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HARRISON COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

St. Clair CPA, PLLC  
Carriere, MS

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## INDEPENDENT AUDITOR'S REPORT

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**ST. CLAIR CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Harrison 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 Harrison 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 Harrison 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 Harrison County School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Harrison 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 Harrison 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 Responsibility 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 GAAS 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 GAAS 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 Harrison 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 Harrison 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 9-16, 53-54, 55, 56, 57 and 58 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 Harrison 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 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 3, 2023, on our consideration of the Harrison 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 Harrison 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 Harrison County School District's internal control over financial reporting and compliance.

***St. Clair CPA, PLLC***

St. Clair CPA, PLLC  
Carriere, MS  
February 3, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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HARRISON COUNTY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

The following discussion and analysis of Harrison County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

## **FINANCIAL HIGHLIGHTS**

- Total net position for 2022 increased \$20,357,888, including a prior period adjustment of (\$262,771), which represents a 1386% increase from fiscal year 2021. Total net position for 2021 increased \$903,482, including a prior period adjustment of (\$43,129), which represents a 38% increase from fiscal year 2020.
- General revenues amounted to \$133,364,043 and \$132,791,550, or 80% and 76% 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 \$33,212,987, or 20% of total revenues for 2022, and \$41,425,703, or 24% of total revenues for 2021.
- The District had \$145,956,371 and \$173,270,642 in expenses for fiscal years 2022 and 2021; only \$33,212,987 for 2022 and \$41,425,703 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$133,364,043 for 2022 and \$132,791,550 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$126,554,272 in revenues and \$117,001,430 in expenditures for 2022, and \$122,764,471 in revenues and \$109,767,650 in expenditures in 2021. The General Fund's fund balance increased by \$5,904,235, including a prior period adjustment of \$25,000 from 2021 to 2022, and increased by \$15,240,996 from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$13,034,649 for 2022 and increased by \$27,539,337 for 2021. The increase for 2022 was due primarily to the addition of completed construction.
- Long-term debt decreased by \$3,060,710 for 2022 and decreased by \$9,751,700 for 2021. This decrease for 2022 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$89,027 for 2022 and decreased by \$25,223 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 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 in the governmental funds category.

**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.

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. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,889,202 as of June 30, 2022.

The District's financial position is a product of several financial transactions including the net result of activities, the 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.

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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>Percentage Change</b>
Current assets	\$ 143,596,568	\$ 83,983,610	70.98 %
Restricted assets	33,174,501	47,946,654	(30.81) %
Capital assets, net	183,030,095	169,995,446	7.67 %
<b>Total assets</b>	<b>359,801,164</b>	<b>301,925,710</b>	<b>19.17 %</b>
<b>Deferred outflows of resources</b>	<b>32,229,173</b>	<b>35,355,925</b>	<b>(8.84) %</b>
Current liabilities	11,737,908	13,384,252	(12.30) %
Long-term debt outstanding	71,673,905	74,734,615	(4.10) %
Net OPEB liability	9,958,475	12,040,764	(17.29) %
Net pension liability	178,913,347	235,283,639	(23.96) %
<b>Total liabilities</b>	<b>272,283,635</b>	<b>335,443,270</b>	<b>(18.83) %</b>
<b>Deferred inflows of resources</b>	<b>100,857,500</b>	<b>3,307,051</b>	<b>2949.77 %</b>
<b>Net position:</b>			
Net investment in capital assets	120,579,246	121,055,405	(0.39) %
Restricted	33,793,217	17,819,094	89.65 %
Unrestricted	(135,483,261)	(140,343,185)	3.46 %
<b>Total net position</b>	<b>\$ 18,889,202</b>	<b>\$ (1,468,686)</b>	<b>1386.13 %</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)	\$ (135,483,261)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	203,199,093
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 67,715,832</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 \$13,034,649.
- The principal retirement of \$2,752,000 of long-term debt.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$166,577,030 and \$174,217,253, respectively. The total cost of all programs and services was \$145,956,371 for 2022 and \$173,270,642 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	\$ 2,259,691	\$ 3,470,912	(34.90) %
Operating grants and contributions	30,953,296	37,954,791	(18.45) %
General revenues:			
Property and gaming taxes	54,203,627	54,975,719	(1.40) %
Grants and contributions not restricted	75,249,855	71,405,890	5.38 %
Investment earnings	(320,227)	129,132	(347.98) %
Sixteenth section sources	2,968,213	2,107,644	40.83 %
Other	1,262,575	4,173,165	(69.75) %
<b>Total revenues</b>	<b>166,577,030</b>	<b>174,217,253</b>	<b>(4.39) %</b>
<b>Expenses:</b>			
Instruction	78,132,177	86,848,380	(10.04) %
Support services	53,338,346	47,306,495	12.75 %
Non-instructional	8,460,905	7,131,930	18.63 %
Sixteenth section	893,833	777,979	14.89 %
Pension expense	3,530,192	28,427,384	(87.58) %
OPEB expense	(447,053)	367,783	(221.55) %
Interest on long-term liabilities	2,047,971	2,410,691	(15.05) %
<b>Total expenses</b>	<b>145,956,371</b>	<b>173,270,642</b>	<b>(15.76) %</b>
<b>Increase (Decrease) in net position</b>	<b>20,620,659</b>	<b>946,611</b>	<b>2,078.37 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(1,468,686)</b>	<b>(2,372,168)</b>	<b>38.09 %</b>
<b>Prior Period Adjustment</b>	<b>(262,771)</b>	<b>(43,129)</b>	<b>(509.27) %</b>
<b>Net Position, July 1, as restated</b>	<b>(1,731,457)</b>	<b>(2,415,297)</b>	<b>28.31 %</b>
<b>Net Position, June 30</b>	<b>\$ 18,889,202</b>	<b>\$ (1,468,686)</b>	<b>1,386.13 %</b>

