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PERRY COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

PERRY COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	16
Exhibit B – Statement of Activities	17
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	18
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balance	20
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Notes to the Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions (PERS)	48
Schedule of District's Proportionate Share of the Net OPEB Liability	49
Schedule of District Contributions (OPEB)	50
Notes to the Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	55
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	58
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	60
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	61
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	65
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	68
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	71
AUDITEE'S CORRECTIVE ACTION PLAN	74

INDEPENDENT AUDITOR'S REPORT



HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Julie M. Uher, CPA
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H. I. Holt, CPA
Founder (1915-1997)
W. David Dill, CPA (Retired)

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Perry County School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 7 - 14 and 46 - 53, 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 Perry County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, on our consideration of the Perry County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Perry County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perry County School District's internal control over financial reporting and compliance.

Holt & Associates, PLLC

Laurel, MS
December 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total net position for 2021 decreased \$545,418, including a prior period adjustment of \$133,501, which represents a 4% decrease from fiscal year 2020. Total net position for 2020 decreased \$129,528, which represents a 1% decrease from fiscal year 2019.
- General revenues amounted to \$9,573,752 and \$9,864,397, or 73% and 76% 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 \$3,564,707, or 27% of total revenues for 2021, and \$3,051,257, or 24% of total revenues for 2020.
- The District had \$13,817,378 and \$13,045,182 in expenses for fiscal years 2021 and 2020; only \$3,564,707 for 2021 and \$3,051,257 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,573,752 for 2021 and \$9,864,397 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$9,406,463 in revenues and \$8,465,448 in expenditures for 2021, and \$9,851,328 in revenues and \$8,738,310 in expenditures in 2020. The General Fund's fund balance increased by \$360,108 from 2020 to 2021, including a prior period adjustment of \$11,140, and increased by \$404,104 from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$256,624 for 2021 and increased by \$97,564 for 2020. The decrease for 2021 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding compensated absences, decreased by \$207,106 for 2021 and increased by \$453,087 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$13,038 for 2021 and increased by \$4,727 for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year.

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

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$13,346,629 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.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 3,238,693	\$ 2,602,452	24.45 %
Restricted assets	765,068	668,191	14.50 %
Capital assets, net	4,507,694	4,764,318	(5.39) %
Total assets	8,511,455	8,034,961	5.93 %
 Deferred outflows of resources	 3,184,381	 1,616,927	 96.94 %
Current liabilities	670,926	243,216	175.86 %
Long-term debt outstanding	2,419,338	2,639,482	(8.34) %
Net OPEB liability	1,226,325	1,326,099	(7.52) %
Net pension liability	20,358,528	17,727,607	14.84 %
Total liabilities	24,675,117	21,936,404	12.48 %
 Deferred inflows of resources	 367,348	 516,695	 (28.90) %
 Net position:			
Net investment in capital assets	3,057,255	3,206,440	(4.65) %
Restricted	2,089,388	2,122,813	(1.57) %
Unrestricted	(18,493,272)	(18,130,464)	(2.00) %
Total net position	\$ (13,346,629)	\$ (12,801,211)	(4.26) %

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)	\$ (18,493,272)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	18,804,783
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 311,511</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 \$256,624.
- Obligations under capital leases in the amount of \$77,736.
- The principal retirement of \$284,842 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$13,138,459 and \$12,915,654, respectively. The total cost of all programs and services was \$13,817,378 for 2021 and \$13,045,182 for 2020.

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

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</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 178,338	\$ 305,116	(41.55) %
Operating grants and contributions	3,386,369	2,746,141	23.31 %
General revenues:			
Property taxes	3,499,071	3,332,435	5.00 %
Grants and contributions not restricted	5,920,607	5,987,346	(1.11) %
Investment earnings	42,313	52,928	(20.06) %
Sixteenth section sources	99,137	461,047	(78.50) %
Other	12,624	30,641	(58.80) %
Total revenues	<u>13,138,459</u>	<u>12,915,654</u>	1.73 %
Expenses:			
Instruction	6,353,301	6,387,501	(0.54) %
Support services	4,779,706	4,302,452	11.09 %
Non-instructional	451,186	573,567	(21.34) %
Sixteenth section	59,325	22,600	162.50 %
Pension expense	2,031,753	1,564,122	29.90 %
OPEB expense	30,793	77,927	(60.48) %
Interest on long-term liabilities	111,314	117,013	(4.87) %
Total expenses	<u>13,817,378</u>	<u>13,045,182</u>	5.92 %
Increase (Decrease) in net position	<u>(678,919)</u>	<u>(129,528)</u>	(424.15) %
Net Position, July 1, as previously reported	<u>(12,801,211)</u>	<u>(12,671,683)</u>	(1.02) %
Prior Period Adjustment	<u>133,501</u>	<u>-</u>	N/A %
Net Position, July 1, as restated	<u>(12,667,710)</u>	<u>(12,671,683)</u>	0.03 %
Net Position, June 30	<u>\$ (13,346,629)</u>	<u>\$ (12,801,211)</u>	(4.26) %

Governmental activities

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

PERRY COUNTY 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	\$ 6,353,301	\$ 6,387,501	(0.54) %
Support services	4,779,706	4,302,452	11.09 %
Non-instructional	451,186	573,567	(21.34) %
Sixteenth section	59,325	22,600	162.50 %
Pension Expense	2,031,753	1,564,122	29.90 %
OPEB Expense	30,793	77,927	(60.48) %
Interest on long-term liabilities	111,314	117,013	(4.87) %
Total expenses	\$ 13,817,378	\$ 13,045,182	5.92 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (4,549,699)	\$ (4,750,893)	4.23 %
Support services	(3,566,092)	(3,523,646)	(1.20) %
Non-instructional	96,305	(1,324)	7,373.79 %
Sixteenth section	(59,325)	41,000	(244.70) %
Pension Expense	(2,031,753)	(1,564,122)	(29.90) %
OPEB Expense	(30,793)	(77,927)	60.48 %
Interest on long-term liabilities	(111,314)	(117,013)	4.87 %
Total net (expense) revenue	\$ (10,252,671)	\$ (9,993,925)	(2.59) %

