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NEW ALBANY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

NEW ALBANY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
New Albany 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 New Albany School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the New Albany 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 New Albany School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally

accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 6-14, 47-48, 49, 50, 51 & 52, 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 New Albany 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 January 18, 2022, on our consideration of the New Albany 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 New Albany 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 New Albany School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, MS

January 18, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The following discussion and analysis of District's financial performance provides an overview of the New Albany School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the New Albany 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 New Albany School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2021 increased \$649,356, including a prior period adjustment of \$146,743, which represents a 4% increase from fiscal year 2020. Total net position for 2020 decreased \$859,919, including a prior period adjustment of (\$10,694), which represents a 6% decrease from fiscal year 2019.
- General revenues amounted to \$18,821,715 and \$17,628,882, or 74% and 77% 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 \$6,653,453, or 26% of total revenues for 2021, and \$5,152,026, or 23% of total revenues for 2020.
- The District had \$24,972,555 and \$23,630,133 in expenses for fiscal years 2021 and 2020; only \$6,653,453 for 2021 and \$5,152,026 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,821,715 for 2021 were adequate to provide for these programs and \$17,628,882 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$18,071,374 in revenues and \$16,753,750 in expenditures for 2021, and \$17,374,315 in revenues and \$17,119,486 in expenditures in 2020. The General Fund's fund balance increased by \$443,036 including a prior period adjustment of \$29,198 from 2020 to 2021, and decreased by \$94,104, which includes a prior period adjustment of (\$14,821), from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$116,227, including a prior period adjustment of \$137,768, for 2021 and increased by \$5,500,048 for 2020. The decrease for 2021 was due primarily to construction in progress net of the increase in accumulated depreciation.
- Long-term debt decreased by \$2,804,932, including a prior period adjustment of (\$20,223), for 2021 and decreased by \$1,362,908 for 2020. This decrease for 2021 was due primarily to new debt issuances net of principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$9,290 for 2021 and increased by \$10,783 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

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$15,194,132 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.

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 8,362,650	\$ 7,712,629	8.43 %
Restricted assets	576,984	1,719,103	(66.44) %
Capital assets, net	18,886,297	19,002,524	(0.61) %
Total assets	27,825,931	28,434,256	(2.14) %
 Deferred outflows of resources	 5,815,541	 6,328,620	 (8.11) %
 Current liabilities	 1,763,803	 1,843,498	 (4.32) %
Long-term debt outstanding	9,046,961	11,861,183	(23.73) %
Net OPEB liability	1,977,888	2,145,105	(7.80) %
Net pension liability	34,414,400	32,885,906	4.65 %
Total liabilities	47,203,052	48,735,692	(3.14) %
 Deferred inflows of resources	 1,632,552	 1,870,672	 (12.73) %
 Net position:			
Net investment in capital assets	10,041,789	8,431,834	19.09 %
Restricted	1,123,432	5,381,995	(79.13) %
Unrestricted	(26,359,353)	(29,657,317)	11.12 %
Total net position	\$ (15,194,132)	\$ (15,843,488)	4.10 %

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)	\$ (26,359,353)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	 <u>32,209,299</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	 <u>\$ 5,849,946</u>

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

- Decrease in net capital assets in the amount of \$116,227.
- The principal retirement of \$3,911,173 of long-term debt.
- Issuing \$800,000 in three mill notes payable.
- Inception of capital leases of \$286,018.

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$25,475,168 and \$22,780,908, respectively. The total cost of all programs and services was \$24,972,555 for 2021 and \$23,630,133 for 2020.

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

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,139,226	\$ 1,382,089	(17.57) %
Operating grants and contributions	5,514,227	3,769,937	46.27 %
General revenues:			
Property and gaming taxes	6,336,902	6,114,135	3.64 %
Grants and contributions not restricted	11,839,901	11,225,281	5.48 %
Investment earnings	90,694	160,159	(43.37) %
Other	554,218	129,307	328.61 %
Total revenues	<u>25,475,168</u>	<u>22,780,908</u>	11.83 %
Expenses:			
Instruction	11,866,695	12,375,087	(4.11) %
Support services	8,191,861	6,828,217	19.97 %
Non-instructional	965,201	450,166	114.41 %
Pension expense	3,673,834	3,557,906	3.26 %
OPEB expense	49,615	127,030	(60.94) %
Interest on long-term liabilities	225,349	291,727	(22.75) %
Total expenses	<u>24,972,555</u>	<u>23,630,133</u>	5.68 %
Increase (Decrease) in net position	<u>502,613</u>	<u>(849,225)</u>	159.18 %
Net Position, July 1, as previously reported	<u>(15,843,488)</u>	<u>(14,983,569)</u>	(5.74) %
Prior Period Adjustment	<u>146,743</u>	<u>(10,694)</u>	1,472.20 %
Net Position, July 1, as restated	<u>(15,696,745)</u>	<u>(14,994,263)</u>	(4.69) %
Net Position, June 30	<u>\$ (15,194,132)</u>	<u>\$ (15,843,488)</u>	4.10 %

Governmental activities

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

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 11,866,695	\$ 12,375,087	(4.11) %
Support services	8,191,861	6,828,217	19.97 %
Non-instructional	965,201	450,166	114.41 %
Pension Expense	3,673,834	3,557,906	3.26 %
OPEB Expense	49,615	127,030	(60.94) %
Interest on long-term liabilities	225,349	291,727	(22.75) %
Total expenses	\$ 24,972,555	\$ 23,630,133	5.68 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (8,890,464)	\$ (9,495,914)	6.38 %
Support services	(5,551,366)	(5,572,553)	0.38 %
Non-instructional	71,526	567,023	(87.39) %
Pension Expense	(3,673,834)	(3,557,906)	(3.26) %
OPEB Expense	(49,615)	(127,030)	60.94 %
Interest on long-term liabilities	(225,349)	(291,727)	22.75 %
Total net (expense) revenue	\$ (18,319,102)	\$ (18,478,107)	0.86 %

- Net cost of governmental activities (\$18,319,102 for 2021 and \$18,478,107 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$6,336,902 for 2021 and \$6,114,135 for 2020) and state and federal revenues (\$11,839,901 for 2021 and \$11,225,281 for 2020).
- Investment earnings amounted to \$90,694 for 2021 and \$160,159 for 2020.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6,829,478, a decrease of \$841,355, including a prior period adjustment of \$29,198, and which includes a decrease in inventory of \$21,405. \$2,337,621 or 34% 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 \$4,491,857 or 66% 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.

