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GEORGE COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

GEORGE COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

**CUNNINGHAM CPAs, PLLC**  
Certified Public Accountants & Consultants

202 Church Street  
Belzoni, Mississippi 39038  
Office: (662) 247-2416  
Fax: (662) 247-2420

10 South Bancroft Street  
Fairhope, Alabama 36532  
Office: (251) 929-7778  
Fax: (251) 929-7779

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
George County School District

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the George County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the George County School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the George County School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the George County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the George County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 George County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the George County School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 6-14, 48-49, 50, 51, 52 & 53, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the George County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic 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 Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises 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 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of the George County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the George County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering George County School District's internal control over financial reporting and compliance.

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

Cunningham CPAs, PLLC  
Belzoni, MS  
February 6, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS



## GEORGE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

The following discussion and analysis of George County School District's financial performance provides an overview of the George County School District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the George County 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 George County School District's financial performance.

#### FINANCIAL HIGHLIGHTS

- Total net position for 2022 increased \$6,975,064, which represents a 21% increase from fiscal year 2021. Total net position for 2021 decreased \$1,820,383, including a prior period adjustment of (\$1,826), which represents a 6% decrease from fiscal year 2020.
- General revenues amounted to \$30,990,736 and \$29,461,730, or 66% and 75% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,927,228, or 34% of total revenues for 2022, and \$9,977,681, or 25% of total revenues for 2021.
- The District had \$39,942,900 and \$41,062,718 in expenses for fiscal years 2022 and 2021; only \$15,927,228 for 2022 and \$9,977,681 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$30,990,736 were adequate to provide for these programs for 2022 and \$29,461,730 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$30,964,404 in revenues and \$30,904,847 in expenditures for 2022, and \$29,622,065 in revenues and \$28,442,755 in expenditures in 2021. The General Fund's fund balance increased by \$5,841,563 from 2021 to 2022, and increased by \$428,814, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$657,027 and decreased by \$291,611 for 2021. The increase for 2022 was due primarily to construction in progress and other capital additions net of the increase in accumulated depreciation.
- Long-term debt increased by \$1,766,581 for 2022 and decreased by \$263,924 for 2021. This increase for 2022 was due to issuing bonds and notes net of principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$3,035 for 2022 and decreased by \$21,844 for 2021.

#### 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

## GEORGE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

financial position is improving or deteriorating.

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

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

#### **Fund Financial Statements**

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

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

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

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

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

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

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

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

## GEORGE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

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

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

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

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

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

#### **Required Supplementary Information**

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

#### **Supplementary Information**

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

#### **Other Information**

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$26,597,534 as of June 30, 2022.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2022 and June 30, 2021.

GEORGE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis  
For Year Ended June 30, 2022

**Table I**  
**Condensed Statement of Net Position**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Current assets	\$ 14,926,102	\$ 8,283,070	80.20 %
Restricted assets	4,465,563	3,256,347	37.13 %
Capital assets, net	23,889,843	23,232,816	2.83 %
<b>Total assets</b>	<b>43,281,508</b>	<b>34,772,233</b>	<b>24.47 %</b>
 <b>Deferred outflows of resources</b>	 <b>9,964,755</b>	 <b>11,764,524</b>	 <b>(15.30) %</b>
Current liabilities	2,433,479	1,872,678	29.95 %
Long-term debt outstanding	10,664,155	8,900,609	19.81 %
Net OPEB liability	3,012,277	3,652,698	(17.53) %
Net pension liability	46,864,184	61,643,380	(23.98) %
<b>Total liabilities</b>	<b>62,974,095</b>	<b>76,069,365</b>	<b>(17.21) %</b>
 <b>Deferred inflows of resources</b>	 <b>16,869,702</b>	 <b>4,039,990</b>	 <b>317.57 %</b>
 <b>Net position:</b>			
Net investment in capital assets	13,785,376	14,842,816	(7.12) %
Restricted	7,454,794	6,374,501	16.95 %
Unrestricted	(47,837,704)	(54,789,915)	12.69 %
<b>Total net position</b>	<b>\$ (26,597,534)</b>	<b>\$ (33,572,598)</b>	<b>20.78 %</b>

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and OPEB, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (47,837,704)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	<u>56,566,555</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	<u>\$ 8,728,851</u>

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

- Increase in net capital assets in the amount of \$657,027.
- The principal retirement of \$3,218,077 of long-term debt.
- Issuing \$4,984,658 in bonds, three mill notes and installment loans.

GEORGE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis  
For Year Ended June 30, 2022

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$46,917,964 and \$39,439,411, respectively. The total cost of all programs and services was \$39,942,900 for 2022 and \$41,062,718 for 2021.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

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

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 855,970	\$ 1,353,182	(36.74) %
Operating grants and contributions	15,071,258	8,624,499	74.75 %
General revenues:			
Property taxes	8,513,771	7,719,589	10.29 %
Grants and contributions not restricted	21,495,704	21,403,155	0.43 %
Investment earnings	107,480	170,746	(37.05) %
Sixteenth section sources	78,679	149,063	(47.22) %
Other	795,102	19,177	4,046.12 %
<b>Total revenues</b>	<b>46,917,964</b>	<b>39,439,411</b>	<b>18.96 %</b>
<b>Expenses:</b>			
Instruction	21,095,989	20,945,971	0.72 %
Support services	13,144,829	10,885,423	20.76 %
Non-instructional	2,642,699	2,329,951	13.42 %
Sixteenth section	34,338	23,891	43.73 %
Pension expense	2,981,153	6,591,057	(54.77) %
OPEB expense	(93,297)	155,286	(160.08) %
Interest on long-term liabilities	137,189	131,139	4.61 %
<b>Total expenses</b>	<b>39,942,900</b>	<b>41,062,718</b>	<b>(2.73) %</b>
<b>Excess (deficiency) before Extraordinary Items</b>	<b>6,975,064</b>	<b>(1,623,307)</b>	<b>529.68 %</b>
<b>Extraordinary items</b>	<b>-</b>	<b>(195,250)</b>	<b>100.00 %</b>
<b>Increase (Decrease) in net position</b>	<b>6,975,064</b>	<b>(1,818,557)</b>	<b>483.55 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(33,572,598)</b>	<b>(31,752,215)</b>	<b>(5.73) %</b>
<b>Prior Period Adjustment</b>		<b>(1,826)</b>	<b>100.00 %</b>
<b>Net Position, July 1, as restated</b>	<b>(33,572,598)</b>	<b>(31,754,041)</b>	<b>(5.73) %</b>
<b>Net Position, June 30</b>	<b>\$ (26,597,534)</b>	<b>\$ (33,572,598)</b>	<b>20.78 %</b>