- Net cost of governmental activities (\$10,252,671 for 2021 and \$9,993,925 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$3,499,071 for 2021 and \$3,332,435 for 2020) and state and federal revenues (\$5,920,607 for 2021 and \$5,987,346 for 2020). In addition, there was \$99,137 and \$461,047 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$42,313 for 2021 and \$52,928 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 \$3,356,799, an increase of \$302,627, which includes a prior period adjustment of \$145,896 and a decrease in inventory of \$7,304. \$857,850, or 26% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,498,949, or 74% 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.

PERRY COUNTY 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 \$360,108, which includes a prior period adjustment of \$11,140. The fund balance of Other Governmental Funds showed a decrease in the amount of \$58,371, which includes a prior period adjustment of \$134,756 and a decrease in inventory of \$7,304. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Sixteenth Section Principal Fund	\$ 890

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$10,177,264, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$353,634 from 2020, due primarily to the disposal of various items of mobile equipment and furniture and equipment. Total accumulated depreciation as of June 30, 2021, was \$5,669,570, and total depreciation expense for the year was \$292,302, resulting in total net capital assets of \$4,507,694.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 318,650	\$ 318,650	0.00 %
Buildings	3,042,166	3,150,433	(3.44) %
Building improvements	104,454	118,029	(11.50) %
Mobile equipment	943,599	1,126,694	(16.25) %
Furniture and equipment	35,081	50,512	(30.55) %
Leased property under capital leases	63,744	-	N/A %
Total	\$ 4,507,694	\$ 4,764,318	(5.39) %

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

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

Debt Administration. At June 30, 2021, the District had \$2,419,338 in outstanding long-term debt, of which \$322,071 is due within one year. During the fiscal year, the District entered into capital leases totaling \$77,736. The District made principal payments totaling \$284,842 on outstanding long-term debt. The liability for compensated absences decreased \$13,038 from the prior year

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,652,000	\$ 1,860,000	(11.18) %
Obligations under capital leases	71,627	-	N/A %
Obligations under energy efficiency leases	431,208	471,941	(8.63) %
Qualified school construction bonds payable	147,000	177,000	(16.95) %
Compensated absences payable	117,503	130,541	(9.99) %
Total	<u>\$ 2,419,338</u>	<u>\$ 2,639,482</u>	<u>(8.34) %</u>

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Perry County School District, P.O. Box 137, New Augusta, MS 39462.

FINANCIAL STATEMENTS

PERRY COUNTY SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,428,205
Due from other governments	783,851
Inventories	26,637
Restricted assets	765,068
Capital assets, non-depreciable:	
Land	318,650
Capital assets, net of accumulated depreciation:	
Buildings	3,042,166
Building improvements	104,454
Mobile equipment	943,599
Furniture and equipment	35,081
Leased property under capital leases	63,744
Total Assets	<u>8,511,455</u>
 Deferred Outflows of Resources	
Deferred outflows - advance refunding of debt	36,963
Deferred outflows - pensions	2,891,323
Deferred outflows - OPEB	256,095
Total Deferred Outflows of Resources	<u>3,184,381</u>
 Liabilities	
Accounts payable and accrued liabilities	600,123
Unearned revenue	46,839
Interest payable on long-term liabilities	23,964
Long-term liabilities, due within one year:	
Capital related liabilities	248,627
Non-capital related liabilities	73,444
Net OPEB liability	47,512
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,475,000
Non-capital related liabilities	622,267
Net pension liability	20,358,528
Net OPEB liability	1,178,813
Total Liabilities	<u>24,675,117</u>
 Deferred Inflows of Resources	
Deferred inflows - pensions	101,802
Deferred inflows - OPEB	265,546
Total Deferred Inflows of Resources	<u>367,348</u>
 Net Position	
Net investment in capital assets	3,057,255
Restricted for:	
Expendable:	
School-based activities	380,683
Debt service	101,106
Forestry improvements	196,988
Unemployment benefits	31,898
Non-expendable:	
Sixteenth section	1,378,713
Unrestricted	(18,493,272)
Total Net Position (deficit)	<u>\$ (13,346,629)</u>

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

PERRY COUNTY 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	\$ 6,353,301	\$ 132,906	\$ 1,670,696	\$ -	\$ (4,549,699)
Support services	4,779,706	6,490	1,207,124	-	(3,566,092)
Non-instructional	451,186	38,942	508,549	-	96,305
Sixteenth section	59,325	-	-	-	(59,325)
Pension expense	2,031,753	-	-	-	(2,031,753)
OPEB expense	30,793	-	-	-	(30,793)
Interest on long-term liabilities	111,314	-	-	-	(111,314)
Total Governmental Activities	\$ 13,817,378	\$ 178,338	\$ 3,386,369	\$ -	\$ (10,252,671)

General Revenues:

Taxes:

General purpose levies 3,279,516

Debt purpose levies 219,555

Unrestricted grants and contributions:

State 5,594,998

Federal 325,609

Unrestricted investment earnings 42,313

Sixteenth section sources 99,137

Other 12,624

Total General Revenues 9,573,752

Change in Net Position (678,919)