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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 \$443,036, including a prior period adjustment of \$29,198. The fund balance of Other Governmental Funds showed a decrease in the amount of \$900,143, which includes a decrease in reserve for inventory of \$21,405, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
ESSER III Fund	\$	(384,248)

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 New Albany School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$31,614,270, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$597,575 from 2020. Total accumulated depreciation as of June 30, 2021, was \$12,727,973, and total depreciation expense for the year was \$890,171, resulting in total net capital assets of \$18,886,297.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 975,887	\$ 975,887	0.00 %
Construction in progress	-	4,168,210	(100.00) %
Buildings	9,035,247	9,339,707	(3.26) %
Building improvements	7,575,598	3,031,039	149.93 %
Improvements other than buildings	114,230	133,269	(14.29) %
Mobile equipment	927,817	1,076,266	(13.79) %
Furniture and equipment	257,518	278,146	(7.42) %
Total	\$ 18,886,297	\$ 19,002,524	(0.61) %

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

NEW ALBANY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Debt Administration. At June 30, 2021, the District had \$9,046,961 in outstanding long-term debt, of which \$1,518,130 is due within one year. The liability for compensated absences decreased \$9,290 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 6,360,000	\$ 7,020,000	(9.40) %
Three mill notes payable	535,000	710,730	(24.73) %
Energy efficiency lease purchase	963,391	1,078,750	(10.69) %
Qualified zone academy bonds	-	1,720,000	(100.00) %
Obligations under capital leases	986,117	1,119,960	(11.95) %
Compensated absences payable	202,453	211,743	(4.39) %
Total	<u>\$ 9,046,961</u>	<u>\$ 11,861,183</u>	<u>(23.73) %</u>

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

CURRENT ISSUES

The New Albany School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the New Albany School District, 301 Hwy 15 North, New Albany, MS 38652.

FINANCIAL STATEMENTS

NEW ALBANY SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,017,908
Investments	60,767
Due from other governments	2,229,836
Inventories	54,139
Restricted assets	576,984
Capital assets, non-depreciable:	
Land	975,887
Capital assets, net of accumulated depreciation:	
Buildings	9,035,247
Building improvements	7,575,598
Improvements other than buildings	114,230
Mobile equipment	927,817
Furniture and equipment	257,518
Total Assets	<u>27,825,931</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	5,400,410
Deferred outflows - OPEB	415,131
Total deferred outflows of resources	<u>5,815,541</u>
Liabilities	
Accounts payable and accrued liabilities	1,725,908
Interest payable on long-term liabilities	37,895
Long-term liabilities, due within one year:	
Capital related liabilities	1,518,130
Net OPEB liability	65,528
Long-term liabilities, due beyond one year:	
Capital related liabilities	7,326,378
Non-capital related liabilities	202,453
Net pension liability	34,414,400
Net OPEB liability	1,912,360
Total Liabilities	<u>47,203,052</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	1,204,764
Deferred inflows - OPEB	427,788
Total deferred inflows of resources	<u>1,632,552</u>
Net Position	
Net investment in capital assets	10,041,789
Restricted for:	
Expendable:	
School-based activities	407,484
Debt service	596,411
Unemployment benefits	119,537
Unrestricted	(26,359,353)
Total Net Position	<u>\$ (15,194,132)</u>

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

NEW ALBANY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

Exhibit B

					Net (Expense)
					Revenue and
					Changes in
					Net Position
Program Revenues					
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 11,866,695	\$ 1,096,168	\$ 1,880,063	\$ -	\$ (8,890,464)
Support services	8,191,861	-	2,640,495	-	(5,551,366)
Non-instructional	965,201	43,058	993,669	-	71,526
Pension expense	3,673,834	-	-	-	(3,673,834)
OPEB expense	49,615	-	-	-	(49,615)
Interest on long-term liabilities	225,349	-	-	-	(225,349)
Total Governmental Activities	\$ 24,972,555	\$ 1,139,226	\$ 5,514,227	\$ -	\$ (18,319,102)

General Revenues:

Taxes:

General purpose levies

4,972,307

Debt purpose levies

1,364,595

Unrestricted grants and contributions:

State

11,710,548

Federal

129,353

Unrestricted investment earnings

90,694

Other

554,218

Total General Revenues

18,821,715

Change in Net Position

502,613

Net Position - Beginning, as previously reported

(15,843,488)

Prior period adjustment

146,743

Net Position - Beginning, as restated

(15,696,745)

Net Position - Ending

\$ (15,194,132)

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

NEW ALBANY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2021

Exhibit C

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	ESSER III Fund		
Assets:				
Cash and cash equivalents	\$ 4,775,159	\$ -	\$ 1,819,733	\$ 6,594,892
Investments	60,767	-	-	60,767
Due from other governments	789,239	384,248	1,056,349	2,229,836
Due from other funds	1,281,325	-	2,923,995	4,205,320
Inventories	-	-	54,139	54,139
Total assets	6,906,490	384,248	5,854,216	13,144,954
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,333,220	\$ 8,995	\$ 383,693	\$ 1,725,908
Due to other funds	2,923,995	375,253	906,072	4,205,320
Total Liabilities	4,257,215	384,248	1,289,765	5,931,228
Deferred Inflows of Resources:				
Unavailable revenues	-	384,248	-	384,248
Total deferred inflows of resources	-	384,248	-	384,248
Fund Balances:				
Nonspendable:				
Inventory	-	-	54,139	54,139
Restricted:				
Debt service	-	-	634,306	634,306
Grant activities	-	(384,248)	353,345	(30,903)
Unemployment benefits	-	-	119,537	119,537
Assigned:				
Capital improvements	-	-	3,403,124	3,403,124
Student activities	311,654	-	-	311,654
Unassigned	2,337,621	-	-	2,337,621
Total Fund Balances	2,649,275	(384,248)	4,564,451	6,829,478
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,906,490	\$ 384,248	\$ 5,854,216	\$ 13,144,954