### Governmental activities

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ 78,132,177	\$ 86,848,380	(10.04) %
Support services	53,338,346	47,306,495	12.75 %
Non-instructional	8,460,905	7,131,930	18.63 %
Sixteenth section	893,833	777,979	14.89 %
Pension Expense	3,530,192	28,427,384	(87.58) %
OPEB Expense	(447,053)	367,783	(221.55) %
Interest on long-term liabilities	2,047,971	2,410,691	(15.05) %
<b>Total expenses</b>	<b>\$ 145,956,371</b>	<b>\$ 173,270,642</b>	<b>(15.76) %</b>

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ (64,171,832)	\$ (62,411,706)	(2.82) %
Support services	(46,955,439)	(39,607,772)	(18.55) %
Non-instructional	4,408,830	2,158,376	104.27 %
Sixteenth section	(893,833)	(777,979)	(14.89) %
Pension Expense	(3,530,192)	(28,427,384)	87.58 %
OPEB Expense	447,053	(367,783)	221.55 %
Interest on long-term liabilities	(2,047,971)	(2,410,691)	15.05 %
<b>Total net (expense) revenue</b>	<b>\$ (112,743,384)</b>	<b>\$ (131,844,939)</b>	<b>14.49 %</b>

- Net cost of governmental activities (\$112,743,384 for 2022 and \$131,844,939 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$54,203,627 for 2022 and \$54,975,719 for 2021) and state and federal revenues (\$75,249,855 for 2022 and \$71,405,890 for 2021). In addition, there was \$2,968,213 and \$2,107,644 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to (\$320,227) for 2022 and \$129,132 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 \$113,015,414, a decrease of \$7,016,562, which includes a prior period adjustment of \$36,094 and a decrease in inventory of \$123,490. \$30,227,446 or 27% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$82,787,968 or 73% 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 \$5,904,235, which includes a prior period adjustment of \$25,000. The fund balance of Other Governmental Funds showed an increase in the amount of \$4,785,491, which includes a decrease in reserve for inventory of \$123,490. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
ARP-ESSER III Fund	no increase or decrease
\$54 M Bond Construction Fund	\$ (17,706,288)

## BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue fund(s) 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 \$276,976,284, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$18,002,023 from 2021. Total accumulated depreciation as of June 30, 2022, was \$93,946,189, and total depreciation expense for the year was \$6,359,030, resulting in total net capital assets of \$183,030,095.

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

	June 30, 2022	June 30, 2021	Percentage Change
Land	\$ 4,168,293	\$ 4,176,112	(0.19) %
Construction in Progress	28,497,590	48,085,834	(40.74) %
Buildings	131,457,188	99,070,892	32.69 %
Building improvements	3,802,339	4,170,857	(8.84) %
Improvements other than buildings	4,585,998	4,924,524	(6.87) %
Mobile equipment	8,723,891	8,280,921	5.35 %
Furniture and equipment	1,794,796	1,286,306	39.53 %
<b>Total</b>	<b>\$ 183,030,095</b>	<b>\$ 169,995,446</b>	<b>7.67 %</b>

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

**Debt Administration.** At June 30, 2022, the District had \$71,673,905 in outstanding long-term debt, of which \$5,793,338 is due within one year. The liability for compensated absences decreased \$89,027 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	\$ 50,650,000	\$ 51,800,000	(2.22) %
Premiums	2,125,998	2,258,873	(5.88) %
Three mill notes payable	7,264,000	8,866,000	(18.07) %
Premiums	0	86,808	(100.00) %
Qualified school construction bonds payable	11,011,804	11,011,804	0.00 %
Compensated absences payable	622,103	711,130	(12.52) %
<b>Total</b>	<b><u>\$ 71,673,905</u></b>	<b><u>\$ 74,734,615</u></b>	<b>(4.10) %</b>

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

## **CURRENT ISSUES**

The Harrison County School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

## **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 Harrison County School District, 11072 Highway 49, Gulfport, Mississippi 39503.

## BASIC FINANCIAL STATEMENTS

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HARRISON COUNTY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 83,173,089
Due from other governments	6,149,355
Accrued interest receivable	14,634
Other receivables, net	975
Lease receivable	53,737,400
Inventories	521,115
Restricted assets (Note 4)	33,174,501
Non-depreciable capital assets (Note 5)	32,665,883
Depreciable capital assets, net (Note 5)	150,364,212
<b>Total Assets</b>	<u>359,801,164</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflow - pensions (Note 8)	29,950,670
Deferred outflow - OPEB (Note 9)	2,278,503
<b>Total Deferred Outflows of Resources</b>	<u>32,229,173</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	9,939,119
Due to other governments	79,136
Interest payable on long-term liabilities	1,719,653
<b>Long-term liabilities (Due within one year)</b>	
Capital related liabilities (Note 7)	5,610,695
Bond premiums (discounts) (Note 7)	132,875
Non-capital related liabilities (Note 7)	49,768
Net OPEB liability (Note 9)	322,848
<b>Long-term liabilities (Due beyond one year)</b>	
Capital related liabilities (Note 7)	63,315,109
Bond premiums (discounts) (Note 7)	1,993,123
Non-capital related liabilities (Note 7)	572,335
Net OPEB liability (Note 9)	9,635,627
Net pension liability (Note 8)	178,913,347
<b>Total Liabilities</b>	<u>272,283,635</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions (Note 8)	43,104,853
Deferred inflows - OPEB (Note 9)	3,451,591
Deferred inflows - leases (Note 6)	53,737,400
Deferred inflow - deferred credit on bonds payable	563,656
<b>Total Deferred Inflows of Resources</b>	<u>100,857,500</u>

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

HARRISON COUNTY SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	120,579,246
Restricted net position	
Expendable	
School-based activities	9,201,950
Debt service	9,080,562
Contractual commitments	12,930,986
Forestry improvements	81,723
Unemployment benefits	324,549
Non-expendable	
Sixteenth section	2,173,447
Unrestricted	<u>(135,483,261)</u>
Total Net Position	<u><u>\$ 18,889,202</u></u>