Net Position (deficit) - Beginning, as previously reported (12,801,211)

Prior Period Adjustments 133,501

Net Position (deficit) - Beginning, as restated (12,667,710)

Net Position (deficit) - Ending \$ (13,346,629)

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

PERRY COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2021

	<u>Major Funds</u>				
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds	
Assets					
Cash and cash equivalents	\$ 1,648,425	\$ 528,843	\$ 1,016,005	\$ 3,193,273	
Due from other governments	101,575	-	682,276	783,851	
Due from other funds	656,979	-	2,788	659,767	
Advance to other funds	-	849,870	-	849,870	
Inventories	-	-	26,637	26,637	
Total assets	<u>\$ 2,406,979</u>	<u>\$ 1,378,713</u>	<u>\$ 1,727,706</u>	<u>\$ 5,513,398</u>	
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 549,887	\$ -	\$ 50,236	\$ 600,123	
Due to other funds	-	-	659,767	659,767	
Advances from other funds	849,870	-	-	849,870	
Unavailable revenue - federal programs	-	-	46,839	46,839	
Total Liabilities	<u>1,399,757</u>	<u>-</u>	<u>756,842</u>	<u>2,156,599</u>	
Fund Balances:					
Nonspendable:					
Inventory	-	-	26,637	26,637	
Permanent fund principal	-	528,843	-	528,843	
Advances	-	849,870	-	849,870	
Restricted:					
Debt service	-	-	125,070	125,070	
Capital projects	-	-	236,225	236,225	
Forestry improvement purposes	-	-	196,988	196,988	
Grant activities	-	-	354,046	354,046	
Unemployment benefits	-	-	31,898	31,898	
Assigned:					
Activity funds	149,372	-	-	149,372	
Unassigned	<u>857,850</u>	<u>-</u>	<u>-</u>	<u>857,850</u>	
Total Fund Balances	<u>1,007,222</u>	<u>1,378,713</u>	<u>970,864</u>	<u>3,356,799</u>	
Total Liabilities and Fund Balances	<u>\$ 2,406,979</u>	<u>\$ 1,378,713</u>	<u>\$ 1,727,706</u>	<u>\$ 5,513,398</u>	

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

PERRY COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds \$ 3,356,799

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	\$ 318,650	
Buildings	6,611,114	
Building improvements	339,372	
Mobile equipment	2,170,290	
Furniture and equipment	660,102	
Leased property under capital leases	77,736	
Accumulated depreciation	<u>(5,669,570)</u>	4,507,694

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	(20,358,528)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	2,891,323	
Deferred inflows of resources related to pensions	<u>(101,802)</u>	(17,569,007)

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	(1,226,325)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	256,095	
Deferred inflows of resources related to OPEB	<u>(265,546)</u>	(1,235,776)

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

Other bonds payable	(147,000)	
Notes payable	(1,652,000)	
Energy efficiency lease obligations	(431,208)	
Capital lease obligations	(71,627)	
Compensated absences	(117,503)	
Unamortized charges	36,963	
Accrued interest payable	<u>(23,964)</u>	(2,406,339)

Net Position of governmental activities	\$ <u>(13,346,629)</u>
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The notes to the financial statements are an integral part of this statement

PERRY COUNTY SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D

For the Year Ended June 30, 2021

	Major Funds			
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 3,439,651	\$ -	\$ 243,930	\$ 3,683,581
State sources	5,557,399	-	780,770	6,338,169
Federal sources	317,931	-	2,653,897	2,971,828
Sixteenth section sources	91,482	39,766	7,143	138,391
Total Revenues	9,406,463	39,766	3,685,740	13,131,969
Expenditures:				
Instruction	4,713,784	-	2,401,453	7,115,237
Support services	3,655,306	-	1,336,032	4,991,338
Noninstructional services	-	-	497,635	497,635
Sixteenth section	-	-	59,325	59,325
Debt service:				
Principal	46,842	-	238,000	284,842
Interest	49,516	-	56,920	106,436
Total Expenditures	8,465,448	-	4,589,365	13,054,813
Excess (Deficiency) of Revenues over (under) Expenditures	941,015	39,766	(903,625)	77,156
Other Financing Sources (Uses):				
Capital leases issued	77,736	-	-	77,736
Insurance recovery	6,490	-	-	6,490
Sale of transportation equipment	2,653	-	-	2,653
Operating transfers in	58,876	-	782,802	841,678
Operating transfers out	(737,802)	(38,876)	(65,000)	(841,678)
Total Other Financing Sources (Uses)	(592,047)	(38,876)	717,802	86,879
Net Change in Fund Balances	348,968	890	(185,823)	164,035
Fund Balances:				
July 1, 2020, as previously reported	647,114	1,377,823	1,029,235	3,054,172
Prior period adjustments	11,140	-	134,756	145,896
July 1, 2020, as restated	658,254	1,377,823	1,163,991	3,200,068
Increase (Decrease) in inventory	-	-	(7,304)	(7,304)
June 30, 2021	\$ 1,007,222	\$ 1,378,713	\$ 970,864	\$ 3,356,799

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

PERRY COUNTY 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 \$ 164,035

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	\$ 89,368	
Depreciation expense	<u>(292,302)</u>	(202,934)

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.