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

NEW ALBANY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit C-1

June 30, 2021

Total fund balances for governmental funds \$ 6,829,478

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	975,887	
Buildings	17,448,520	
Building improvements	8,573,999	
Improvement other than buildings	475,957	
Mobile equipment	2,721,823	
Furniture and equipment	1,418,084	
Accumulated depreciation	<u>(12,727,973)</u>	18,886,297

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	(34,414,400)	
Deferred outflow s and inflow s of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to pensions	5,400,410	
Deferred inflow s of resources related to pensions	<u>(1,204,764)</u>	(30,218,754)

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	(1,977,888)	
Deferred outflow s and inflow s of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to OPEB	415,131	
Deferred inflow s of resources related to OPEB	<u>(427,788)</u>	(1,990,545)

4. Some of the District's revenues do not meet the availability criterion due to being received in excess of 60 days and, therefore, are deferred in governmental funds but are recognized as revenue in the statement of activities.

384,248

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

General obligation bonds payable	(6,360,000)	
Three mill notes payable	(535,000)	
Energy efficiency lease purchase	(963,391)	
Obligation under capital leases	(986,117)	
Compensated absences	(202,453)	
Accrued interest payable	<u>(37,895)</u>	(9,084,856)

Net position of governmental activities

\$ (15,194,132)

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

NEW ALBANY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D

	Major Funds		Other	Total
	General	ESSER III	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues:				
Local sources	\$ 6,176,004	\$ -	\$ 1,540,693	\$ 7,716,697
State sources	11,714,401	-	1,165,530	12,879,931
Federal sources	180,969	-	3,908,979	4,089,948
Total Revenues	18,071,374	-	6,615,202	24,686,576
Expenditures:				
Instruction	10,458,293	9,237	2,201,215	12,668,745
Support services	5,748,216	332,237	2,555,392	8,635,845
Noninstructional services	2,000	-	955,844	957,844
Facilities acquisition and construction	-	-	583,232	583,232
Debt service:				
Principal	500,908	-	3,410,265	3,911,173
Interest	44,333	-	222,629	266,962
Other	-	-	3,091	3,091
Total Expenditures	16,753,750	341,474	9,931,668	27,026,892
Excess (Deficiency) of Revenues over (under) Expenditures	1,317,624	(341,474)	(3,316,466)	(2,340,316)
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	800,000	800,000
Inception of capital leases	286,018	-	-	286,018
Sale of other property	405,150	-	-	405,150
Operating transfers in	95,832	-	2,215,148	2,310,980
Operating transfers out	(1,690,786)	(42,774)	(577,420)	(2,310,980)
Total Other Financing Sources (Uses)	(903,786)	(42,774)	2,437,728	1,491,168
Net Change in Fund Balances	413,838	(384,248)	(878,738)	(849,148)
Fund Balances:				
July 1, 2020, as previously reported	2,206,239	-	5,464,594	7,670,833
Prior period adjustments	29,198	-	-	29,198
July 1, 2020, as restated	2,235,437	-	5,464,594	7,700,031
Increase (Decrease) in reserve for inventory	-	-	(21,405)	(21,405)
June 30, 2021	\$ 2,649,275	\$ (384,248)	\$ 4,564,451	\$ 6,829,478

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

NEW ALBANY 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 \$ (849,148)

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	\$ 636,982	
Depreciation expense	<u>(890,171)</u>	(253,189)

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.

(806)

3. Prior year receivables that met the "measurable and available" criteria during the current year are recognized in the governmental funds. The government-wide financial statements recognized the revenue in the prior year.

384,248

4. 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	3,911,173	
Bonds and notes issued	(800,000)	
Inception of capital leases	(286,018)	
Accrued interest payable	<u>44,704</u>	2,869,859

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

Pension expense	(3,673,834)	
Contributions subsequent to the measurement date	<u>2,021,685</u>	(1,652,149)

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

OPEB expense	(49,615)	
Contributions subsequent to the measurement date	<u>65,528</u>	15,913

7. 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	9,290	
Change in inventory reserve	<u>(21,405)</u>	<u>(12,115)</u>

Change in net position of governmental activities \$ 502,613

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

NEW ALBANY SCHOOL DISTRICT

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

Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the New Albany 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 New Albany 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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of New Albany since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, New Albany 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

NEW ALBANY SCHOOL DISTRICT

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

program revenues are reported instead as general revenues.

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

The New Albany School District reports the following major governmental funds:

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

ESSER III Fund – This special revenue fund is used to account for the activity of the ESSER III federal grant.

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

Additionally, the New Albany 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.

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are

NEW ALBANY SCHOOL DISTRICT

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

recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

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

Ad valorem property taxes are levied by the governing authority of the 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 not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The New Albany 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 New Albany 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

NEW ALBANY SCHOOL DISTRICT

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

which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

NEW ALBANY SCHOOL DISTRICT

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports \$5,400,410 of deferred outflows related to its pension plan and \$415,131 related to its OPEB plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$1,204,764 of deferred inflows related to its pension plan and \$427,788 related to its OPEB plan.

See Note 12 for further details.

8. Compensated Absences

Employees of the New Albany School District accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by New Albany 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 New Albany 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.