**Governmental activities**

The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term

# GEORGE COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

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

	Total Expenses		Percentage Change
	2022	2021	
Instruction	\$ 21,095,989	\$ 20,945,971	0.72 %
Support services	13,144,829	10,885,423	20.76 %
Non-instructional	2,642,699	2,329,951	13.42 %
Sixteenth section	34,338	23,891	43.73 %
Pension Expense	2,981,153	6,591,057	(54.77) %
OPEB Expense	(93,297)	155,286	(160.08) %
Interest on long-term liabilities	137,189	131,139	4.61 %
<b>Total expenses</b>	<b>\$ 39,942,900</b>	<b>\$ 41,062,718</b>	<b>(2.73) %</b>

  

	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (15,076,698)	\$ (15,337,355)	1.70 %
Support services	(6,476,716)	(8,976,785)	27.85 %
Non-instructional	597,125	117,453	408.39 %
Sixteenth section	(34,338)	(10,868)	(215.96) %
Pension Expense	(2,981,153)	(6,591,057)	54.77 %
OPEB Expense	93,297	(155,286)	160.08 %
Interest on long-term liabilities	(137,189)	(131,139)	(4.61) %
<b>Total net (expense) revenue</b>	<b>\$ (24,015,672)</b>	<b>\$ (31,085,037)</b>	<b>22.74 %</b>

- Net cost of governmental activities (\$24,015,672 for 2022 and \$31,085,037 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$8,513,771 for 2022 and \$7,719,589 for 2021) and state and federal revenues (\$21,495,704 for 2022 and \$21,403,155 for 2021). In addition, there was \$78,679 and \$149,063 in sixteenth section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$107,480 for 2022 and \$170,746 for 2021.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$16,601,946, an increase of \$6,857,371, which includes an increase in inventory of \$5,078. \$7,864,153 or 47% of the fund balance

# GEORGE COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

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 \$8,737,793 or 53% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$5,841,563. The fund balance of Other Governmental Funds showed an increase in the amount of \$1,015,808, which includes an increase in reserve for inventory of \$5,078, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ARP ESSER	No increase or decrease

### BUDGETARY HIGHLIGHTS

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

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

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2022, the District's total capital assets were \$47,550,480, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$1,574,276 from 2021. Total accumulated depreciation as of June 30, 2022, was \$23,660,637, and total depreciation expense for the year was \$1,094,138, resulting in total net capital assets of \$23,889,843.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 530,657	\$ 530,657	0.00 %
Construction in progress	43,535	-	N/A %
Buildings	19,453,201	18,752,638	3.74 %
Building improvements	1,459,880	1,559,086	(6.36) %
Improvements other than buildings	303,911	322,934	(5.89) %
Mobile equipment	1,500,910	1,468,304	2.22 %
Furniture and equipment	597,749	599,197	(0.24) %
<b>Total</b>	<b>\$ 23,889,843</b>	<b>\$ 23,232,816</b>	<b>2.83 %</b>

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

## GEORGE COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

**Debt Administration.** At June 30, 2022, the District had \$10,664,155 in outstanding long-term debt, of which \$483,330 is due within one year. The liability for compensated absences decreased \$3,035 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 330,000	\$ 3,145,000	(89.51) %
General obligation refunding bonds payable	2,863,000	-	N/A %
Three mill notes payable	2,035,000	245,000	730.61 %
Shortfall notes payable	125,556	233,587	(46.25) %
Qualified school construction bonds payable	5,000,000	5,000,000	0.00 %
Installment loans payable	36,612	-	N/A %
Compensated absences payable	273,987	277,022	(1.10) %
<b>Total</b>	<b><u>\$ 10,664,155</u></b>	<b><u>\$ 8,900,609</u></b>	<b>19.81 %</b>

Additional information on the District's long-term debt can be found in Note 7 included in this report.

### CURRENT ISSUES

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

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

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

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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



## FINANCIAL STATEMENTS

**GEORGE COUNTY SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2022**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 11,298,775
Due from other governments	3,170,987
Lease receivable	381,442
Inventories	74,898
Restricted assets	4,465,563
Capital assets, non-depreciable:	
Land	530,657
Construction in progress	43,535
Capital assets, net of accumulated depreciation:	
Buildings	19,453,201
Building improvements	1,459,880
Improvements other than buildings	303,911
Mobile equipment	1,500,910
Furniture and equipment	597,749
Total Assets	<u>43,281,508</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	8,996,650
Deferred outflows - OPEB	807,960
Deferred outflows - Bond refunding	160,145
Total deferred outflows of resources	<u>9,964,755</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,414,721
Interest payable on long-term liabilities	18,758
Long-term liabilities, due within one year:	
Capital related liabilities	422,827
Non-capital related liabilities	60,503
Net OPEB liability	95,072
Long-term liabilities, due beyond one year:	
Capital related liabilities	9,841,785
Non-capital related liabilities	339,040
Net pension liability	46,864,184
Net OPEB liability	2,917,205
Total Liabilities	<u>62,974,095</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	15,441,357
Deferred inflows - OPEB	1,053,347
Deferred inflows - Leases	374,998
Total deferred inflows of resources	<u>16,869,702</u>
<b>Net Position</b>	
Net investment in capital assets	13,785,376
Restricted for:	
Expendable:	
School-based activities	2,469,064
Debt service	4,308,699
Forestry improvements	367,868
Unemployment benefits	105,481
Non-expendable:	
Sixteenth section principal	203,682
Unrestricted	(47,837,704)
Total Net Position	<u>\$ (26,597,534)</u>

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

**GEORGE COUNTY SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2022**

		Program Revenues			Net (Expense)
					Revenue and
					Changes in
					Net Position
Functions/Programs	Expenses	Charges for	Operating	Capital	Governmental
		Services	Grants and	Grants and	Activities
			Contributions	Contributions	
Governmental Activities:					
Instruction	\$ 21,095,989	\$ 785,706	\$ 5,233,585	\$ -	\$ (15,076,698)
Support services	13,144,829	-	6,668,113	-	(6,476,716)
Non-instructional	2,642,699	70,264	3,169,560	-	597,125
Sixteenth section	34,338	-	-	-	(34,338)
Pension expense	2,981,153	-	-	-	(2,981,153)
OPEB expense	(93,297)	-	-	-	93,297
Interest on long-term liabilities	137,189	-	-	-	(137,189)
Total Governmental Activities	\$ 39,942,900	\$ 855,970	\$ 15,071,258	\$ -	\$ (24,015,672)