(41,295)

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

Capital leases issued	(77,736)	
Payments of debt principal	284,842	
Accrued interest payable	<u>2,781</u>	209,887

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

Pension expense	(2,031,753)	
Contributions subsequent to the measurement date	<u>1,215,383</u>	(816,370)

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

OPEB expense	(30,793)	
Contributions subsequent to the measurement date	<u>40,476</u>	9,683

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

Change in compensated absences	13,038	
Change in inventory	(7,304)	
Amortization of deferred charges, premiums and discounts	<u>(7,659)</u>	(1,925)

Change in Net Position of governmental activities	\$	<u>(678,919)</u>
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The notes to the financial statements are an integral part of this statement

PERRY COUNTY SCHOOL DISTRICT

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a 5 member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

PERRY COUNTY SCHOOL DISTRICT

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund – This is a permanent fund that accounts for the District's earnings from sixteenth section property and investments which are not available for use by the district except as provided for under state statute for loans from this account.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

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

PERRY COUNTY SCHOOL DISTRICT

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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.

PERRY COUNTY SCHOOL DISTRICT

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district, are reported at fair market value.

2. Receivables and payables

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

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

PERRY COUNTY SCHOOL DISTRICT

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

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
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 deferred outflows regarding the refunding of debt, the cost-sharing pension plan, and the cost-sharing 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 deferred inflows regarding the cost-sharing pension plan and the cost-sharing OPEB plan.

8. Compensated Absences

PERRY COUNTY SCHOOL DISTRICT

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

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

PERRY COUNTY SCHOOL DISTRICT

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

assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

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

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

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

When an expenditure/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. Related Parties

The School District has entered into multiple contracts for services with nonprofit organizations in which the Director of Federal Programs is a board member. The dollar amount of these transactions for the year ending June 30, 2021 is \$13,158.

14. Accounting Standards Update

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

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

PERRY COUNTY SCHOOL DISTRICT

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

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$3,193,273.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$3,088,826 was exposed to custodial credit risk.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 656,979
Other governmental funds	Other governmental funds	2,788
Total		<u>\$ 659,767</u>

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

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 849,870
Total		<u>\$ 849,870</u>

Sixteenth section principal loans payable

PERRY COUNTY SCHOOL DISTRICT

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

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2021 is 4 percent.

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 124,857	\$ 35,895	\$ 160,752
2023	129,851	31,092	160,943
2024	135,045	26,097	161,142
2025	137,050	20,904	157,954
2026	134,444	13,279	147,723
2027 - 2031	171,643	23,259	194,902
2032 - 2036	16,980	708	17,688
Total	<u>\$ 849,870</u>	<u>\$ 151,234</u>	<u>\$ 1,001,104</u>

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 737,802
Sixteenth Section Principal Fund	General Fund	38,876
Other governmental funds	General Fund	20,000
Other governmental funds	Other governmental funds	45,000
Total		<u>\$ 841,678</u>

The transfers were primarily to move unrestricted general fund monies to finance various programs accounted for in other funds and the transfer earnings from the Sixteenth Section Principal Fund.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$ 528,843 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. Restricted assets also include \$236,225 that is restricted for capital projects.

Note 5 – Capital Assets

PERRY COUNTY SCHOOL DISTRICT

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

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

	Balance 7/1/2020	Increases	Decreases	Adjustments	Balance 6/30/2021
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 318,650	\$	\$	\$	318,650
Total non-depreciable capital assets	318,650	-	-	-	318,650
<u>Depreciable capital assets:</u>					
Buildings	6,611,114				6,611,114
Building improvements	339,372				339,372
Mobile equipment	2,576,832	5,832	288,424	(123,950)	2,170,290
Furniture and equipment	684,930	5,800	30,628		660,102
Leased property under capital leases	-	77,736			77,736
Total depreciable capital assets	10,212,248	89,368	319,052	(123,950)	9,858,614
<u>Less accumulated depreciation for:</u>					
Buildings	3,460,681	108,267			3,568,948
Building improvements	221,343	13,575			234,918
Mobile equipment	1,450,138	135,543	247,435	(111,555)	1,226,691
Furniture and equipment	634,418	20,925	30,322		625,021
Leased property under capital leases	-	13,992			13,992
Total accumulated depreciation	5,766,580	292,302	277,757	(111,555)	5,669,570
Total depreciable capital assets, net	4,445,668	(202,934)	41,295	(12,395)	4,189,044
Governmental activities capital assets, net	\$ 4,764,318	\$ (202,934)	\$ 41,295	\$ (12,395)	\$ 4,507,694

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 126,292
Support services	156,318
Non-instructional	9,692
Total depreciation expense - Governmental activities	<u>\$ 292,302</u>

PERRY COUNTY 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	Balance 6/30/2021	Amounts due within one year
A.	Three mill notes payable	\$ 1,860,000		208,000	\$ 1,652,000	\$ 177,000
B.	Obligations under capital leases		77,736	6,109	71,627	71,627
C.	Obligations under energy efficiency leases	471,941		40,733	431,208	41,569
D.	Qualified school construction bonds payable	177,000		30,000	147,000	26,000
E.	Compensated absences payable	130,541		13,038	117,503	5,875
	Total	\$ 2,639,482	\$ 77,736	\$ 297,880	\$ 2,419,338	\$ 322,071

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note, Series 2016	2.49%	2/16/2016	4/1/2027	\$ 1,975,000	\$ 1,022,000
Three mill note, Limited	2.97%	7/11/2019	7/11/2029	425,000	400,000
Three mill note, Limited	2.23%	6/30/2020	6/30/2030	250,000	230,000
Total				<u>\$ 2,650,000</u>	<u>\$ 1,652,000</u>

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

1. Three mill notes payable issue of 2/16/2016:

Year Ending June 30	Principal	Interest	Total
2022	\$ 125,000	\$ 25,448	\$ 150,448
2023	127,000	22,335	149,335
2024	185,000	19,173	204,173
2025	190,000	14,567	204,567
2026	195,000	9,836	204,836
2027	200,000	4,980	204,980
Total	<u>\$ 1,022,000</u>	<u>\$ 96,339</u>	<u>\$ 1,118,339</u>