NEW ALBANY SCHOOL DISTRICT

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is for formal board approval of commitments. Currently there is no committed fund balance for this New Albany School District.

NEW ALBANY SCHOOL DISTRICT

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

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 management pursuant to authorization established by the school board.

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

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

13. Accounting Standards Update

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

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

Note 2 – Cash and Cash Equivalents and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the New Albany 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

NEW ALBANY SCHOOL DISTRICT

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

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 New Albany School District's deposits with financial institutions reported in the governmental funds was \$6,594,892.

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	1 year	\$ 60,767
Total			<u>\$ 60,767</u>

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

The district has the following recurring fair value measurements as of June 30, 2021:

- Certificates of deposit type of investments of \$60,767 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment

NEW ALBANY SCHOOL DISTRICT

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

policy that addresses custodial credit risk.

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

Issuer		Fair Value	% of Total Investments
Certificates of deposit	\$	60,767	100%

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER III Fund	\$ 375,253
	Other governmental funds	906,072
Other governmental funds	General Fund	2,923,995
Total		<u>\$ 4,205,320</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,690,786
ESSER III	General Fund	42,774
Other governmental funds	General Fund	53,058
	Other governmental funds	524,362
Total		<u>\$ 2,310,980</u>

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

Note 4 – Restricted Assets

Restricted assets represent the cash balance, totaling \$576,984, of the other debt service funds whose assets are restricted for future debt service requirements.

NEW ALBANY SCHOOL DISTRICT

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

Note 5 – Capital Assets

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

	Balance 7/1/2020	Additions	Deletions	Completed Construction	Adjustments	Balance 6/30/2021
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 975,887	\$ -	\$ -	\$ -	\$ -	975,887
Construction in progress	4,168,210	583,232	-	(4,751,442)	-	-
Total non-depreciable capital assets	5,144,097	583,232	-	(4,751,442)	-	975,887
<u>Depreciable capital assets:</u>						
Buildings	17,448,521	-	-	-	(1)	17,448,520
Building improvements	3,783,003	-	-	4,751,442	39,554	8,573,999
Improvements other than buildings	475,957	-	-	-	-	475,957
Mobile equipment	2,733,058	-	-	-	(11,235)	2,721,823
Furniture and equipment	1,432,059	53,750	(80,649)	-	12,924	1,418,084
Total depreciable capital assets	25,872,598	53,750	(80,649)	4,751,442	41,242	30,638,383
<u>Less accumulated depreciation for:</u>						
Buildings	8,108,814	304,462	-	-	(3)	8,413,273
Building improvements	751,964	342,960	-	-	(96,523)	998,401
Improvements other than buildings	342,688	19,038	-	-	1	361,727
Mobile equipment	1,656,792	147,328	-	-	(10,114)	1,794,006
Furniture and equipment	1,153,913	76,383	(79,843)	-	10,113	1,160,566
Total accumulated depreciation	12,014,171	890,171	(79,843)	-	(96,526)	12,727,973
Total depreciable capital assets, net	13,858,427	(836,421)	(806)	4,751,442	137,768	17,910,410
Governmental activities capital assets, net	\$ 19,002,524	\$ (253,189)	\$ (806)	\$ -	\$ 137,768	\$ 18,886,297

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 662,893
Support services	182,164
Non-instructional	45,114
Total depreciation expense - Governmental activities	\$ 890,171

NEW ALBANY SCHOOL DISTRICT

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

Note 6 – Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Adjustments	Balance 6/30/2021	Amounts due within one year
A. General obligation bonds payable	\$ 7,020,000	\$ -	\$ (660,000)	\$ -	\$ 6,360,000	\$ 690,000
B. Three mill notes payable	710,730	800,000	(975,730)	-	535,000	265,000
C. Energy efficiency lease purchase	1,078,750	-	(115,359)	-	963,391	118,276
D. Qualified zone academy bonds	1,720,000	-	(1,720,000)	-	-	-
E. Obligation under capital leases	1,119,960	286,018	(440,084)	20,223	986,117	444,854
F. Compensated absences payable	211,743	-	(9,290)	-	202,453	-
Total	\$ 11,861,183	\$ 1,086,018	\$ (3,920,463)	\$ 20,223	\$ 9,046,961	\$ 1,518,130

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2019	2.20-3.10%	6/12/2019	6/1/2029	\$ <u>7,500,000</u>	\$ <u>6,360,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 690,000	\$ 176,155	\$ 866,155
2023	720,000	159,595	879,595
2024	750,000	141,595	891,595
2025	780,000	122,095	902,095
2026	810,000	101,036	911,036
2027-2029	<u>2,610,000</u>	<u>160,098</u>	<u>2,770,098</u>
Total	\$ <u>6,360,000</u>	\$ <u>860,574</u>	\$ <u>7,220,574</u>

This debt will be retired from the 2001 Bond Repayment Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2021, the amount of outstanding bonded indebtedness was equal to 6% of property assessments as of October 1, 2020.

NEW ALBANY SCHOOL DISTRICT

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes, Series 2020	1.60%	9/8/2020	6/1/2023	\$ <u>800,000</u>	\$ <u>535,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 265,000	\$ 8,560	\$ 273,560
2023	<u>270,000</u>	<u>4,320</u>	<u>274,320</u>
Total	\$ <u>535,000</u>	\$ <u>12,880</u>	\$ <u>547,880</u>

This debt will be retired from the Three Mill Debt Service Fund.

C. Obligations under energy efficiency lease

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease	2.50%	3/1/2013	12/25/2028	\$ <u>1,727,000</u>	\$ <u>963,391</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 118,276	\$ 22,738	\$ 141,014
2023	121,266	19,747	141,013
2024	124,289	16,725	141,014
2025	127,477	13,539	141,016
2026	130,701	10,315	141,016
2027-2029	<u>341,382</u>	<u>11,146</u>	<u>352,528</u>
Total	\$ <u>963,391</u>	\$ <u>94,210</u>	\$ <u>1,057,601</u>

This debt will be retired from the District Maintenance Fund.