General Revenues:

Taxes:

General purpose levies 7,750,222

Debt purpose levies 763,549

Unrestricted grants and contributions:

State 20,628,627

Federal 867,077

Unrestricted investment earnings 107,480

Sixteenth section 78,679

Other 795,102

Total General Revenues 30,990,736

Change in Net Position 6,975,064

Net Position - Beginning (33,572,598)

Net Position - Ending \$ (26,597,534)

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

**GEORGE COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2022**

**Exhibit C**

	Major Funds		Other	Total
	General	ARP ESSER	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,547,573	\$ -	\$ 3,906,963	\$ 12,454,536
Cash with fiscal agents	-	-	198,188	198,188
Investments	-	-	3,111,614	3,111,614
Due from other governments	943,600	873,162	1,354,225	3,170,987
Lease receivable	381,442	-	-	381,442
Due from other funds	2,030,979	-	-	2,030,979
Inventories	-	-	74,898	74,898
Total assets	<u>11,903,594</u>	<u>873,162</u>	<u>8,645,888</u>	<u>21,422,644</u>
<b>Liabilities, Deferred Inflows of Resources</b>				
<b>and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,400,202	\$ -	\$ 14,519	\$ 2,414,721
Due to other funds	-	873,162	1,157,817	2,030,979
Total Liabilities	<u>2,400,202</u>	<u>873,162</u>	<u>1,172,336</u>	<u>4,445,700</u>
<b>Deferred Inflows of Resources:</b>				
Leases				
Total Deferred Inflows of Resources	<u>374,998</u>	<u>-</u>	<u>-</u>	<u>374,998</u>
	<u>374,998</u>	<u>-</u>	<u>-</u>	<u>374,998</u>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	74,898	74,898
Permanent fund principal	-	-	203,682	203,682
<b>Restricted:</b>				
Debt service	-	-	4,327,457	4,327,457
Grant activities	-	-	2,394,166	2,394,166
Forestry improvements	-	-	367,868	367,868
Unemployment benefits	-	-	105,481	105,481
<b>Assigned:</b>				
Student activities	467,314	-	-	467,314
Capital improvements	796,927	-	-	796,927
<b>Unassigned</b>	<u>7,864,153</u>	<u>-</u>	<u>-</u>	<u>7,864,153</u>
Total Fund Balances	<u>9,128,394</u>	<u>-</u>	<u>7,473,552</u>	<u>16,601,946</u>
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	<u>\$ 11,903,594</u>	<u>\$ 873,162</u>	<u>\$ 8,645,888</u>	<u>\$ 21,422,644</u>

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

**GEORGE COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit C-1**

**June 30, 2022**

**Total fund balances for governmental funds** \$ 16,601,946

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	530,657	
Construction in progress	43,535	
Buildings	34,941,730	
Building improvements	3,098,165	
Improvements other than buildings	1,167,034	
Mobile equipment	5,275,761	
Furniture and equipment	2,493,598	
Accumulated depreciation	<u>(23,660,637)</u>	23,889,843

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	(46,864,184)	
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	8,996,650	
Deferred inflows of resources related to pensions	<u>(15,441,357)</u>	(53,308,891)

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	(3,012,277)	
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	807,960	
Deferred inflows of resources related to OPEB	<u>(1,053,347)</u>	(3,257,664)

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:

General obligation bonds payable	(3,193,000)	
Three mill notes payable	(2,035,000)	
Shortfall notes payable	(125,556)	
Installment purchase loans payable	(36,612)	
Qualified school construction bonds	(5,000,000)	
Deferred charges on bond refunding	160,145	
Compensated absences	(273,987)	
Accrued interest payable	<u>(18,758)</u>	(10,522,768)

**Net position of governmental activities** \$ (26,597,534)

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

**GEORGE COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2022**

**Exhibit D**

	Major Funds		Other	Total
	General	ARP ESSER	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Revenues:</b>				
Local sources	\$ 8,739,068	\$ -	\$ 1,094,347	\$ 9,833,415
State sources	21,331,806	-	1,150,511	22,482,317
Federal sources	802,427	5,291,857	7,990,360	14,084,644
Sixteenth section sources	91,103	-	9,417	100,520
Total Revenues	30,964,404	5,291,857	10,244,635	46,500,896
<b>Expenditures:</b>				
Instruction	18,112,766	145,058	5,118,945	23,376,769
Support services	11,451,577	1,035,716	1,863,194	14,350,487
Noninstructional services	16,716	5,358	2,374,587	2,396,661
Sixteenth section	958	-	33,380	34,338
Facilities acquisition and construction	1,318,535	-	-	1,318,535
Debt service:				
Principal	4,046	-	559,031	563,077
Interest	249	-	97,913	98,162
Other	-	-	82,090	82,090
Total Expenditures	30,904,847	1,186,132	10,129,140	42,220,119
Excess (Deficiency) of Revenues over (under) Expenditures	59,557	4,105,725	115,495	4,280,777
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	2,075,658	-	2,909,000	4,984,658
Payment to bond escrow agent	-	-	(2,831,160)	(2,831,160)
Insurance recovery	494,503	-	-	494,503
Sale of transportation equipment	950	-	-	950
Payment held by QSCB escrow agent	-	-	410,410	410,410
Payment to QSCB debt escrow agent	-	-	(410,410)	(410,410)
Operating transfers in	4,662,176	-	1,845,493	6,507,669
Other financing uses	(45,581)	-	(31,854)	(77,435)
Operating transfers out	(1,405,700)	(4,105,725)	(996,244)	(6,507,669)
Total Other Financing Sources (Uses)	5,782,006	(4,105,725)	895,235	2,571,516
Net Change in Fund Balances	5,841,563	-	1,010,730	6,852,293
<b>Fund Balances:</b>				
July 1, 2021	3,286,831	-	6,457,744	9,744,575
Increase (Decrease) in reserve for inventory	-	-	5,078	5,078
June 30, 2022	\$ 9,128,394	\$ -	\$ 7,473,552	\$ 16,601,946

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

**GEORGE 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, 2022**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 6,852,293

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	\$	1,759,840	
Depreciation expense		<u>(1,094,138)</u>	665,702

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.