This debt will be retired from the Three Mill Note Retirement Fund

PERRY COUNTY SCHOOL DISTRICT

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

2. Three mill notes payable issue of 07/11/2019:

Year Ending June 30	Principal	Interest	Total
2022	\$ 27,000	\$ 11,960	\$ 38,960
2023	31,000	11,153	42,153
2024	33,000	10,226	43,226
2025	41,000	9,239	50,239
2026	43,000	8,013	51,013
2027 – 2031	225,000	17,881	242,881
Total	<u>\$ 400,000</u>	<u>\$ 68,472</u>	<u>\$ 468,472</u>

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

3. Three mill notes payable issue of 06/30/2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ 25,000	\$ 5,129	\$ 30,129
2023	25,000	4,572	29,572
2024	25,000	4,014	29,014
2025	25,000	3,457	28,457
2026	24,000	2,899	26,899
2027 – 2031	106,000	6,021	112,021
Total	<u>\$ 230,000</u>	<u>\$ 26,092</u>	<u>\$ 256,092</u>

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

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 177,000	\$ 42,537	\$ 219,537
2023	183,000	38,060	221,060
2024	243,000	33,413	276,413
2025	256,000	27,263	283,263
2026	262,000	20,748	282,748
2027 – 2031	531,000	28,882	559,882
Total	<u>\$ 1,652,000</u>	<u>\$ 190,903</u>	<u>\$ 1,842,903</u>

PERRY COUNTY SCHOOL DISTRICT

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

B. Obligations under capital leases

The school district has entered into lease agreements as lessee for financing the acquisition of trucks at a cost of \$40,825 and \$36,911 with no down payment. These leases qualify as capital leases for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Truck Lease	1.69%	6/10/2021	6/10/2022	\$ 40,825	\$ 40,825
Truck Lease	1.69%	4/27/2021	4/27/2022	36,911	30,802
Total				<u>\$ 77,736</u>	<u>\$ 71,627</u>

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

1. Truck Lease obligation under capital leases issue of 6/10/2021:

Year Ending June 30	Principal	Interest	Total
2022	\$ 40,825	\$ 375	\$ 41,200
Total	<u>\$ 40,825</u>	<u>\$ 375</u>	<u>\$ 41,200</u>

This debt will be retired from the District Maintenance Fund.

2. Truck Lease obligation under capital leases issue of 4/27/2021:

Year Ending June 30	Principal	Interest	Total
2022	\$ 30,802	\$ 239	\$ 31,041
Total	<u>\$ 30,802</u>	<u>\$ 239</u>	<u>\$ 31,041</u>

This debt will be retired from the District Maintenance Fund.

Total obligations under capital leases for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 71,627	\$ 614	\$ 72,241
Total	<u>\$ 71,627</u>	<u>\$ 614</u>	<u>\$ 72,241</u>

PERRY COUNTY SCHOOL DISTRICT

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

C. Obligations under energy efficiency lease

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Conservation	2.04%	10/21/2015	10/21/2030	\$ 620,500	\$ 431,208
Total				<u>\$ 620,500</u>	<u>\$ 431,208</u>

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

1.

Year Ending June 30	Principal	Interest	Total
2022	\$ 41,569	\$ 8,599	\$ 50,168
2023	42,423	7,745	50,168
2024	43,294	6,874	50,168
2025	44,183	5,985	50,168
2026	45,091	5,074	50,165
2027 – 2031	214,648	11,213	225,861
Total	<u>\$ 431,208</u>	<u>\$ 45,490</u>	<u>\$ 476,698</u>

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated 10/21/2015, was executed by and between the district, the lessee, and U.S. Bancorp Government Leasing and Finance, Inc., the lessor.

The agreement authorized the borrowing of \$620,500 for the purchase of energy efficiency equipment, machinery, supplies, building modification, and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

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

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

PERRY COUNTY SCHOOL DISTRICT

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

D. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds, Series 2011	5.15%	9/16/2011	12/1/2023	\$ 400,000	\$ 147,000
Total				<u>\$ 400,000</u>	<u>\$ 147,000</u>

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

1. Qualified school construction bonds payable issue of 9/16/2011.

Year Ending June 30	Principal	Interest	Total
2022	\$ 26,000	\$ 7,571	\$ 33,571
2023	60,000	6,232	66,232
2024	61,000	3,142	64,142
Total	<u>\$ 147,000</u>	<u>\$ 16,945</u>	<u>\$ 163,945</u>

M. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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.

PERRY COUNTY SCHOOL DISTRICT

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$1,215,383, \$1,218,456 and \$1,033,662, respectively, which equaled the required contributions for each year.

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

At June 30, 2021, the school district reported a liability of \$20,358,528 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was .10516400 percent, which was based on a measurement date of June 30, 2020. This was an increase of .004393 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 \$2,031,753. 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	\$ 182,026	\$ -
Net difference between projected and actual earnings on pension plan investments	-	101,802
Changes of assumptions	1,493,914	-
District contributions subsequent to the measurement date	1,215,383	-
Total	\$ <u>2,891,323</u>	\$ <u>101,802</u>

PERRY COUNTY SCHOOL DISTRICT

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

\$1,215,383 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2022	\$	186,561
2023		588,286
2024		529,823
2025		<u>269,468</u>
	\$	<u>1,574,138</u>

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

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

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates 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>	<u>%</u>		

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

PERRY COUNTY SCHOOL DISTRICT

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

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 26,351,613	\$ 20,358,528	\$ 15,411,825

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

Note 8 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage.

The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the 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.