NEW ALBANY SCHOOL DISTRICT

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

D. Qualified zone academy bonds payable

This debt was retired during the year.

E. Obligations under capital leases

The school district has entered into several lease agreements as lessee for financing the acquisition of technology equipment. These leases qualify as capital leases for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
BNA 8 Buses	3.74%	3/5/2018	7/15/2027	\$ 616,000	\$ 443,705
Apple - One to One	3.19%	2/27/2018	7/5/2021	1,232,834	312,540
TEQ Lease	5.93%	7/1/2019	7/1/2023	20,223	15,596
Macbooks	2.79%	10/15/2020	3/1/2024	286,018	214,276
Total				<u>\$ 2,155,075</u>	<u>\$ 986,117</u>

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

BNA 8 Buses:

Year Ending June 30	Principal	Interest	Total
2022	\$ 56,626	\$ 16,595	\$ 73,221
2023	58,744	14,477	73,221
2024	60,941	12,280	73,221
2025	63,193	10,028	73,221
2026	65,584	7,637	73,221
2027-2028	138,617	7,824	146,441
Total	<u>\$ 443,705</u>	<u>\$ 68,841</u>	<u>\$ 512,546</u>

Apple – One to One:

Year Ending June 30	Principal	Interest	Total
2022	\$ 312,540	\$ 5,951	\$ 318,491
Total	<u>\$ 312,540</u>	<u>\$ 5,951</u>	<u>\$ 318,491</u>

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

TEQ Lease:

Year Ending June 30	Principal	Interest	Total
2022	\$ 4,902	\$ 925	\$ 5,827
2023	5,193	634	5,827
2024	5,501	326	5,827
Total	<u>\$ 15,596</u>	<u>\$ 1,885</u>	<u>\$ 17,481</u>

Macbook lease:

Year Ending June 30	Principal	Interest	Total
2022	\$ 70,786	\$ 1,928	\$ 72,714
2023	71,424	1,291	72,715
2024	72,066	649	72,715
Total	<u>\$ 214,276</u>	<u>\$ 3,868</u>	<u>\$ 218,144</u>

Total due on all leases:

Year Ending June 30	Principal	Interest	Total
2022	\$ 444,854	\$ 25,399	\$ 470,253
2023	135,361	16,402	151,763
2024	138,508	13,255	151,763
2025	63,193	10,028	73,221
2026	65,584	7,637	73,221
2027-2028	138,617	7,824	146,441
Total	<u>\$ 986,117</u>	<u>\$ 80,545</u>	<u>\$ 1,066,662</u>

This debt will be retired from the District Maintenance Fund.

F. 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.

NEW ALBANY SCHOOL DISTRICT

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

Note 7– Other Commitments

On July 1, 2019, the district entered into an operating lease for a copier at \$85,327 annually for 4 years. Lease expenditures for the year ended June 30, 2021, amounted to \$85,327.

Future lease payments for this lease are as follows:

Year Ending June 30	Amount
2022	\$ 85,327
2023	85,327
Total	<u>\$ 170,654</u>

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the New Albany 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 New Albany School District's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$2,021,685,

NEW ALBANY SCHOOL DISTRICT

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

\$2,059,700 and \$1,917,514, 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 New Albany School District reported a liability of \$34,414,400 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 New Albany School District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The New Albany School District's proportionate share used to calculate the June 30, 2021 net pension liability was .177771 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .0092 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 \$3,673,834. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 298,612	\$ -
Net difference between projected and actual earnings on pension plan investments	1,488,347	-
Changes of assumptions	202,441	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,389,325	1,204,764
District contributions subsequent to the measurement date	2,021,685	-
Total	\$ <u>5,400,410</u>	\$ <u>1,204,764</u>

\$2,021,685 reported as deferred outflows of resources related to pensions resulting from New Albany 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	\$ 736,033
2023	599,825
2024	382,595
2025	455,508
Total	<u>\$ 2,173,961</u>

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

Inflation 2.75 percent

NEW ALBANY SCHOOL DISTRICT

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

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

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

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 44,545,212	\$ 34,414,400	\$ 26,052,409

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

NEW ALBANY SCHOOL DISTRICT

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

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$65,528 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 \$1,977,888 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

NEW ALBANY SCHOOL DISTRICT

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

of June 30, 2020, the District's proportion was .25415926 percent. This was an increase of .0014 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 \$49,615. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,521	\$ 344,205
Net difference between projected and actual earnings on OPEB plan investments	64	-
Changes of assumptions	307,085	83,583
Changes in proportion and differences between District contributions and proportionate share of contributions	39,933	-
District contributions subsequent to the measurement date	65,528	-
Total	\$ 415,131	\$ 427,788

\$65,528 reported as deferred outflows of resources related to OPEB resulting from New Albany School District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2022	\$ (22,032)
2023	(22,032)
2024	(17,445)
2025	(1,477)
2026	(15,199)
Total	\$ (78,185)

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	

NEW ALBANY SCHOOL DISTRICT

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

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:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 2,185,701	\$ 1,977,888	\$ 1,799,641

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	\$ 1,826,277	\$ 1,977,888	\$ 2,149,656

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/>.

NEW ALBANY SCHOOL DISTRICT

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

Note 10 – Contingencies

Federal Grants – The New Albany 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 New Albany School District.

Litigation – The New Albany 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 New Albany School District with respect to the various proceedings. However, the New Albany 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 New Albany School District.

Note 11 – Risk Management

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

Note 12 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$26,359,353) 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 \$2,021,685 resulting from the New Albany 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 \$3,378,725 balance of deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$26,359,353) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,204,764 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 (\$26,359,353) 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 \$65,528 resulting from the New Albany 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 \$349,603 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 (\$26,359,353) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$427,788 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.

