)	(1,565,346)	(2,172,481)
Total Other Financing Sources (Uses)	0	38,440	59,221	5,393,602
Net Change in Fund Balances	1,617,693	2,742,720	584,438	2,258,346
<b>Fund Balances:</b>				
Beginning of period, as previously reported	11,635,213	8,694,674	8,095,086	5,832,382
Prior period adjustments	(334,147)			(8,515)
Residual equity transfers in		105,997		
Beginning of period, as restated	11,301,066	8,800,671	8,095,086	5,823,867
Increase (Decrease) in reserve for inventory	(63,448)	91,822	15,150	12,873
End of Period	\$ 12,855,311	11,635,213	8,694,674	8,095,086

\*SOURCE - PRIOR YEAR AUDIT REPORTS



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## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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# SUZANNE E. SMITH, CPA, PLLC

## AUDITING AND ACCOUNTING SERVICES

sesmithcpa@msn.com

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

Superintendent and School Board  
Louisville Municipal School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Louisville Municipal School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Louisville Municipal School District's basic financial statements, and have issued our report thereon dated July 29, 2022.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

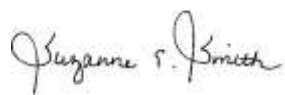
As part of obtaining reasonable assurance about whether the Louisville Municipal School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

#### 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

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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.

A handwritten signature in cursive script, reading "Suzanne E. Smith".

Suzanne E. Smith, CPA, PLLC  
Starkville, Mississippi  
July 29, 2022

# SUZANNE E. SMITH, CPA, PLLC

## AUDITING AND ACCOUNTING SERVICES

sesmithcpa@msn.com

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

Superintendent and School Board  
Louisville Municipal School District

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

We have audited Louisville Municipal 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 Louisville Municipal School District's major federal programs for the year ended June 30, 2021. The Louisville Municipal School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

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

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

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

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

Management of the Louisville Municipal School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In

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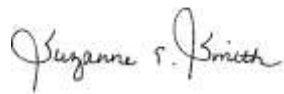
planning and performing our audit of compliance, we considered Louisville Municipal School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in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

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

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

#### **Purpose of this Report**

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



Suzanne E. Smith, CPA, PLLC  
Starkville, Mississippi  
July 29, 2022

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



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# SUZANNE E. SMITH, CPA, PLLC

## AUDITING AND ACCOUNTING SERVICES

sesmithcpa@msn.com

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

Superintendent and School Board  
Louisville Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville Municipal School District as of and for the year ended June 30, 2021, which collectively comprise Louisville Municipal School District's basic financial statements and have issued our report thereon dated July 29, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

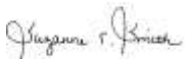
Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed no instances of noncompliance with other state laws and regulations.

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



Suzanne E. Smith, CPA, PLLC  
Starkville, Mississippi  
July 29, 2022

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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LOUISVILLE MUNICIPAL 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? (Yes/No)                     | No            |
| b. | Significant deficiency(ies) identified? (Yes/None reported)    | None reported |
| 3. | Noncompliance material to financial statements noted? (Yes/No) | No            |

Federal Awards:

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

- |    |   |            |
|----|---|------------|
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
|----|---|------------|

- |    |   |    |
|----|---|----|
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No) | No |
|----|---|----|

- |    |                                   |  |
|----|-----------------------------------|--|
| 7. | Identification of major programs: |  |
|----|-----------------------------------|--|

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Covid-19 - Coronavirus Relief Fund
84.027/84.173	Special Education Cluster
84.425D	Covid-19 – Education Stabilization Fund (ESSER I)

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

- |    |   |    |
|----|---|----|
| 9. | Auditee qualified as low-risk auditee? (Yes/No) | No |
|----|---|----|

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

**Section II: Financial Statement Findings**

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

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

**Section III: Federal Award Findings and Questioned Costs**

The results of our tests disclosed no findings and questioned costs related to the federal awards:



# Louisville Municipal School District

David Luke, Superintendent  
P.O. BOX 909 - 391 S. COLUMBUS AVE.  
LOUISVILLE, MISSISSIPPI 39339  
PHONE (662) 773-3411 FAX (662) 773-4013

## SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Section 2 CFR 200.516(a) of the Uniform Guidance, Louisville Municipal School District has prepared and hereby submits the following summary schedule of prior year audit findings as of June 30, 2021:

<u>Finding</u>	<u>Status</u>
----------------	---------------

2020-001	Corrected
----------	-----------

Sincerely,

A handwritten signature in blue ink that reads "David Luke".

David Luke  
Superintendent of Education

Providing a quality education that prepares students for a successful future



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