PERRY COUNTY SCHOOL DISTRICT

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$40,476 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 \$1,226,325 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2020, the District's proportion was .15758324 percent. This was an increase of .00130329 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 \$30,793. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,563	\$ 213,413
Changes of assumptions	190,398	51,823
Net difference between projected and actual earnings on OPEB plan investments	39	-
Changes in proportion and differences between District contributions and proportionate share of contributions	23,619	310
District contributions subsequent to the measurement date	40,476	-
	<u>\$ 256,095</u>	<u>\$ 265,546</u>

\$40,476 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2022	\$ (13,631)
2023	(13,631)
2024	(11,249)
2025	(2,032)
2026	(9,384)
	<u>\$ (49,927)</u>

PERRY COUNTY SCHOOL DISTRICT

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

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

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

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:

PERRY COUNTY SCHOOL DISTRICT

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

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 1,355,173	\$ 1,226,325	\$ 1,115,809

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	\$ 1,132,324	\$ 1,226,325	\$ 1,332,825

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

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2022	\$ 72,599
2023	54,733
2024	40,610
2025	1,960
2026	560
2027 – 2031	2,800
2032 - 2036	2,800
2037 – 2041	2,800
2042 – thereafter	2,880
Total	<u>\$ 181,742</u>

PERRY COUNTY SCHOOL DISTRICT

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

Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
Assets were disposed of in prior years, but not reported as disposals until June 30, 2021.	\$ 133,501
Total	<u>\$ 133,501</u>

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

Fund	Explanation	Amount
General Fund	Disposals of assets not reported in proper period	\$ 11,140
Other governmental funds	Disposals of assets not reported in proper period	<u>134,756</u>
Total		<u>\$ 145,896</u>

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Note 13 – Qualified School Construction Bonds

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

PERRY COUNTY SCHOOL DISTRICT

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2021, the subsidy payments amounted to \$7,678.

Note 14 – Insurance loss recoveries

The Perry School District received \$6,490 in insurance loss recoveries related to storm damage during the 2020-2021 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and support services.

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of \$(18,493,272) 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 \$1,215,383 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$1,675,940 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 \$(18,493,272) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$(101,802) 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 \$(18,493,272) 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 \$40,476 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$215,619 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 \$(18,493,272) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$(265,546) 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.

The net investment in capital assets net position in the amount of \$3,057,255 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of the school district. The \$36,963 balance of the deferred outflow of resources at June 30, 2021 will be recognized as an expense and decrease the net investment in capital assets net position for the next 5 years.

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Perry County School District evaluated the activity of the district through December 13, 2021, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PERRY COUNTY SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,365,740	\$ 3,374,110	\$ 3,439,651	\$ 8,370	\$ 65,541
State sources	5,369,703	5,369,703	5,557,399	-	187,696
Federal sources	233,000	233,000	317,931	-	84,931
Sixteenth section sources	258,072	258,072	91,482	-	(166,590)
Total Revenues	9,226,515	9,234,885	9,406,463	8,370	171,578
Expenditures:					
Instruction	4,910,974	4,934,428	4,713,784	(23,454)	220,644
Support services	3,387,674	3,493,214	3,655,306	(105,540)	(162,092)
Debt service:					
Principal	158,036	158,036	46,842	-	111,194
Interest	48,120	48,120	49,516	-	(1,396)
Total Expenditures	8,504,804	8,633,798	8,465,448	(128,994)	168,350
Excess (Deficiency) of Revenues over (under) Expenditures	721,711	601,087	941,015	(120,624)	339,928
Other Financing Sources (Uses):					
Capital leases issued	-	-	77,736	-	77,736
Insurance recovery	-	-	6,490	-	6,490
Sale of transportation equipment	-	-	2,653	-	2,653
Operating transfers in	1,400,243	1,400,243	58,876	-	(1,341,367)
Operating transfers out	(2,014,428)	(2,014,428)	(737,802)	-	1,276,626
Total Other Financing Sources (Uses)	(614,185)	(614,185)	(592,047)	-	22,138
Net Change in Fund Balances	107,526	(13,098)	348,968	(120,624)	362,066
Fund Balances:					
July 1, 2020, as previously reported	678,671	678,671	647,114	-	(31,557)
Prior period adjustments	(30,820)	(30,820)	11,140	-	41,960
July 1, 2020, as restated	647,851	647,851	658,254	-	10,403
June 30, 2021	\$ 755,377	\$ 634,753	\$ 1,007,222	\$ (120,624)	\$ 372,469

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

PERRY COUNTY SCHOOL DISTRICT
Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	%	0.105164%	0.100771%	0.100864%	0.103102%	0.103016%	0.105472%	0.102177%
District's proportionate share of the net pension liability	\$	20,358,528	17,727,607	16,776,680	17,139,052	18,401,230	16,303,891	12,402,417
District's covered payroll		7,002,621	6,562,933	6,441,124	6,614,025	6,590,165	6,589,295	6,243,556
District's proportionate share of the net pension liability as a percentage of its covered payroll		290.727276%	270.117129%	260.462000%	259.131930%	279.222594%	247.429971%	198.643480%
Plan fiduciary net position as a percentage of the total pension liability		58.9735%	61.5884%	62.5351%	61.4901%	57.4677%	61.7040%	67.2077%

* 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.

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

PERRY COUNTY SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution		1,215,383	1,218,456	1,033,662	1,014,477	1,041,709	1,037,951	1,037,814
Contributions in relation to the contractually required contribution	\$	1,215,383	1,218,456	1,033,662	1,014,477	1,041,709	1,037,951	1,037,814
Contribution deficiency (excess)		-	-	-	-	-	-	-
District's covered payroll	\$	6,984,960	7,002,621	6,562,933	6,441,124	6,614,025	6,590,165	6,589,295
Contributions as a percentage of covered payroll		17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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.