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

## HARRISON COUNTY SCHOOL DISTRICT

Exhibit B

## Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net
		Charges for Services	Operating Grants and Contributions	Position
				Governmental Activities
Governmental Activities				
Instruction	\$ 78,132,177	1,906,045	12,054,300	(64,171,832)
Support services	53,338,346	93,161	6,289,746	(46,955,439)
Non-instructional	8,460,905	260,485	12,609,250	4,408,830
Sixteenth section	893,833			(893,833)
Pension expense	3,530,192			(3,530,192)
OPEB expense	(447,053)			447,053
Interest on long-term liabilities	2,047,971			(2,047,971)
Total Governmental Activities	<u>145,956,371</u>	<u>2,259,691</u>	<u>30,953,296</u>	<u>(112,743,384)</u>
General Revenues				
Taxes				
General purpose levies				46,312,256
Debt purpose levies				5,153,368
Gaming				2,738,003
Unrestricted grants and contributions				
State				73,732,162
Federal				1,517,693
Unrestricted investment earnings				(320,227)
Sixteenth section sources				2,968,213
Other				1,262,575
Total General Revenues				<u>133,364,043</u>
Changes in Net Position				<u>20,620,659</u>
Net Position - Beginning, as previously reported				(1,468,686)
Prior Period Adjustments (Note 10)				(262,771)
Net Position - Beginning - as restated				<u>(1,731,457)</u>
Net Position - Ending				\$ 18,889,202

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

HARRISON COUNTY SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2022

Exhibit C

	Major Funds				
	General Fund	ARP - ESSER III Fund	\$54 M Bond Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 2)	\$ 83,173,089		7,985,037	16,634,037	107,792,163
Cash with fiscal agent (Note 2)				74,407	74,407
Investments (Note 2)				8,481,020	8,481,020
Due from other governments	2,394,771	1,382,367		2,372,217	6,149,355
Accrued interest receivable				14,634	14,634
Other receivables, net				975	975
Lease receivable	53,737,400				53,737,400
Due from other funds (Note 3)	3,288,589				3,288,589
Inventories				521,115	521,115
<b>Total Assets</b>	<b>142,593,849</b>	<b>1,382,367</b>	<b>7,985,037</b>	<b>28,098,405</b>	<b>180,059,658</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable & accrued liabilities	7,587,528		2,326,175	25,416	9,939,119
Due to other funds (Note 3)		1,382,367		1,906,222	3,288,589
Other payables				79,136	79,136
<b>Total Liabilities</b>	<b>7,587,528</b>	<b>1,382,367</b>	<b>2,326,175</b>	<b>2,010,774</b>	<b>13,306,844</b>
<b>Deferred Inflows of Resources</b>					
Leases	53,737,400				53,737,400
<b>Total Deferred Inflows of Resources</b>	<b>53,737,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,737,400</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Inventory				521,115	521,115
Permanent fund principal				2,173,447	2,173,447
<b>Restricted</b>					
Debt service				10,800,215	10,800,215
Capital projects			5,658,862	3,505,747	9,164,609
Forestry improvements				81,723	81,723
Unemployment benefits				324,549	324,549
Grant activities				8,680,835	8,680,835
Contractual commitments	12,930,986				12,930,986
<b>Assigned</b>					
School activities	1,194,557				1,194,557
School athletics	180,924				180,924
Insurance deductibles	208,960				208,960
Instructional support	616,015				616,015
Facility renovation and improvements	35,910,033				35,910,033
Unassigned	30,227,446				30,227,446
<b>Total Fund Balances</b>	<b>81,268,921</b>	<b>0</b>	<b>5,658,862</b>	<b>26,087,631</b>	<b>113,015,414</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>					
Resources and Fund Balances	\$ 142,593,849	1,382,367	7,985,037	28,098,405	180,059,658

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

## HARRISON COUNTY SCHOOL DISTRICT

Exhibit C-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 113,015,414
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	4,168,293	
Construction in progress	28,497,590	
Buildings	192,172,759	
Building improvements	11,863,817	
Improvement other than buildings	8,668,600	
Mobile equipment	20,579,327	
Furniture and equipment	11,025,898	
Accumulated depreciation	<u>(93,946,189)</u>	183,030,095
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		(178,913,347)
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	29,950,670	
Deferred inflows of resources related to pensions	<u>(43,104,853)</u>	(13,154,183)
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		(9,958,475)
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	2,278,503	
Deferred inflows of resources related to OPEB	<u>(3,451,591)</u>	(1,173,088)
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	(50,650,000)	
Notes payable	(7,264,000)	
Qualified school construction bonds payable	(11,011,804)	
Compensated absences	(622,103)	
Unamortized premiums	(2,125,998)	
Deferred credit on bonds payable	(563,656)	
Accrued interest payable	<u>(1,719,653)</u>	<u>(73,957,214)</u>
Total Net Position - Governmental Activities		<u>\$ 18,889,202</u>
The notes to the financial statements are an integral part of this statement.		