(8,675)

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

Payments of debt principal		563,077	
Proceeds of bonds and notes		(4,984,658)	
Payment to bond refunding escrow agent		2,831,160	
Amorization of deferred charges on bond refunding		(16,015)	
Accrued interest payable		<u>59,078</u>	(1,547,358)

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. These activities include:

Pension expense		(2,981,153)	
Contributions subsequent to the measurement date		<u>3,797,773</u>	816,620

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. These activities include:

OPEB expense		93,297	
Contributions subsequent to the measurement date		<u>95,072</u>	188,369

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		3,035	
Change in inventory reserve		<u>5,078</u>	<u>8,113</u>

**Change in net position of governmental activities** \$ 6,975,064

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

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

The accompanying financial statements of the George County 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 George County School District's accounting policies are described below.

#### **A. Financial Reporting Entity**

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

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

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

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

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

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



## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

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 George County School District reports the following major governmental funds:

General Fund - This is the George County 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.

ARP ESSER – This fund is used to account for the Elementary and Secondary School Emergency Relief ARP Fund federal grant in response to the COVID-19 pandemic.

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 George County 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.

## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

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 George County School District based upon an order adopted by the school board of the George County School District requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the George County 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 leases are reported as other financing sources.

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

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

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

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

#### **D. Encumbrances**

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

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

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

###### **Cash and cash equivalents**

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

### Investments

The George County 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 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

### 6. Capital Assets

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

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

### 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 \$8,996,650 of deferred outflows related to its pension plan, \$807,960 related to its OPEB plan and \$160,145 of deferred outflows related to a bond refunding.

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 \$15,441,357 of deferred inflows related to its pension plan, \$1,053,347 related to its OPEB plan and \$374,998 related to sixteenth section lease receivables.

See Note 13 for further details.

### 8. Compensated Absences

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

### 9. Leases

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87) to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The George County School District uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

### 10. 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 7 for details.

### 11. 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.

### 12. 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.

### 13. Fund Balances

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

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

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

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 board approval of commitments. 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 management pursuant to authorization established by the school board.

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

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

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

### 14. Accounting Standards Update

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

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

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

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

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

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

The carrying amount of the George County School District's deposits with financial institutions reported in the governmental funds was \$12,454,536.

*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, 2022, none of the district's bank balance of \$13,752,386 was exposed to custodial credit risk.

#### **Cash with Fiscal Agents**

The carrying amount of George County School District's cash with fiscal agents held by financial institutions was \$198,188.

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

Investments

As of June 30, 2022, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AA+	1-5 years	\$ 3,111,614
Total			<u>\$ 3,111,614</u>

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

The district has the following recurring fair value measurements as of June 30, 2022:

- U.S. government securities type of investments of \$3,111,614 are valued using quoted market prices (Level 1 inputs)

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2022, the district did not have any investments to which this would apply.

*Concentration of Credit Risk.* Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2022, the district had the following investments:

Issuer	Fair Value	% of Total Investments
U.S. Government Securities	\$ 3,111,614	100%



GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

**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	ARP ESSER Fund	\$ 873,162
	Other governmental funds	1,157,817
Total		<u>\$ 2,030,979</u>

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,405,700
ARP ESSER Fund	General Fund	4,105,725
Other governmental funds	General Fund	556,451
	Other governmental funds	439,793
Total		<u>\$ 6,507,669</u>

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

**Note 4 – Restricted Assets**

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

In addition, restricted assets represent the cash balance and cash with fiscal agents balance, totaling \$952,079 and \$24, respectively, of the debt service funds that is restricted for future debt service requirements.

In addition, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$198,160 and \$1,398,000, respectively, of the 2009 QSCB Bond Fund.

In addition, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$4 and \$1,713,614, respectively, of the 2013 QSCB Bond Fund.

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

**Note 5 – Capital Assets**

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

	Balance 7/1/2021	Increases	Decreases	Balance 6/30/2022
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 530,657	\$ -	\$ -	\$ 530,657
Construction in progress	-	43,535	-	43,535
Total non-depreciable capital assets	530,657	43,535	-	574,192
<u>Depreciable capital assets:</u>				
Buildings	33,666,730	1,275,000	-	34,941,730
Building improvements	3,098,165	-	-	3,098,165
Improvement other than buildings	1,167,034	-	-	1,167,034
Mobile equipment	4,982,148	293,613	-	5,275,761
Furniture and equipment	2,531,470	147,692	(185,564)	2,493,598
Total depreciable capital assets	45,445,547	1,716,305	(185,564)	46,976,288
<u>Less accumulated depreciation for:</u>				
Buildings	14,914,092	574,437	-	15,488,529
Building improvements	1,539,079	99,206	-	1,638,285
Improvement other than buildings	844,100	19,023	-	863,123
Mobile equipment	3,513,844	261,007	-	3,774,851
Furniture and equipment	1,932,273	140,465	(176,889)	1,895,849
Total accumulated depreciation	22,743,388	1,094,138	(176,889)	23,660,637
Total depreciable capital assets, net	22,702,159	622,167	(8,675)	23,315,651
Governmental activities capital assets, net	\$ 23,232,816	\$ 665,702	\$ (8,675)	\$ 23,889,843

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 366,430
Support services	294,039
Non-instructional	433,669
Total depreciation expense - Governmental activities	<u>\$ 1,094,138</u>

The details of construction-in-progress are as follows:

	Spent to June 30, 2022	Remaining Commitment
HVAC Project	\$ 7,902	\$ -
Central Elem. Classroom	10,750	-
Rock Creek Elm Dining & Kitchen	10,750	-
Central Office Project	14,133	-
Total Construction in Progress	<u>\$ 43,535</u>	<u>\$ -</u>

Construction projects included in governmental activities are funded by the general fund along with other capital projects funds of the district. The above projects have not yet been bid as of June 30, 2022.

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

**Note 6 – Lease Receivable**

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-61 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of lease.

For the year ending June 30, 2022, the district recognized \$64,085 in revenue related to its sixteenth section leases.