NEW ALBANY SCHOOL DISTRICT

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

Note 13 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
To adjust capital assets to subsidiary records	\$ 137,768
To adjust capital leases to subsidiary records	(20,223)
To adjust beginning asset balances related to the implementation of GASB 84	80,939
To adjust beginning asset balances related to accounts receivable	(51,741)
Total	<u>\$ 146,743</u>

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

Fund	Explanation	Amount
General Fund	To adjust beginning asset balances related to the implementation of GASB 84	\$ 80,939
	To adjust beginning asset balances related to accounts receivable	(51,741)
Total		<u>\$ 29,198</u>

Note 14 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated March 20, 1996, creating the New Albany, South Tippah and Union County (NASTUC) Alternative School Consortium. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the New Albany School District, South Tippah School District and Union County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The New Albany School District has been designated as the lead school district for the NASTUC Alternative School Consortium and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the NASTUC Alternative School Consortium.

NEW ALBANY SCHOOL DISTRICT

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2021

Revenues

Local sources:	
Tuition from other LEA's within the state:	
South Tippah School District	\$ 157,820
Union County School District	157,820
Total local sources	<u>315,640</u>
Federal sources	406
State sources	<u>157,820</u>
Total Revenues	<u>473,866</u>

Expenditures

Salaries	312,407
Employee benefits	110,462
Purchased professional and technical services	29,058
Other purchased services	14,357
Supplies	1,605
Property	5,250
Other	796
Total Expenditures	<u>473,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(69)</u>
Net Change in Fund Balance	<u>(69)</u>
Fund Balance:	
July 1, 2020	69
June 30, 2021	<u><u>\$ -</u></u>

Note 15 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated April 4, 1969, creating the New Albany-Union County Vocational Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the New Albany School District and the Union County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The New Albany School District has been designated as the fiscal agent for the New Albany-Union County Vocational Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the New Albany-Union County Vocational Center:

NEW ALBANY SCHOOL DISTRICT

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2021

Revenues

Local sources:	
Tuition from other LEA's within the state:	
Union County School District	\$ 106,129
Total tuition from other LEA's within the state	106,129
Total local sources	106,129
State sources	772,558
Federal sources	64,710
Total Revenues	943,397

Expenditures

Salaries	887,851
Employee benefits	297,200
Other purchased services	54,823
Supplies	42,189
Property	45,377
Other	6,743
Total Expenditures	1,334,183

Excess (Deficiency) of Revenues Over (Under) Expenditures	(390,786)
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Other Financing Sources/Uses:

Transfers in	390,786
Total Other Financing Sources/Uses	390,786

Net Change in Fund Balance	-
----------------------------	---

Fund Balance:

July 1, 2020	-
June 30, 2021	\$ -

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 New Albany School District evaluated the activity of the district through January 18, 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

NEW ALBANY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive	Negative
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 6,010,832	\$ 6,174,632	\$ 6,176,004	\$ 163,800	\$ 1,372
State sources	11,329,770	11,714,400	11,714,401	384,630	1
Federal sources	197,001	180,968	180,969	(16,033)	1
Total Revenues	17,537,603	18,070,000	18,071,374	532,397	1,374
Expenditures:					
Instruction	11,096,649	10,458,292	10,458,293	638,357	(1)
Support services	6,348,728	5,411,499	5,748,216	937,229	(336,717)
Noninstructional services	-	-	2,000	-	(2,000)
Debt service:					
Principal	426,686	810,969	500,908	(384,283)	310,061
Interest	46,385	52,301	44,333	(5,916)	7,968
Total Expenditures	17,918,448	16,733,061	16,753,750	1,185,387	(20,689)
Excess (Deficiency) of Revenues over (under) Expenditures	(380,845)	1,336,939	1,317,624	1,717,784	(19,315)
Other Financing Sources (Uses):					
Inception of capital leases	-	-	286,018	-	286,018
Sale of other property	-	405,150	405,150	405,150	-
Operating transfers in	1,448,866	713,733	95,832	(735,133)	(617,901)
Operating transfers out	(1,308,379)	(2,308,687)	(1,690,786)	(1,000,308)	617,901
Total Other Financing Sources (Uses)	140,487	(1,189,804)	(903,786)	(1,330,291)	286,018
Net Change in Fund Balances	(240,358)	147,135	413,838	387,493	266,703
Fund Balances:					
July 1, 2020, as previously reported	2,206,239	2,206,239	2,206,239	-	-
Prior period adjustment	-	-	29,198	-	29,198
July 1, 2020, as restated	2,206,239	2,206,239	2,235,437	-	29,198
June 30, 2021	\$ 1,965,881	\$ 2,353,374	\$ 2,649,275	\$ 387,493	\$ 295,901

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

NEW ALBANY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER III Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ -	\$ 384,248	\$ -	\$ 384,248	\$ (384,248)
Total Revenues	-	384,248	-	384,248	(384,248)
Expenditures:					
Instruction	-	9,237	9,237	(9,237)	-
Support services	-	332,237	332,237	(332,237)	-
Total Expenditures	-	341,474	341,474	(341,474)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	42,774	(341,474)	42,774	(384,248)
Other Financing Sources (Uses):					
Operating transfers out	-	(42,774)	(42,774)	(42,774)	-
Total Other Financing Sources (Uses)	-	(42,774)	(42,774)	(42,774)	-
Net Change in Fund Balances	-	-	(384,248)	-	(384,248)
Fund Balances:					
July 1, 2020	-	-	-	-	-
June 30, 2021	\$ -	\$ -	\$ (384,248)	\$ -	\$ (384,248)

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

NEW ALBANY 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		0.177771%	0.186937%	0.175612%	0.162380%	0.175000%	0.175000%	0.170000%
District's proportionate share of the net pension liability	\$	34,414,400	32,885,906	29,209,493	26,993,067	31,259,370	27,051,549	20,634,887
District's covered payroll		11,837,356	11,020,195	11,230,768	10,416,768	11,234,470	10,933,797	10,652,095
District's proportionate share of the net pension liability as a percentage of its covered payroll		290.73%	298.41%	260.08%	259.13%	278.25%	247.41%	193.72%
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.