## HARRISON COUNTY SCHOOL DISTRICT

Exhibit D

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

	Major Funds				
	General Fund	ARP - ESSER III Fund	\$54 M Bond Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 48,378,333		8,795	7,755,963	56,143,091
State sources	73,732,162			1,534,090	75,266,252
Federal sources	1,517,693	4,086,332		25,332,874	30,936,899
Sixteenth section sources	2,926,084			42,129	2,968,213
Total Revenues	126,554,272	4,086,332	8,795	34,665,056	165,314,455
Expenditures					
Instruction	73,511,652	3,359,411	244,101	11,542,175	88,657,339
Support services	42,595,820	531,815	1,278,824	8,775,379	53,181,838
Noninstructional services	11,096			9,606,711	9,617,807
Sixteenth section	882,862			10,971	893,833
Facilities acquisition and construction		123,768	16,203,252	34,125	16,361,145
Debt service					
Principal (Note 7)				2,752,000	2,752,000
Interest				1,893,480	1,893,480
Other				9,600	9,600
Total Expenditures	117,001,430	4,014,994	17,726,177	34,624,441	173,367,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,552,842	71,338	(17,717,382)	40,615	(8,052,587)
Other Financing Sources (Uses)					
Insurance loss recoveries (Note 14)	200,434			883,487	1,083,921
Sale of other property	39,500				39,500
Operating transfers in (Note 3)	275,302			5,335,621	5,610,923
Payment held by bond escrow agent				809,998	809,998
Operating transfers out (Note 3)	(4,188,843)	(71,338)		(1,350,742)	(5,610,923)
Payment to bond escrow agent				(809,998)	(809,998)
Total Other Financing Sources (Uses)	(3,673,607)	(71,338)	0	4,868,366	1,123,421
Net Change in Fund Balances	5,879,235	0	(17,717,382)	4,908,981	(6,929,166)
Fund Balances					
July 1, 2021, as previously reported	75,364,686		23,365,150	21,302,140	120,031,976
Prior period adjustments (Note 10)	25,000		11,094		36,094
July 1, 2021, as restated	75,389,686	0	23,376,244	21,302,140	120,068,070
Decrease in reserve for inventory				(123,490)	(123,490)
June 30, 2022	\$ 81,268,921	0	5,658,862	26,087,631	113,015,414

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

HARRISON COUNTY SCHOOL DISTRICT  
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

	<u>Amount</u>	
Net Change in Fund Balance - Governmental Funds	\$	(6,929,166)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay	19,573,432	
Depreciation expense	<u>(6,359,030)</u>	13,214,402
In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(174,025)
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	2,752,000	
Accrued interest payable	(233,689)	
Deferred credit of bonds payable	<u>139,154</u>	2,657,465
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(3,530,192)	
Contributions made subsequent to the measurement date	<u>14,557,939</u>	11,027,747
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	447,053	
Contributions made subsequent to the measurement date	<u>322,848</u>	769,901
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Change in compensated absences	89,027	
Change in inventory reserve	(123,490)	
Amortization of deferred charges, premiums and discounts	<u>88,798</u>	54,335
Changes in Net Position of Governmental Activities	\$	<u>20,620,659</u>

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

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

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

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

For financial reporting purposes, Harrison 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.

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

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

The school district reports the following major governmental funds:

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

ARP - ESSER III Fund - This special revenue fund is federally funded and is used to provide additional funds for the prevention and protection from the COVID 19 pandemic.

\$54 M Bond Construction Fund - This capital projects fund is used to account for construction and renovation projects in the school district and is financed with the proceeds of the issuance of general bonds of \$54,000,000.

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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

#### **D. Encumbrances**

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

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

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

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

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

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

#### Investments

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

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

Investments for the district are reported at fair market value.

#### 2. Receivables and payables

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

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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

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

#### 5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 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

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

### 7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows are directly related to pension reporting, OPEB reporting.

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

See Note 6, 7, 8, 9 and 15 for further details.

### 8. Compensated Absences

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

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

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

#### 9. 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 school district uses the minimum rate of 4% interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease payments when the rate implicit in the sixteenth section lease is not known. See Note 6 for more information regarding sixteenth section lease future revenues.

#### 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.

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

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

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

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

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

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

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

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

It is the goal of the Harrison County School District to achieve and maintain an unassigned fund balance in the General Fund at the end of the fiscal year of not less than 7% of total local and state revenues in the General Fund.

#### 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.

#### **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:

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

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

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

#### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$107,792,163.

*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.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$74,407.

#### Investments

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

HARRISON COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

Investment Type	Rating	Maturities (in years)	Fair Value
US Treasury State and Local Government	N/A	Less than 1	\$ 2,564,623
QSCB Construction Bonds Common Trust	Aaa	1 to 5	<u>5,916,397</u>
Total			<u>\$ 8,481,020</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:

- US Treasury State and Local Government type of investments of \$2,564,623 are valued using quoted market prices (Level 1 inputs)
- QSCB Construction Bonds Common Trust type of investments of \$5,916,397 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
Trustmark Bank - QSCB Construction Bonds Common Trust	<u>\$ 5,916,397</u>	<u>69.80%</u>

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

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

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

Receivable Fund	Payable Fund	Amount
General Fund	Major Fund - ARP ESSER III Fund	\$ 1,382,367
	Other Governmental Funds	1,906,222
Total		<u>\$ 3,288,589</u>

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 4,188,843
Major fund - ARP ESSER III Fund	Other Governmental Funds	71,338
Other governmental funds	General Fund	275,302
	Other Governmental Funds	1,075,440
Total		<u>\$ 5,610,923</u>

The transfer out of the General Fund was for the purpose of funding the vocational program (Fund 2711) and the district building project fund (Fund 3027) in the Other Governmental Funds. The transfer from the Major Fund—ARP ESSER III Fund to the Other Governmental Funds was to the administrative cost pool fund as approved in the project application. The transfers within the Other Governmental Funds were between the Child Nutrition Fund and for transfers to the administrative cost pool fund as approved in the federal consolidated project application.