**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 ensure 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	Principal Portion	Interest Portion	Total Payments
2023	\$ 40,440	13,601	\$ 54,041
2024	30,693	12,421	43,114
2025	27,927	11,346	39,274
2026	20,650	10,552	31,202
2027	13,796	9,726	23,522
2028 – 2032	70,114	40,051	110,165
2033 - 2037	51,396	28,243	79,639
2038 – 2042	58,868	17,692	76,560
2043 – 2047	28,029	9,731	37,760
2048-2052	20,608	4,902	25,510
Thereafter	18,922	12,225	31,147
Total	<u>\$ 381,442</u>	<u>\$ 170,491</u>	<u>\$ 551,932</u>

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A. General obligation bonds payable	\$ 3,145,000	\$ -	\$ (2,815,000)	\$ 330,000	\$ 160,000
General obligation refunding bonds payable	-	2,909,000	(46,000)	2,863,000	51,000
B. Three mill notes payable	245,000	2,035,000	(245,000)	2,035,000	204,000
C. Shortfall notes payable	233,587	-	(108,031)	125,556	60,503
D. Qualified school construction bonds payable	5,000,000	-	-	5,000,000	-
E. Installment loans payable	-	40,658	(4,046)	36,612	7,827
F. Compensated absences payable	277,022	-	(3,035)	273,987	-
Total	\$ 8,900,609	\$ 4,984,658	\$ (3,221,112)	\$ 10,664,155	\$ 483,330

**A. General obligation bonds payable**

General obligation bonds are direct obligations and pledge the full faith and credit of the George County School District. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, 2013	3.54%	8/15/2013	8/15/2032	\$ 4,000,000	\$ 330,000
2. General obligation refunding bonds, 2021	.880% - 1.5%	12/8/2021	6/1/2032	2,909,000	2,863,000
Total				<u>\$ 6,909,000</u>	<u>\$ 3,193,000</u>

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

Series 2013:

Year Ending June 30	Principal	Interest	Total
2023	\$ 160,000	\$ 7,500	\$ 167,500
2024	170,000	2,550	172,550
Total	<u>\$ 330,000</u>	<u>\$ 10,050</u>	<u>\$ 340,050</u>

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

Series 2021:

Year Ending June 30	Principal	Interest	Total
2023	\$ 51,000	\$ 49,454	\$ 100,454
2024	243,000	38,364	281,364
2025	239,000	36,224	275,224
2026	235,000	34,122	269,122
2027	257,000	32,054	289,054
2028-2032	1,838,000	79,010	1,917,010
Total	\$ 2,863,000	\$ 269,228	\$ 3,132,228

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

Total all series:

Year Ending June 30	Principal	Interest	Total
2023	\$ 211,000	\$ 56,954	\$ 267,954
2024	413,000	40,914	453,914
2025	239,000	36,224	275,224
2026	235,000	34,122	269,122
2027	257,000	32,054	289,054
2028-2032	1,838,000	79,010	1,917,010
Total	\$ 3,193,000	\$ 279,278	\$ 3,472,278

The amount of bonded indebtedness that can be incurred by the George County School District is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2021.

### Advance Refunding

On December 8, 2021, the district issued \$2,909,000 in general obligation bonds with an average interest rate of 1.2% to advance refund \$2,655,000 of outstanding 2013 general obligation bonds maturities of fiscal years 2025-2033 with an average interest rate of 3.54%. The net proceeds of \$2,831,160 after payments of \$77,840 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the series 2013 general obligation bonds.

As a result, the refunded portion of the 2013 series bonds is considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

The district advance refunded the 2013 series bonds to reduce its total debt service payments over the remaining 11 years of the debt by approximately \$200,000 and to realize an economic gain of approximately \$180,000.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax notes payable, Series 2022	2.42%	4/26/2022	4/26/2031	\$ 2,035,000	\$ 2,035,000
Total				<u>\$ 2,035,000</u>	<u>\$ 2,035,000</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 204,000	\$ 49,247	\$ 253,247
2024	209,000	44,310	253,310
2025	215,000	39,252	254,252
2026	220,000	34,049	254,049
2027	226,000	28,725	254,725
2028-2031	961,000	58,879	1,019,879
Total	<u>\$ 2,035,000</u>	<u>\$ 254,462</u>	<u>\$ 2,289,462</u>

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

**C. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note payable, 2020	1.88%	7/24/2020	7/24/2023	\$ 181,530	\$ 125,556
Total				<u>\$ 181,530</u>	<u>\$ 125,556</u>

The amount outstanding is included in due from other governments on the Statement of Net Position.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 60,503	\$ 2,296	\$ 62,799
2024	65,053	1,159	66,212
Total	<u>\$ 125,556</u>	<u>\$ 3,455</u>	<u>\$ 129,011</u>

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

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

**D. Qualified school construction bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB, series 2009	0%	11/5/2009	9/15/2024	\$ 2,000,000	\$ 2,000,000
QSCB, series 2013	0%	8/15/2013	6/18/2028	3,000,000	3,000,000
Total				<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

**E. Installment purchase loans payable**

The school district has entered into an installment purchase agreement for financing the acquisition of grounds maintenance equipment at a cost of \$40,658. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Grounds maintenance equipment	2.200%	12/30/2021	10/10/2026	\$ 40,658	\$ 36,612
Total				<u>\$ 40,658</u>	<u>\$ 36,612</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 7,827	\$ 763	\$ 8,590
2024	8,000	590	8,590
2025	8,177	413	8,590
2026	8,358	232	8,590
2027	4,250	47	4,297
Total	<u>\$ 36,612</u>	<u>\$ 2,045</u>	<u>\$ 38,657</u>

This debt will be retired from the district maintenance fund.

**F. Compensated absences payable**

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

## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

#### **Note 8 – Defined Benefit Pension Plan**

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

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the George County School District is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 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 George County School District's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$3,797,773, \$3,668,250 and \$3,689,343, 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, 2022, the George County School District reported a liability of \$46,864,184 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 George County School District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The George County School District's proportionate share used to calculate the June 30, 2022 net pension liability was .317069 percent, which was based on a measurement date of June 30, 2021. This was a decrease of .00136 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.



GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$2,981,153. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 750,739	\$ -
Net difference between projected and actual earnings on pension plan investments	-	14,071,313
Changes of assumptions	3,613,356	-
Changes in proportion and differences between District contributions and proportionate share of contributions	834,782	1,370,044
District contributions subsequent to the measurement date	3,797,773	-
Total	\$ <u>8,996,650</u>	\$ <u>15,441,357</u>

\$3,797,773 reported as deferred outflows of resources related to pensions resulting from George County 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, 2023. 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:	
2023	\$ (1,589,875)
2024	(2,175,258)
2025	(2,271,600)
2026	(4,205,747)
Total	<u>\$ (10,242,480)</u>

*Actuarial assumptions.* The total pension liability as of June 30, 2021 was determined by actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

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	%	4.60	%
International Equity	22.00		4.50	
Global Equity	12.00		4.80	
Fixed Income	20.00		(0.25)	
Real Estate	10.00		3.75	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		(1.00)	
Total	100	%		

*Discount rate.* The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.55%, 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 (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 66,370,671	\$ 46,864,184	\$ 30,789,286

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

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

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

**General Information about the OPEB Plan.**

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

*Benefits provided.*

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

*Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$95,072 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$3,012,277 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the District's proportion was .4679759 percent. This was a decrease of .0014 percent from the proportionate share as of the measurement date of June 30, 2020.

GEORGE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized OPEB expense of (\$93,297). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,276	\$ 941,900
Net difference between projected and actual earnings on OPEB plan investments	140	-
Changes of assumptions	487,860	101,878
Changes in proportion and differences between District contributions and proportionate share of contributions	221,612	9,569
District contributions subsequent to the measurement date	95,072	-
Total	<u>\$ 807,960</u>	<u>\$ 1,053,347</u>

\$95,072 reported as deferred outflows of resources related to OPEB resulting from George County 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, 2023. 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:

2023	\$ (59,210)
2024	(57,556)
2025	(54,959)
2026	(94,601)
2027	(74,133)
Total	<u>\$ (340,459)</u>

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Year FNP is projected to be depleted	
Measurement Date	2021
Prior Measurement Date	2020
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.13%
Prior Measurement Date	2.19%

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

### Health Care Cost Trends

Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate
Pre-Medicare	rate of 4.50% by 2030

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2021 valuation were based on the results of the last actuarial experience study, dated April 20, 2021.

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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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, 2021 was 2.13 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.19% to 2.13%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. 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, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 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 (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current discount rate:

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 3,334,160	\$ 3,012,277	\$ 2,737,823

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,790,147	\$ 3,012,277	\$ 3,263,655

*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/>.

## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

#### **Note 10 – State Compliance Testing**

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

#### **Note 11 – Contingencies**

**Federal Grants** – The George County 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 George County School District.

**Litigation** – The George County 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 George County School District with respect to the various proceedings. However, the George County 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 George County School District.

#### **Note 12 – Risk Management**

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

##### **Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi Municipal Workers' Compensation Group (MMWCG). The group is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. MMWCG covers risks of loss arising from injuries to the school district's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of the MMWCG contributes quarterly to a fund held in trust. The funds in the trust account are used to pay any claim up to \$500,000. For a claim exceeding \$500,000, MMWCG has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the pool members would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

## GEORGE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2022

#### **Note 13 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$47,837,704) 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 \$3,797,773 resulting from the George County 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, 2023. The \$5,198,877 balance of deferred outflow of resources related to pensions, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$47,837,704) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$15,441,357 balance of deferred inflow of resources related to pensions, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$47,837,704) 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 \$95,072 resulting from the George County 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, 2023. The \$712,888 balance of deferred outflow of resources related to OPEB, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$47,837,704) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,053,347 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$47,837,704) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$374,998 balance of deferred inflow of resources related to leases, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 61 years.

The net investment in capital assets net position amount of \$13,785,376 includes the effect of deferring the recognition of expenses resulting from a deferred outflow related to a bond refunding. The \$160,145 balance of deferred outflow of resources related to bond refunding, at June 30, 2022, will decrease the net investment in capital assets net position over the next 10 years.

#### **Note 14 – Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The school district did not apply for any subsidies for the year ended June 30, 2022.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2022

termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$1,596,160 and \$1,713,618, respectively. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

### QSCB series 2009

Year Ending June 30	Amount
2023	\$ 154,000
2024	154,000
2025	154,000
Total	<u>\$ 462,000</u>

### QSCB series 2013

Year Ending June 30	Amount
2023	\$ 200,000
2024	200,000
2025	210,000
2026	225,000
2027	210,000
2028	220,000
Total	<u>\$ 1,265,000</u>

### Note 15 - Insurance loss recoveries

The George County School District received \$494,503 in insurance loss recoveries related to storm damage during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other general revenue.

### 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 George County School District evaluated the activity of the district through February 6, 2023 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.



## REQUIRED SUPPLEMENTARY INFORMATION

**GEORGE COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 7,592,524	\$ 8,508,766	\$ 8,739,068	\$ 916,242	\$ 230,302
State sources	21,295,007	21,033,407	21,331,806	(261,600)	298,399
Federal sources	507,864	803,412	802,427	295,548	(985)
Sixteenth section sources	130,850	77,262	91,103	(53,588)	13,841
Total Revenues	29,526,245	30,422,847	30,964,404	896,602	541,557
<b>Expenditures:</b>					
Instruction	19,057,713	19,283,706	18,112,766	(225,993)	1,170,940
Support services	11,589,101	11,848,011	11,451,577	(258,910)	396,434
Noninstructional services	-	18,740	16,716	(18,740)	2,024
Sixteenth section	550	1,850	958	(1,300)	892
Facilities acquisition and construction	-	4,349,500	1,318,535	(4,349,500)	3,030,965
Debt service:					
Principal	-	4,295	4,046	(4,295)	249
Interest	-	-	249	-	(249)
Total Expenditures	30,647,364	35,506,102	30,904,847	(4,858,738)	4,601,255
Excess (Deficiency) of Revenues over (under) Expenditures	(1,121,119)	(5,083,255)	59,557	(3,962,136)	5,142,812
<b>Other Financing Sources (Uses):</b>					
Bonds and notes issued	-	2,035,000	2,075,658	2,035,000	40,658
Insurance recovery	1,445,100	494,580	494,503	(950,520)	(77)
Sale of transportation equipment	-	950	950	950	-
Operating transfers in	5,594,368	9,295,155	4,662,176	3,700,787	(4,632,979)
Operating transfers out	(5,610,216)	(5,373,661)	(1,405,700)	236,555	3,967,961
Other financing uses	-	(95,450)	(45,581)	(95,450)	49,869
Total Other Financing Sources (Uses)	1,429,252	6,356,574	5,782,006	4,927,322	(574,568)
Net Change in Fund Balances	308,133	1,273,319	5,841,563	965,186	4,568,244
<b>Fund Balances:</b>					
July 1, 2021	3,286,831	3,286,831	3,286,831	-	-
June 30, 2022	\$ 3,594,964	\$ 4,560,150	\$ 9,128,394	\$ 965,186	\$ 4,568,244