NEW ALBANY SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,021,685	2,059,700	1,917,514	1,768,846	1,640,641	1,769,429	1,722,073
Contributions in relation to the contractually required contribution	\$ 2,021,685	2,059,700	1,917,514	1,768,846	1,640,641	1,769,429	1,722,073
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	\$ 11,618,879	11,837,356	12,174,692	11,230,768	10,416,768	11,234,470	10,933,797
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.

NEW ALBANY SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
District's proportion of the net OPEB liability	0.25415926%	0.25279917%	0.24919144%	0.24848059%
District's proportionate share of the net OPEB liability	\$ 1,977,888	2,145,105	1,927,620	1,949,601
District's covered-employee payroll	11,837,356	11,576,751	11,270,759	11,163,550
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.71%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.1331%	0.1198%	0.1291%	0.0000%

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.

NEW ALBANY SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 65,528	78,878	85,982	83,114
Contributions in relation to the actuarially determined contribution	\$ 65,528	78,878	85,982	83,114
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 11,618,879	11,195,742	9,939,047	10,606,251
Contributions as a percentage of covered-employee payroll	0.5640%	0.7045%	0.8651%	0.7836%

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. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

Notes to Required Supplementary Information

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

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%

SUPPLEMENTARY INFORMATION

NEW ALBANY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - Summer food service program for children	10.559	215MS326N1099	\$ 953,212
Total child nutrition cluster			953,212
Total passed-through Mississippi Department of Education			953,212
Total U.S. Department of Agriculture			953,212
<u>U.S. Department of Interior</u>			
Direct program:			
Payment in lieu of taxes	15.226	N/A	58,160
Total U.S. Department of Interior			58,160
<u>U.S. Department of Defense</u>			
Direct program:			
Reserve officers' training corps	12.xxx		52,674
Total U.S. Department of Defense			52,674
<u>U.S. Department of Treasury</u>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund:			
Equity in Distance Learning Act	21.019	21/12010115/8491/EDLA	719,369
Mississippi Pandemic Response Broadband Availability Act	21.019	21/1201021785/8499/PRBAA	159,655
COVID-19 - Coronavirus Relief Fund Subtotal			879,024
Total passed-through Mississippi Department of Education			879,024
Total U.S. Department of Treasury			879,024
<u>Federal Communications Commission</u>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	71,702
Total Federal Communications Commission			71,702
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	465,391
Career and technical education - basic grants to states	84.048	VO048A190024	58,165
Rural Education	84.358	S358A200024	70,537
English language acquisition grants	84.365	S365A200024	20,647
Supporting Effective Instruction State Grants	84.367	S367A200023	96,736
Student Support and Academic Enrichment	84.424	S424A200025	48,638
Subtotal			760,114
Governor's Emergency Education Relief Fund	84.425C	S425C200031	58,551
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	400,737
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	426,759
Elementary and Secondary School Emergency Relief III - ARP	84.425U	S425U210031	384,248
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,270,295
Special education cluster:			
Special education - grants to states	84.027	H027A200108	404,320
Special education - preschool grants	84.173	H173A200113	19,717
Total special education cluster			424,037
Total passed-through Mississippi Department of Education			2,454,446
Total U.S. Department of Education			2,454,446
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	4,977
Total passed-through Mississippi Department of Education			4,977
Total U.S. Department of Health and Human Services			4,977
Total for All Federal Awards			\$ 4,474,195

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

NEW ALBANY 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 New Albany 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 New Albany School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the New Albany 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 New Albany School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Noncash Awards

Donated commodities of \$75,659 are included in the COVID-19 – Summer Food Service Program for Children.

NEW ALBANY 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	\$ 16,349,290	12,510,348	848,809	1,169,956	1,820,177
Other	10,677,602	3,253,696	115,614	17,517	7,290,775
Total	<u>\$ 27,026,892</u>	<u>15,764,044</u>	<u>964,423</u>	<u>1,187,473</u>	<u>9,110,952</u>
Total number of students *	<u>2,075</u>				
Cost per student	<u>\$ 13,025</u>	<u>7,597</u>	<u>465</u>	<u>572</u>	<u>4,391</u>

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

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

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

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

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

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

OTHER INFORMATION

NEW ALBANY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 6,176,004	\$ 5,849,771	\$ 5,752,393	\$ 5,536,864
State sources	11,714,401	11,310,464	10,912,649	10,838,250
Federal sources	180,969	214,080	210,089	208,960
Total Revenues	18,071,374	17,374,315	16,875,131	16,584,074
Expenditures:				
Instruction	10,458,293	10,849,756	10,205,111	9,831,787
Support services	5,748,216	5,792,988	5,661,000	7,593,303
Noninstructional services	2,000	-	-	221
Debt service:				
Principal	500,908	421,108	627,561	421,882
Interest	44,333	54,168	44,240	49,568
Other	-	1,466	1,878	2,175
Total Expenditures	16,753,750	17,119,486	16,539,790	17,898,936
Excess (Deficiency) of Revenues over (under) Expenditures	1,317,624	254,829	335,341	(1,314,862)
Other Financing Sources (Uses):				
Insurance recovery	-	3,863	3,736	2,500
Inception of capital leases	286,018	-	-	1,848,834
Sale of other property	405,150	-	-	-
Operating transfers in	95,832	-	-	1,416
Operating transfers out	(1,690,786)	(337,975)	(348,765)	(401,558)
Total Other Financing Sources (Uses)	(903,786)	(334,112)	(345,029)	1,451,192
Net Change in Fund Balances	413,838	(79,283)	(9,688)	136,330
Fund Balances:				
Beginning of period, as previously reported	2,206,239	2,300,343	2,310,031	2,173,701
Prior period adjustments	29,198	(14,821)	-	-
Beginning of period, as restated	2,235,437	2,285,522	2,310,031	2,173,701
End of Period	\$ 2,649,275	\$ 2,206,239	\$ 2,300,343	\$ 2,310,031