**Note 4 – Restricted Assets**

The restricted assets of \$33,174,501 represent the cash balance, cash with fiscal agent, and investment balance, totaling \$24,619,074, \$74,407 and \$8,481,020, respectively, of the balances of special revenue funds, school bond construction funds, debt service funds and Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

**Note 5 – Capital Assets**

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

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

	Balance 7/1/2021	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2022
<b>Governmental Activities:</b>						
<u>Non-depreciable capital assets:</u>						
Land	\$ 4,176,112		(7,819)			4,168,293
Construction-in-progress	48,085,834	16,361,145		(35,938,296)	(11,093)	28,497,590
Total non-depreciable capital assets	52,261,946	16,361,145	(7,819)	(35,938,296)	(11,093)	32,665,883
<u>Depreciable capital assets:</u>						
Buildings	156,376,901		(142,438)	35,938,296		192,172,759
Building improvements	11,863,817					11,863,817
Improvements other than buildings	8,668,600					8,668,600
Mobile equipment	20,171,741	1,780,423	(1,372,837)			20,579,327
Furniture and equipment	9,631,256	1,431,864	(43,471)		6,249	11,025,898
Total depreciable capital assets	206,712,315	3,212,287	(1,558,746)	35,938,296	6,249	244,310,401
<u>Less accumulated depreciation for:</u>						
Buildings	57,306,009	3,523,513	(113,951)			60,715,571
Building improvements	7,692,960	368,518				8,061,478
Improvements other than buildings	3,744,076	338,526				4,082,602
Mobile equipment	11,890,820	1,200,169	(1,235,553)			11,855,436
Furniture and equipment	8,344,950	928,304	(43,036)		884	9,231,102
Total accumulated depreciation	88,978,815	6,359,030	(1,392,540)	0	884	93,946,189
Total depreciable capital assets, net	117,733,500	(3,146,743)	(166,206)	35,938,296	5,365	150,364,212
Governmental activities capital assets, net	\$ 169,995,446	13,214,402	(174,025)	0	(5,728)	183,030,095

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 1,562,193
Support services	4,597,299
Non-instructional	199,538
Total depreciation expense - Governmental activities	\$ 6,359,030

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

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
D-Iberville New K-8 School	\$ 28,339,697	2,801,794
Fieldhouses	34,125	0
ESSER - IAQ Energy Services Project	123,768	12,930,986
Total governmental activities	\$ 28,497,590	15,732,780

Construction projects included in governmental activities are funded with Major Fund - \$54M Bond Construction Fund, Major Fund – ARP ESSER III Fund and the District Maintenance Fund. The fieldhouses projects have not been bid out as of June 30, 2022.

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

### Note 6 – Leases

#### As Lessee:

The school district is a lessee for various noncancellable leases of [buildings, equipment, etc.]. For leases that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the school district recognized a lease and an intangible right-to-use lease asset.

Currently, the school district does not have any leases of equipment, buildings, etc. that have a lease term of more than 12 months.

#### As Lessor:

The school district is a lessor for multiple sixteenth section leases for residential, hunting and fishing, commercial, etc. Additionally, the district has two land leases that are not 16<sup>th</sup> section leases which are included in the lease receivables and deferred inflow as resources. The majority of the district's sixteenth section leases are commercial leases based on the Consumer Price Index (CPI) which causes the annual rental payment to change annually. The lease maturities range from 1 – 42 years. The net present value of future lease payments has been calculated 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 the lease.

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

The District's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the District. The District has, however, included in its financial statements at year end the net present value of \$53,737,400 for future lease payments as a lease receivable and as deferred inflows of resources. The total amount of inflows of resources including lease revenue and interest revenue recognized during the current fiscal year is \$2,753,920.

### 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	Adjustment	Balance 6/30/2022	Amounts due within one year
A. General obligation bonds payable	\$ 51,800,000		1,150,000		50,650,000	1,200,000
Premiums	2,258,873		132,875		2,125,998	132,875
B. Three mill notes payable	8,866,000		1,602,000		7,264,000	1,807,000
Premiums	86,808		29,597	(57,211)	0	0
C. Qualified school construction bonds payable	11,011,804				11,011,804	2,603,695
D. Compensated absences payable	711,130		89,027		622,103	49,768
Total	\$ 74,734,615	0	3,003,499	(57,211)	71,673,905	5,793,338

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Obligation Bonds, 2019	3-4%	06/12/19	06/01/39	<u>\$ 54,000,000</u>	<u>\$ 50,650,000</u>

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

1. General obligation bond issue of 2019:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,200,000	1,694,750	2,894,750
2024	1,250,000	1,646,750	2,896,750
2025	2,175,000	1,596,750	3,771,750
2026	2,175,000	1,509,750	3,684,750
2027	2,400,000	1,422,750	3,822,750
2028 – 2032	14,550,000	5,553,250	20,103,250
2033 – 2037	18,300,000	2,987,250	21,287,250
2038 – 2039	8,600,000	390,000	8,990,000
Total	<u>\$ 50,650,000</u>	<u>16,801,250</u>	<u>67,451,250</u>

This debt will be retired from the GO Bond Retirement Fund (Debt Service Fund) and the EEF Building and Bus Fund (Special Revenue Fund).

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022, the amount of outstanding bonded indebtedness was equal to 4.7% of property assessments as of October 1, 2021.

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$455,230) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972).

**B. Three mill notes payable**

Debt currently outstanding is as follows:

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill refunding notes, 2015	1.5-3.0	02/02/15	02/01/27	\$ 2,925,000	0
2. Three mill notes, 2017	2.575	07/06/17	07/06/26	3,000,000	2,400,000
3. Three mill refunding notes, 2020-A	1.2	12/07/20	06/01/25	5,892,000	3,417,000
4. Three mill refunding notes, 2020-B	1.9	12/07/20	06/01/26	1,594,000	1,447,000
Total				<u>\$ 13,411,000</u>	<u>7,264,000</u>

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

1. The Three mill refunding notes, 2015 were paid in full during the fiscal year.
2. Three mill notes payable issue of 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 500,000	60,950	560,950
2024	625,000	48,450	673,450
2025	650,000	32,668	682,668
2026	625,000	16,093	641,093
Total	<u>\$ 2,400,000</u>	<u>158,161</u>	<u>2,558,161</u>

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

3. Three mill notes payable issue of 2020-A:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,227,000	41,004	1,268,004
2024	1,187,000	26,280	1,213,280
2025	1,003,000	12,036	1,015,036
Total	<u>\$ 3,417,000</u>	<u>79,320</u>	<u>3,496,320</u>