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

**GEORGE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**ARP ESSER Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,666,224	\$ 8,880,196	\$ 5,291,857	\$ 7,213,972	\$ (3,588,339)
Total Revenues	1,666,224	8,880,196	5,291,857	7,213,972	(3,588,339)
<b>Expenditures:</b>					
Instruction	55,000	2,267,803	145,058	(2,212,803)	2,122,745
Support services	1,031,725	1,949,528	1,035,716	(917,803)	913,812
Noninstructional expenses	-	49,621	5,358	(49,621)	44,263
Total Expenditures	1,086,725	4,266,952	1,186,132	(3,180,227)	3,080,820
Excess (Deficiency) of Revenues over (under) Expenditures	579,499	4,613,244	4,105,725	4,033,745	(507,519)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(579,499)	(4,613,244)	(4,105,725)	(4,033,745)	507,519
Total Other Financing Sources (Uses)	(579,499)	(4,613,244)	(4,105,725)	(4,033,745)	507,519
Net Change in Fund Balances	-	-	-	-	-
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

**GEORGE COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

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

**PERS**

**Last 10 Fiscal Years\***

		<u>2022</u>	<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	%	0.317069	0.318425	0.332435	0.307605	0.301474	0.297722	0.295996	0.283241
District's proportionate share of the net pension liability	\$	46,864,184	61,643,380	58,481,875	51,163,850	50,115,217	53,180,584	45,755,145	33,986,874
District's covered payroll	\$	21,081,897	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025	18,492,108	17,307,511
District's proportionate share of the net pension liability as a percentage of its covered payroll		222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	196.37%
Plan fiduciary net position as a percentage of the total pension liability		70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**GEORGE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERS**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,797,773	3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749	2,912,507
Contributions in relation to the contractually required contribution	\$ 3,797,773	3,668,250	3,689,343	3,409,971	3,093,850	3,046,009	2,999,749	2,912,507
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered payroll	21,826,282	21,081,897	21,203,121	21,650,610	19,643,492	19,339,740	19,046,025	18,492,108
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**GEORGE COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

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

**OPEB**

**Last 10 Fiscal Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018*</b>
District's proportion of the net OPEB liability	% 0.4679759	0.46937295	0.45899249	0.44323150	0.42775473
District's proportionate share of the net OPEB liability	\$ 3,012,277	3,652,698	3,894,739	3,428,617	3,356,202
District's covered-employee payroll	\$ 21,081,897	22,620,753	21,019,221	20,047,059	19,217,844
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	14.29%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	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.

**GEORGE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 95,072	121,074	145,669	156,113	143,080
Contributions in relation to the actuarially determined contribution	\$ 95,072	121,074	145,669	156,113	143,080
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	21,826,282	16,910,154	21,203,126	21,650,597	19,643,492
Contributions as a percentage of covered-employee payroll	0.44%	0.72%	0.69%	0.72%	0.73%

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

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

## **Notes to Required Supplementary Information**

### **Budgetary Comparison Schedule**

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

### **Pension Schedules**

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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



#### 2019:

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

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

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

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

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

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

#### 2021:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77; for females, 84% of female rates up to age 72, 100% for ages above 76; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments: for males, 134% of male rates at all ages; for females, 121% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments: for males, 97% of male rates at all ages; for females, 110% of female rates at all ages; and projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decreased from 6% to 4%.

(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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 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.

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% 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.

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

- (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, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

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	2.19%

## SUPPLEMENTARY INFORMATION

**GEORGE COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing No.</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - National school lunch program	10.555	205MS326N1099	\$ 114,600
COVID-19 - Summer food service program for children	10.559	205MS326N1099	3,171,339
Total child nutrition cluster			3,285,939
Total passed-through Mississippi Department of Education			3,285,939
<b>Total U.S. Department of Agriculture</b>			<b>3,285,939</b>
<b><u>U.S. Department of Interior</u></b>			
Direct program:			
Payment in lieu of taxes	15.226	N/A	23,106
<b>Total U.S. Department of Interior</b>			<b>23,106</b>
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve officers' training corps	12.357	N/A	73,191
<b>Total U.S. Department of Defense</b>			<b>73,191</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	685,501
<b>Total Federal Communications Commission</b>			<b>685,501</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A180024 S010A190024 S010A200024 S010A210024	1,578,810
Career and technical education - basic grants to states	84.048	VO048A210024	61,967
Education for homeless children and youth	84.196	ES196A200025 ES196A210025	88,492
Rural education	84.358	ES358B190024	68,933
Supporting Effective Instruction State Grants	84.367	S367A190023 S367A200023 S367A210023	5,441
School improvement grant	84.377A	S377A160025	2,779
Student Support and Academic Enrichment	84.424	S424A190025 S424A200025 S424A210025	27,336
Subtotal			1,833,758
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	167,273
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	1,479,101
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	5,291,857
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			6,938,231
Special education cluster:			
Special education - grants to states	84.027	H027A180108 H027A190108 H027A200108 H027A210108	1,021,542
IDEA, Part B ARP Grants	84.027x	H027X210108	112,296
Special education - preschool grants	84.173	H173A180113 H173A190113 H173A200113 H173A210113	25,802
Total special education cluster			1,159,640
Total passed-through Mississippi Department of Education			9,931,629
<b>Total U.S. Department of Education</b>			<b>9,931,629</b>

Continued on the next page

**GEORGE COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing No.</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	<u>85,279</u>
Total passed-through Mississippi Department of Education			<u>85,279</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><u>85,279</u></u>
 Total for All Federal Awards			 <u><u>\$ 14,084,645</u></u>

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

# GEORGE COUNTY SCHOOL DISTRICT

## Notes to the Supplementary Information For the Year Ended June 30, 2022

### 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 George County School District under programs of the federal government for the year ended June 30, 2022. 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 George County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the George 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 George County School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Noncash Awards

Donated commodities of \$177,746 are included in the COVID-19 – Summer Food Service Program for Children.