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

PERRY COUNTY 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	% 0.15758324%	0.15627995%	0.15520211%	0.15527276%
District's proportionate share of the net OPEB liability	\$ 1,226,325	1,326,099	1,200,566	1,218,284
District's covered-employee payroll	7,594,497	7,156,725	7,019,686	6,614,025
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	18.42%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

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

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

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

PERRY COUNTY SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

OPEB

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 40,476	48,906	53,154	51,937
Contributions in relation to the actuarially determined contribution	40,476	48,906	53,154	51,937
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	<u>6,984,960</u>	<u>7,002,621</u>	<u>6,562,933</u>	<u>6,441,124</u>
Contributions as a percentage of covered-employee payroll	0.58%	0.70%	0.81%	0.81%

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).

PERRY COUNTY SCHOOL DISTRICT
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 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

PERRY COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Catalog of Federal Domestic Assistance No.</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education			
<i>Child Nutrition Cluster-Cluster</i>			
School Breakfast Program	10.553	205MS326N1099	\$ 17,375
National School Lunch Program	10.555	205MS326N1099	53,553
Subtotal			70,928
COVID-19 Summer Food Service Program for Children	10.559	205MS326N1099	462,892
Subtotal			462,892
<i>Total Child Nutrition Cluster-Cluster</i>			533,820
State Administrative Expenses for Child Nutrition	10.560	215MS907N2533	2,964
Total passed-through Mississippi Department of Education			536,784
Total U.S. Department of Agriculture			536,784
<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	52,920
Total Federal Communications Commission			52,920
<u>U.S. Department of Education</u>			
Rehabilitation Services-Vocational Rehabilitation Grants to States			
	84.126	N/A	364
Passed-through Mississippi Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A200024	497,614
Career and Technical Education -- Basic Grants to States	84.048	V048A200024	36,025
Twenty-First Century Community Learning Centers	84.287	S287C200024	321,478
Supporting Effective Instruction State Grants	84.367	S367A200023	75,417
Student Support and Academic Enrichment Program	84.424	S424A200025	16,717
COVID-Education Stabilization Fund-Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	426,159
COVID-Education Stabilization Fund-Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D200031	77,892
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			504,051

PERRY COUNTY SCHOOL DISTRICT

Supplementary Information

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

<i>Federal Grantor/Program or Cluster Title</i>	<i>Catalog of Federal Domestic Assistance No.</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Special Education Cluster (IDEA)-Cluster</i>			
Special Education-Grants to States	84.027	H027A200108	196,685
Special Education-Preschool Grants	84.173	H173A200113	9,067
<i>Total Special Education-Cluster</i>			205,752
Total passed-through Mississippi Department of Education			1,657,054
Total U.S. Department of Education			1,657,418
<u>U.S. Department of Homeland Security</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	7,500
Total U.S. Department of Homeland Security			7,500
<u>U.S. Department of Treasury</u>			
Passed-through Mississippi Department of Education COVID-19 Coronavirus Relief Fund	21.019	N/A	429,104
Total U.S. Department of Treasury			429,104
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education Medicaid Cluster			
Medical Assistance Program	93.778	N/A	3,233
Total Medicaid Cluster			3,233
Total passed-through Mississippi Department of Education			3,233
Total U.S. Department of Health and Human Services			3,233
Total for All Federal Awards			\$ 2,686,959

The accompanying notes are an integral part of this schedule

PERRY COUNTY 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 Perry County School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Perry County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Perry County 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 Perry County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

PERRY COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2021

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 9,756,739	7,299,513	572,934	791,150	1,093,142
Other	3,298,074	1,139,628	194,271	50,923	1,913,252
Total	<u>\$ 13,054,813</u>	<u>8,439,141</u>	<u>767,205</u>	<u>842,073</u>	<u>3,006,394</u>
Total number of students *	<u>951</u>				
Cost per student	<u>\$ 13,727</u>	<u>8,874</u>	<u>807</u>	<u>885</u>	<u>3,161</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

PERRY COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 3,439,651	\$ 3,336,136	\$ 3,212,478	\$ 3,240,402
State sources	5,557,399	5,707,740	5,383,927	5,322,769
Federal sources	317,931	354,462	340,397	470,286
Sixteenth section sources	91,482	452,990	144,672	224,377
Total Revenues	9,406,463	9,851,328	9,081,474	9,257,834
Expenditures:				
Instruction	4,713,784	5,111,910	4,647,256	4,821,740
Support services	3,655,306	3,531,084	3,695,933	4,147,283
Sixteenth section	-	-	-	2,975
Debt service:				
Principal	46,842	39,913	39,110	38,323
Interest	49,516	55,403	60,778	47,602
Total Expenditures	8,465,448	8,738,310	8,443,077	9,057,923
Excess (Deficiency) of Revenues over (under) Expenditures	941,015	1,113,018	638,397	199,911
Other Financing Sources (Uses):				
Capital leases issued	77,736	-	-	-
Insurance recovery	6,490	-	7,000	-
Sale of transportation equipment	2,653	2,545	2,829	2,819
Operating transfers in	58,876	70,968	68,975	295,802
Operating transfers out	(737,802)	(782,427)	(717,756)	(696,055)
Total Other Financing Sources (Uses)	(592,047)	(708,914)	(638,952)	(397,434)
Net Change in Fund Balances	348,968	404,104	(555)	(197,523)
Fund Balances:				
Beginning of period, as previously reported	647,114	243,010	241,970	439,493
Prior period adjustments	11,140	0	1,595	-
Beginning of period, as restated	658,254	243,010	243,565	439,493
End of Period	\$ 1,007,222	\$ 647,114	\$ 243,010	\$ 241,970