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

4. Three mill notes payable issue of 2020-B:

Year Ending June 30	Principal	Interest	Total
2023	\$ 80,000	27,493	107,493
2024	81,000	25,973	106,973
2025	81,000	24,434	105,434
2026	1,205,000	22,895	1,227,895
Total	<u>\$ 1,447,000</u>	<u>\$ 100,795</u>	<u>\$ 1,547,795</u>

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

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,807,000	129,447	1,936,447
2024	1,893,000	100,703	1,993,703
2025	1,734,000	69,138	1,803,138
2026	1,830,000	38,988	1,868,988
Total	\$ 7,264,000	\$ 338,276	\$ 7,602,276

### C. Qualified school construction bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds, 2009	0*	12/29/09	09/15/22	\$ 3,000,000	\$ 2,603,695
2. Qualified school construction bonds, 2012	0*	05/16/12	12/15/26	10,000,000	8,408,109
Total				\$ 13,000,000	11,011,804

\*These bonds were issued as 0% debt with a balloon payment at the end of the term. An imputed interest rate of 2.25% was considered in arriving at the amount outstanding.

### D. Compensated absences payable

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

## Note 8 – Defined Benefit Pension Plan

### General Information about the Pension Plan

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$14,557,939, \$14,004,259 and \$14,081,696, 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 school district reported a liability of \$178,913,347 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 school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2022 net pension liability was 1.210474 percent, which was based on a measurement date of June 30, 2021. This was a decrease of .004907 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.

For the year ended June 30, 2022, the District recognized pension expense of \$3,530,192. 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	\$ 2,123,497	\$
Net difference between projected and actual earnings on pension plan investments		43,104,853
Changes of assumptions	10,219,019	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,050,215	
District contributions subsequent to the measurement date	14,557,939	
Total	\$ 29,950,670	\$ 43,104,853

\$14,557,939 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$(5,431,515)
2024	(5,431,515)
2025	(6,072,878)
2026	(10,776,214)

*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 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

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 253,383,245	\$ 178,913,347	\$ 117,544,228

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

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

#### General Information about the OPEB Plan.

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

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

*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 \$322,848 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 \$9,958,475 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 1.54711095 percent. This was a decrease of .00013138 percent from the proportionate share as of the measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$447,053). 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	\$ 10,830	\$ 3,113,886
Changes of assumptions	1,612,848	336,806
Net difference between projected and actual earnings on OPEB plan investments	464	
Changes in proportion and differences between District contributions and proportionate share of contributions	331,513	899
District contributions subsequent to the measurement date	322,848	
<b>Total</b>	<b>\$ 2,278,503</b>	<b>\$ 3,451,591</b>

\$322,848 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 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	\$ (334,359)
2024	(310,909)
2025	(251,015)
2026	(360,214)
2027	(239,439)

*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:

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate rate of
Pre-Medicare	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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

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	\$ 11,022,609	\$ 9,958,475	\$ 9,051,141

*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	\$ 9,224,123	\$ 9,958,475	\$ 10,798,521

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

**Note 10 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
1. To adjust capital assets to subsidiary ledger	\$ (5,728)
2. To correct a prior period error - remove the deferred outflow - advance refunding on bonds for bonds that were paid off	(293,137)
3. Restatement of a prior period asset/liability	36,094
Total	<u>\$ (262,771)</u>

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

Fund	Explanation	Amount
General Fund	Restatement of a prior period asset/liability	\$ 25,000
Major Fund - \$54 M Bond Construction Fund	Restatement of a prior period asset/liability	11,094
Total		<u>\$ 36,094</u>

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

#### **Note 11 – Contingencies**

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

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

#### **Note 12 – Risk Management**

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

#### **Note 13 – Qualified School Construction Bonds**

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

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 for Series 2009 and Series 2012 was \$2,639,027 and \$5,916,401, 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.

# HARRISON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

### QSCB, Series 2009:

Year Ending June 30	Amount
2023	\$ 215,000

### QSCB, Series 2012:

Year Ending June 30	Amount
2023	\$ 810,000
2024	805,000
2025	805,000
2026	805,000
2027	805,000
Total	\$ 4,030,000

### Total for all QSCBs:

Year Ending June 30	Amount
2023	\$ 1,025,000
2024	805,000
2025	805,000
2026	805,000
2027	805,000
Total	\$ 4,245,000

### Note 14 - Insurance loss recoveries

The Harrison County School District received \$1,083,921 in insurance loss recoveries related to Hurricane Zeta damage and bus accident 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 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$135,483,261) 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 \$14,557,939 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$15,392,731 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.

## HARRISON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

The unrestricted net position amount of (\$135,483,261) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$43,104,853 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 (\$135,483,261) 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 \$322,848 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$1,955,655 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 (\$135,483,261) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$3,451,591 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 net investment in capital assets net position of \$120,579,246 includes the effect of deferring the recognition of revenue resulting from a deferred credit on bonds payable. The \$563,656 balance of deferred credit on bonds payable, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

#### **Note 16 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Harrison County School District evaluated the activity of the district through February 3, 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

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HARRISON COUNTY SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the 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
Revenues					
Local sources	\$ 47,607,760	48,378,333	48,378,333	770,573	0
State sources	73,227,986	73,732,162	73,732,162	504,176	0
Federal sources	381,000	761,734	1,517,693	380,734	755,959
Sixteenth section sources	2,204,905	2,924,084	2,926,084	719,179	2,000
Total Revenues	<u>123,421,651</u>	<u>125,796,313</u>	<u>126,554,272</u>	<u>2,374,662</u>	<u>757,959</u>
Expenditures					
Instruction	90,850,111	73,505,652	73,511,652	17,344,459	(6,000)
Support services	45,205,728	41,845,860	42,595,820	3,359,868	(749,960)
Noninstructional services	3,100	11,096	11,096	(7,996)	0
Sixteenth section	767,555	882,862	882,862	(115,307)	0
Total Expenditures	<u>136,826,494</u>	<u>116,245,470</u>	<u>117,001,430</u>	<u>20,581,024</u>	<u>(755,960)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,404,843)</u>	<u>9,550,843</u>	<u>9,552,842</u>	<u>22,955,686</u>	<u>1,999</u>
Other Financing Sources (Uses)					
Insurance loss recoveries	0	200,434	200,434	200,434	0
Sale of other property	0	39,500	39,500	39,500	0
Operating transfers in	31,913,333	27,021,920	275,302	(4,891,413)	(26,746,618)
Operating transfers out	(30,442,119)	(26,585,461)	(4,188,843)	3,856,658	22,396,618
Total Other Financing Sources (Uses)	<u>1,471,214</u>	<u>676,393</u>	<u>(3,673,607)</u>	<u>(794,821)</u>	<u>(4,350,000)</u>
Net Change in Fund Balances			<u>5,879,235</u>		
Fund Balances					
July 1, 2021, as previously reported			75,364,686		
Prior period adjustments			25,000		
July 1, 2021, as restated			<u>75,389,686</u>		
June 30, 2022			<u>\$ 81,268,921</u>		