**GEORGE COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**

**For the Year Ended June 30, 2022**

<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	\$ 30,675,669	23,259,353	1,329,493	2,370,710	3,716,113
Other	11,544,450	3,347,367	238,732	14,432	7,943,919
Total	<u>\$ 42,220,119</u>	<u>26,606,720</u>	<u>1,568,225</u>	<u>2,385,142</u>	<u>11,660,032</u>
Total number of students *	<u>3,909</u>				
Cost per student	<u>\$ 10,801</u>	<u>6,807</u>	<u>401</u>	<u>610</u>	<u>2,983</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

**GEORGE COUNTY SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 8,739,068	\$ 7,722,596	\$ 7,654,631	\$ 7,225,533
State sources	21,331,806	21,395,045	21,564,714	20,614,906
Federal sources	802,427	344,496	246,493	353,815
Sixteenth section sources	91,103	159,928	62,724	176,226
Total Revenues	30,964,404	29,622,065	29,528,562	28,370,480
<b>Expenditures:</b>				
Instruction	18,112,766	18,177,895	18,662,197	18,029,179
Support services	11,451,577	10,263,283	9,754,333	9,515,144
Noninstructional services	16,716	1,037	10,715	1,641
Sixteenth section	958	540	333	516
Facilities acquisition and construction	1,318,535	-	8,500	-
Debt service:				
Principal	4,046	-	-	-
Interest	249	-	-	-
Total Expenditures	30,904,847	28,442,755	28,436,078	27,546,480
Excess (Deficiency) of Revenues over (under) Expenditures	59,557	1,179,310	1,092,484	824,000
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	2,075,658	181,530	-	710,000
Insurance recovery	494,503	125,927	-	-
Sale of transportation equipment	950	7,475	-	-
Operating transfers in	4,662,176	357,736	783,986	479,985
Other financing sources	-	-	-	2,623
Operating transfers out	(1,405,700)	(1,227,914)	(1,369,122)	(1,945,012)
Other financing uses	(45,581)	-	(11,475)	-
Total Other Financing Sources (Uses)	5,782,006	(555,246)	(596,611)	(752,404)
Extraordinary items	-	(195,250)	-	-
Net Change in Fund Balances	5,841,563	428,814	495,873	71,596
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,286,831	2,858,017	2,092,186	2,020,590
Prior period adjustments	-	-	269,958	-
Beginning of period, as restated	3,286,831	2,858,017	2,362,144	2,020,590
End of Period	\$ 9,128,394	\$ 3,286,831	\$ 2,858,017	\$ 2,092,186

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**GEORGE COUNTY SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 9,833,415	\$ 8,949,698	\$ 8,979,708	\$ 8,498,742
State sources	22,482,317	22,772,375	22,998,028	21,849,882
Federal sources	14,084,644	7,390,069	4,691,060	4,503,247
Sixteenth section sources	100,520	183,430	78,912	185,235
Total Revenues	46,500,896	39,295,572	36,747,708	35,037,106
<b>Expenditures:</b>				
Instruction	23,376,769	23,218,722	22,540,136	21,266,930
Support services	14,350,487	12,397,435	11,380,417	11,132,740
Noninstructional services	2,396,661	2,045,677	2,074,345	2,069,248
Sixteenth section	34,338	23,891	16,629	22,423
Facilities acquisition and construction	1,318,535	-	8,500	-
Debt service:				
Principal	563,077	445,454	438,749	375,000
Interest	98,162	116,247	122,752	126,932
Other	82,090	-	5,500	2,850
Total Expenditures	42,220,119	38,247,426	36,587,028	34,996,123
Excess (Deficiency) of Revenues over (under) Expenditures	4,280,777	1,048,146	160,680	40,983
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	4,984,658	181,530	-	861,260
Payment to bond escrow agent	(2,831,160)	-	-	-
Insurance recovery	494,503	125,927	-	-
Sale of transportation equipment	950	7,475	-	-
Payment held by QSCB escrow agent	410,410	330,916	-	-
Payment to QSCB debt escrow agent	(410,410)	(330,916)	-	-
Operating transfers in	6,507,669	2,159,865	3,170,800	2,927,835
Other financing sources	-	10,437	4	2,623
Operating transfers out	(6,507,669)	(2,159,865)	(3,170,800)	(2,927,835)
Other financing uses	(77,435)	-	(11,475)	(12,169)
Total Other Financing Sources (Uses)	2,571,516	325,369	(11,471)	851,714
Extraordinary items	-	(195,250)	-	-
Net Change in Fund Balances	6,852,293	1,178,265	149,209	892,697
<b>Fund Balances:</b>				
Beginning of period, as previously reported	9,744,575	8,587,218	8,137,531	7,233,801
Prior period adjustments	-	(1,840)	269,958	-
Beginning of period, as restated	9,744,575	8,585,378	8,407,489	7,233,801
Increase (Decrease) in reserve for inventory	5,078	(19,068)	30,520	11,033
End of Period	\$ 16,601,946	\$ 9,744,575	\$ 8,587,218	\$ 8,137,531

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

**CUNNINGHAM CPAs, PLLC**  
Certified Public Accountants & Consultants

202 Church Street  
Belzoni, Mississippi 39038  
Office: (662) 247-2416  
Fax: (662) 247-2420

10 South Bancroft Street  
Fairhope, Alabama 36532  
Office: (251) 929-7778  
Fax: (251) 929-7779

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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  
George County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of George County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise George County School District's basic financial statements, and have issued our report thereon dated February 6, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered George County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of George County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of George 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

A handwritten signature in dark ink that reads "Cunningham CPAs". The word "Cunningham" is written in a cursive script, and "CPAs" is written in a more blocky, sans-serif style.

Cunningham CPAs, PLLC

Belzoni, MS

February 6, 2023

**CUNNINGHAM CPAs, PLLC**  
Certified Public Accountants & Consultants

202 Church Street  
Belzoni, Mississippi 39038  
Office: (662) 247-2416  
Fax: (662) 247-2420

10 South Bancroft Street  
Fairhope, Alabama 36532  
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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  
George County School District

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

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

We have audited George County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of George County School District's major federal programs for the year ended June 30, 2022. George 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.

In our opinion, George County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of George County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of George County School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to George County School District's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on George County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about George County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding George County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of George County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 George County School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Cunningham CPAs, PLLC  
Belzoni, MS  
February 6, 2023



## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GEORGE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief I & II (ESSER)
84.425U	COVID-19 – Elementary and Secondary School Emergency Relief ARP III (ESSER)

Special Education Cluster:

84.027	Special Education – grants to states
84.027x	IDEA, Part B ARP Grant
84.173	Special Education – preschool grants

84.010	Title I – grants to local educational agencies
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8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

GEORGE COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). No

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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