*SOURCE - PRIOR YEAR AUDIT REPORTS

PERRY COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 3,683,581	\$ 3,605,228	\$ 3,534,283	\$ 3,567,299
State sources	6,338,169	6,470,620	6,082,540	6,205,484
Federal sources	2,971,828	2,270,723	2,427,796	2,300,210
Sixteenth section sources	138,391	569,083	202,205	293,104
Total Revenues	13,131,969	12,915,654	12,246,824	12,366,097
Expenditures:				
Instruction	7,115,237	7,145,053	6,469,635	6,388,339
Support services	4,991,338	4,854,204	4,636,616	5,052,937
Noninstructional services	497,635	630,763	727,634	670,256
Sixteenth section	59,325	22,600	36,948	18,993
Debt service:				
Principal	284,842	221,913	222,110	516,323
Interest	106,436	98,835	108,917	108,522
Other	-	-	-	2,025
Total Expenditures	13,054,813	12,973,368	12,201,860	12,757,395
Excess (Deficiency) of Revenues over (under) Expenditures	77,156	(57,714)	44,964	(391,298)
Other Financing Sources (Uses):				
Bonds and notes issued	-	675,000	-	-
Capital leases issued	77,736	-	-	-
Insurance recovery	6,490	-	7,000	-
Sale of transportation equipment	2,653	2,545	2,829	2,819
Operating transfers in	841,678	967,333	786,731	991,857
Operating transfers out	(841,678)	(967,333)	(786,731)	(991,857)
Total Other Financing Sources (Uses)	86,879	677,545	9,829	2,819
Net Change in Fund Balances	164,035	619,831	54,793	(388,479)
Fund Balances:				
Beginning of period, as previously reported	3,054,172	2,430,585	2,368,725	2,760,662
Prior period adjustments	145,896	-	1,784	-
Beginning of period, as restated	3,200,068	2,430,585	2,370,509	2,760,662
Increase (Decrease) in reserve for inventory	(7,304)	3,756	5,283	(3,458)
End of Period	\$ 3,356,799	\$ 3,054,172	\$ 2,430,585	\$ 2,368,725

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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Kari M. Blackledge, CPA
Sheri A. Kelly, CPA

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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
Perry County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County School District as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Perry County School District's basic financial statements and have issued our report thereon dated December 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Perry County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Perry County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Perry County School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. 2021-001

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Perry County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Perry County School District's Response to Findings

Perry County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Perry County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Holt & Associates, PLLC

Laurel, MS

December 13, 2021



HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Perry County School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control over Compliance

Management of the Perry County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Perry County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Perry County School District's internal control over compliance.

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

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.

Holt & Associates, PLLC

Laurel, MS

December 13, 2021

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



HOLT & ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Perry County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County School District as of and for the year ended June 30, 2021, which collectively comprise Perry County School District's basic financial statements and have issued our report thereon dated December 13, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows

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Finding #1

Condition: The School District has various funds that were over budget at the end of the fiscal year.

Recommendation: We recommend the School District closely monitor funds to determine if any funds are over budget and amendments need to be made as circumstances require.

Response: The School District concurs with the finding and will closely monitor line items which may exceed the budgeted amount.

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 insure that corrective action has been taken.

The Perry County School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

Holt & Associates, PLLC

December 13, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

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

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

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID - Education Stabilization Fund – Elementary & Secondary School Emergency Relief Fund I and II
21.019	Coronavirus Relief Fund

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

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

- | | | |
|-----|---|----|
| 10. | Prior fiscal year audit finding(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 |
|-----|---|----|

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

Section II: Financial Statement Findings

Finding 2021-001 Significant Deficiency

Criteria: Without the knowledge of administration, the School District contracted with related parties for services.

Condition: Federal Programs Director was allowed to contract a related entity to provide services to the School District without administration knowing it was a related party.

Cause: There are no controls over identifying related parties; therefore, the School District entered into arrangements with related parties without the knowledge of administration.

Effect: The School District has a potential for fraud and/or collusion due to contracting with related parties.

Recommendation: The School District should require all employees to sign a form identifying any related parties. This should be continually monitored and evaluated on a timely basis.

Response: See Correction Action Plan

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.

AUDITEE'S CORRECTIVE ACTION PLAN

PERRY COUNTY SCHOOLS

Scott Dearman, Ed. D., Superintendent of Education

P. O. Box 137

New Augusta, MS 39462-0137

Phone : (601)964-3211 Fax:(601)964-8204

sdearman@pcsdms.us

Personnel

Jeannie Bolton, Accounts Payable/16th Section

Kimberly Parker, Business Manager

Julie Prine, MSIS/Purchasing Agent

Melisa Dunnam, Secretary



Board Members

Frederick Jackson-District 1

Kevin Courtney-District 2

Mary E. Garner - District 3

Sharon Lott-District 4

Glennwood Mathis-District 5

PERRY COUNTY SCHOOL DISTRICT

Auditee's Corrective Action Plan

As required by 2 CFR 200, Subpart F, Section 511(c) of Uniform Guidance, the Perry County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2021:

Finding

Corrective Action Details:

2021-001

a. Name of contact person responsible for corrective action

Name: Kimberly Parker

Phone Number: 601-964-3211

b. Corrective Action Planned:

Without our knowledge, related party transactions were entered into. We were unaware of this until it was brought to our attention by the auditors. We will be sure that related parties are identified going forward..

c. Anticipated Completion Date:

Immediately