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

HARRISON COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - ARP - ESSER III Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 42,097,059	42,450,628	4,086,332	353,569	(38,364,296)
Total Revenues	<u>42,097,059</u>	<u>42,450,628</u>	<u>4,086,332</u>	<u>353,569</u>	<u>(38,364,296)</u>
Expenditures					
Instruction	19,498,658	24,690,523	3,359,411	(5,191,865)	21,331,112
Support services	8,932,775	9,768,510	531,815	(835,735)	9,236,695
Noninstructional services	25,000	25,000	0	0	25,000
Sixteenth section			0	0	0
Facilities acquisition and construction	8,753,164	4,981,867	123,768	3,771,297	4,858,099
Total Expenditures	<u>37,209,597</u>	<u>39,465,900</u>	<u>4,014,994</u>	<u>(2,256,303)</u>	<u>35,450,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,887,462</u>	<u>2,984,728</u>	<u>71,338</u>	<u>(1,902,734)</u>	<u>(2,913,390)</u>
Other Financing Sources (Uses)					
Operating transfers out	(5,000,000)	(3,147,862)	(71,338)	1,852,138	3,076,524
Total Other Financing Sources (Uses)	<u>(5,000,000)</u>	<u>(3,147,862)</u>	<u>(71,338)</u>	<u>1,852,138</u>	<u>3,076,524</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2021			<u>0</u>		
June 30, 2022			<u>\$ 0</u>		

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

HARRISON COUNTY SCHOOL DISTRICT  
Schedule of the District's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years \*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's proportion of the net pension liability	1.210474%	1.215381%	1.665870%	1.158152%
District's proportionate share of the net pension liability	\$ 178,913,347	235,283,639	205,225,670	192,635,086
District's covered payroll	\$ 80,484,247	80,929,287	75,976,813	73,959,035
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%
Plan fiduciary net position as a percentage of the total pension	70.44%	58.97%	61.59%	62.54%

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	1.143972%	1.145656%	1.260410%	1.069512%
District's proportionate share of the net pension liability	\$ 190,166,973	204,642,768	174,057,396	129,878,408
District's covered payroll	\$ 73,386,476	73,290,425	70,348,610	65,352,692
District's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	279.22%	247.42%	198.73%
Plan fiduciary net position as a percentage of the total pension	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the FYE 6-30-15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contribution	\$ 14,557,939	14,004,259	14,081,696	11,966,348
Contributions in relation to the contractually required contribution	\$ 14,557,939	14,004,259	14,081,696	11,966,348
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	83,666,316	80,484,247	80,929,287	75,976,813
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 11,648,548	11,558,370	11,543,242	11,079,906
Contributions in relation to the contractually required contribution	\$ 11,648,548	11,558,370	11,543,242	11,079,906
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	73,959,035	73,386,476	73,290,425	70,348,610
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in the FYE 6-30-15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

HARRISON COUNTY SCHOOL DISTRICT  
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	1.54711095%	1.54724233%	1.54385648%	1.51191105%	1.47284567%
District's proportionate share of the net OPEB liability	\$ 9,958,475	12,040,764	13,100,255	11,695,388	11,556,080
Covered employee payroll	\$ 80,484,247	80,929,287	75,976,813	73,959,035	73,386,476
District's proportionate share of the net OPEB liability as a percentage	12.37%	14.88%	17.24%	15.81%	15.75%
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.

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 322,848	400,266	480,184	525,099	492,653
Contributions in relation to the actuarially determined contribution	\$ 322,848	400,266	480,184	525,099	492,653
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 83,666,316	80,484,247	80,929,287	75,976,813	73,959,035
Contributions as a percentage of covered employee payroll	0.39%	0.50%	0.59%	0.69%	0.67%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

HARRISON COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2022

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%.

HARRISON COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2022

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%.

HARRISON COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2022

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

HARRISON COUNTY SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2022

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

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HARRISON COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - National school lunch program - seamless summer option	10.555	225MS326N1099	\$ 9,333,707
COVID -19 - Emergency operational cost reimbursement program	10.555	225MS326N1099	586,234
Fresh fruits and vegetable program	10.582	225MS326N1603	370,024
Total child nutrition cluster			10,289,965
Total passed-through Mississippi Department of Education			10,289,965
<b>Total U.S. Department of Agriculture</b>			10,289,965
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve officers' training corps	12.xxx	Not Applicable	222,487
<b>Total U.S. Department of Defense</b>			222,487
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A210024	5,790,148
Career and technical education - basic grants to states	84.048	V048A210024	208,897
English language acquisition grants	84.365	S365A200024	95,882
Supporting effective instruction - state grants	84.367	S367A200023	901,371
Student support and academic enrichment program	84.424	S424A200025	407,349
Total			7,403,647
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	44,166
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	1,378,976
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425U210031	4,086,332
COVID-19 - CTE ESSER Grant	84.425D	S425D200031	16,550
Total education stabilization funds			5,526,024
Special education cluster:			
Special education - grants to states	84.027A	H027A210108	3,922,315
Special education - preschool grants	84.173A	H173A210113	94,180
COVID-19 - IDEA ARP	84.027X	H027X210108	149,656
COVID-19 - Preschool ARP	84.173X	H173X210113	1,678
Total special education cluster			4,167,829
Total passed-through Mississippi Department of Education			17,097,500
<b>Total U.S. Department of Education</b>			17,097,500
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	2205MS5ADM	16,125
Total passed-through Mississippi Department of Education			16,125
<b>Total U.S. Department of Health and Human Services</b>			16,125
Total for All Federal Awards			\$ 27,626,077

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$765,259 are included in the COVID-19 – National Summer Lunch Program – Seamless Summer Option.