*SOURCE - PRIOR YEAR AUDIT REPORTS

NEW ALBANY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 7,716,697	\$ 7,785,690	\$ 7,301,276	\$ 6,968,929
State sources	12,879,931	12,436,915	12,056,686	11,949,652
Federal sources	4,089,948	2,558,303	2,658,052	2,743,941
Total Revenues	24,686,576	22,780,908	22,016,014	21,662,522
Expenditures:				
Instruction	12,668,745	13,124,441	12,268,405	12,103,863
Support services	8,635,845	6,933,099	6,667,508	8,453,401
Noninstructional services	957,844	1,289,438	1,056,262	1,122,133
Facilities acquisition and construction	583,232	5,968,285	610,572	-
Debt service:				
Principal	3,911,173	1,637,908	1,567,326	1,267,467
Interest	266,962	301,869	119,095	149,121
Other	3,091	7,734	7,324	27,010
Total Expenditures	27,026,892	29,262,774	22,296,492	23,122,995
Excess (Deficiency) of Revenues over (under) Expenditures	(2,340,316)	(6,481,866)	(280,478)	(1,460,473)
Other Financing Sources (Uses):				
Bonds issued	800,000	275,000	7,500,000	-
Insurance recovery	-	3,863	3,736	2,500
Inception of capital leases	286,018	-	-	1,848,834
Sale of other property	405,150	-	-	-
Operating transfers in	2,310,980	439,634	512,737	601,172
Operating transfers out	(2,310,980)	(439,634)	(512,737)	(601,172)
Total Other Financing Sources (Uses)	1,491,168	278,863	7,503,736	1,851,334
Net Change in Fund Balances	(849,148)	(6,203,003)	7,223,258	390,861
Fund Balances:				
Beginning of period, as previously reported	7,670,833	13,854,443	6,642,397	6,257,660
Prior period adjustments	29,198	(14,821)	-	-
Beginning of period, as restated	7,700,031	13,839,622	6,642,397	6,257,660
Increase (Decrease) in reserve for inventory	(21,405)	34,214	(11,212)	(6,124)
End of Period	\$ 6,829,478	\$ 7,670,833	\$ 13,854,443	\$ 6,642,397

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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
New Albany School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Albany School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the New Albany School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Albany 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 New Albany School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Albany 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 New Albany School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of New Albany School District in the Independent Auditor's Report on Compliance with State Laws and Regulations dated January 18, 2022, which is included within this document.

Purpose of this Report

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

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Cunningham CPAs, PLLC

Belzoni, Mississippi

January 18, 2022

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

Superintendent and School Board
New Albany School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the New Albany 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 New Albany School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the New Albany 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 New Albany School District's internal control over compliance.

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

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

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

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

January 18, 2022

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

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

Superintendent and School Board
New Albany School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Albany School District as of and for the year ended June 30, 2021, which collectively comprise New Albany School District's basic financial statements and have issued our report thereon dated January 18, 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 discloses the following instances of noncompliance with other state laws and regulations:

2021-001 Finding – Scholarship Funds

During our testing, we noted the New Albany School District is administering two scholarship funds. According to the MS AG Opinion 1980 WL 28797, there is no authority whereby the school board can administer a scholarship fund. Therefore, the school district may not maintain a scholarship fund composed of nonpublic funds.

Recommendation

We recommend the District cease to administer this scholarship fund.

School District's Response

We have recently become aware that these scholarship funds are not allowed and will begin the process of disbanding them.

2021-002 Finding – Athletic Gate Receipts

During our testing of fifteen athletic event transmittals and receipts, we noted six instances of the beginning and ending ticket numbers sold not being documented, as required.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to athletic event transmittals.

School District's Response

We will put procedures in place to ensure compliance with all relevant laws and regulations related to athletic event transmittals

2021-003 Finding – Procurement Cards

During our testing of procurement card transactions, we did note the district was properly using a sign in and sign out ledger for the cards. However, in some instances the receipts were not signed by the person using the card and therefore we were unable to verify that the person using the card is who signed the card in and out. In addition, we also noted one instance where the district purchased thermometers, totaling \$6,508, without obtaining a second quote as required.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to procurement cards.

School District's Response

We will put procedures in place to ensure compliance with all relevant laws and regulations related to procurement cards.

2021-004 Finding - Related Parting Transactions

During our testing of related party transactions, we noted one instance where the spouse of a principal is employed and works in the school in which the principal supervises. In addition, we noted the daughter of board member is employed by the school district. The district was unable to provide evidence that the related board member recused themselves during the recommendation and approval of employment.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations pertaining to related parties.

School District's Response

We will put procedures in place to ensure compliance with all relevant laws and regulations pertaining to related parties.

2021-005 Finding – Travel

During our testing of travel reimbursements, we noted two instances of reimbursement for flights that did not include the required cost comparison of at least 2 separate fares to ensure the most economical fare was selected.

Recommendation

We recommend the district put procedures in place to ensure compliance with all relevant laws and regulations related to travel reimbursements.

School District's Response

We will put procedures in place to ensure compliance with all relevant travel reimbursement laws and regulations.

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

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

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

A handwritten signature in dark ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

January 18, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEW ALBANY SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

21.019

COVID-19 – Coronavirus Relief Fund

84.425C

Governor's Emergency Education Relief Fund

84.425D

COVID-19 – Elementary and Secondary School
Emergency Relief I & II (ESSER)

84.425U

COVID-19 – Elementary and Secondary School
Emergency Relief ARP III (ESSER)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? Yes

NEW ALBANY SCHOOL DISTRICT

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

- | | | |
|-----|--|----|
| 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). | No |
|-----|--|----|

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*.

Section III: Federal Award Findings and Questioned Costs

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