(5) Other Items

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

HARRISON COUNTY SCHOOL DISTRICT

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	\$ 113,916,558	86,901,371	2,684,128	8,455,858	15,875,201
Other	<u>59,450,484</u>	<u>14,591,397</u>	<u>631,933</u>	<u>265,717</u>	<u>43,961,437</u>
Total	<u>173,367,042</u>	<u>101,492,768</u>	<u>3,316,061</u>	<u>8,721,575</u>	<u>59,836,638</u>
 Total number of students	 <u>12,883</u>				
 Cost per student	 <u>\$ 13,457</u>	 <u>7,878</u>	 <u>257</u>	 <u>677</u>	 <u>4,645</u>

Notes to the schedule.

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

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

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

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

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

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

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## OTHER INFORMATION

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

	UNAUDITED			
	2022	2021*	2020*	2019*
Revenues				
Local sources	\$ 48,378,333	49,257,225	48,210,877	51,550,015
State sources	73,732,162	70,943,256	72,867,997	69,028,606
Federal sources	1,517,693	462,634	537,822	545,439
Sixteenth section sources	2,926,084	2,101,356	2,493,092	1,942,147
Total Revenues	<u>126,554,272</u>	<u>122,764,471</u>	<u>124,109,788</u>	<u>123,066,207</u>
Expenditures				
Instruction	73,511,652	71,220,306	72,980,608	68,597,987
Support services	42,595,820	37,681,822	37,082,692	36,584,343
Noninstructional services	11,096	1,380	472	500
Sixteenth section	882,862	764,549	1,110,715	681,193
Facilities acquisition and construction	0	0	108,361	592,872
Debt service				
Principal	0	0	0	246,884
Interest	0	0	0	2,889
Other	0	99,593	0	0
Total Expenditures	<u>117,001,430</u>	<u>109,767,650</u>	<u>111,282,848</u>	<u>106,706,668</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,552,842</u>	<u>12,996,821</u>	<u>12,826,940</u>	<u>16,359,539</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	200,434	69,297	12,651	32,207
Sale of other property	39,500	4,000,000	0	0
Operating transfers in	275,302	330,063	658,188	523,670
Operating transfers out	(4,188,843)	(2,155,185)	(16,895,611)	(4,522,456)
Total Other Financing Sources (Uses)	<u>(3,673,607)</u>	<u>2,244,175</u>	<u>(16,224,772)</u>	<u>(3,966,579)</u>
Net Change in Fund Balances	<u>5,879,235</u>	<u>15,240,996</u>	<u>(3,397,832)</u>	<u>12,392,960</u>
Fund Balances:				
Beginning of period, as previously reported	75,364,686	60,123,690	62,901,081	50,480,987
Prior period adjustments	25,000	0	0	27,134
Fund Reclassification - GASB 84	<u>0</u>	<u>0</u>	<u>620,441</u>	<u>0</u>
Beginning of period, as restated	<u>75,389,686</u>	<u>60,123,690</u>	<u>63,521,522</u>	<u>50,508,121</u>
End of period	<u>\$ 81,268,921</u>	<u>75,364,686</u>	<u>60,123,690</u>	<u>62,901,081</u>

\* Source - Prior year audit reports.

HARRISON COUNTY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

	UNAUDITED			
	2022	2021*	2020*	2019*
Revenues				
Local sources	\$ 56,143,091	57,592,837	58,130,034	58,738,629
State sources	75,266,252	73,331,786	75,516,307	71,479,230
Federal sources	30,936,899	36,028,895	24,299,879	21,679,114
Sixteenth section sources	2,968,213	2,107,644	2,657,364	1,981,724
Total Revenues	<u>165,314,455</u>	<u>169,061,162</u>	<u>160,603,584</u>	<u>153,878,697</u>
Expenditures				
Instruction	88,657,339	95,312,387	85,314,120	78,919,175
Support services	53,181,838	48,361,125	49,145,320	46,412,527
Noninstructional services	9,617,807	8,273,189	9,001,120	8,287,342
Sixteenth section	893,833	777,979	1,130,404	699,905
Facilities acquisition and construction	16,361,145	31,279,911	16,747,839	2,004,662
Debt service				
Principal	2,752,000	17,054,610	2,310,000	1,450,281
Interest	1,893,480	2,728,084	2,109,958	364,556
Other	9,600	200,860	239,937	60,347
Total Expenditures	<u>173,367,042</u>	<u>203,988,145</u>	<u>165,998,698</u>	<u>138,198,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,052,587)</u>	<u>(34,926,983)</u>	<u>(5,395,114)</u>	<u>15,679,902</u>
Other Financing Sources (Uses)				
Proceeds of general obligation bonds	0	0	0	54,000,000
Proceeds of refunding bonds	0	7,486,000	0	2,657,498
Insurance loss recoveries	1,083,921	982,926	12,651	
Payment held by bond escrow agent	0	0	0	32,207
Sale of other property	39,500	4,000,000	0	0
Operating transfers in	5,610,923	2,810,509	17,553,799	5,200,945
Payments held by escrow agent - QZAB and QSCB	809,998	1,091,896	1,138,630	1,180,185
Operating transfers out	(5,610,923)	(2,810,509)	(17,553,799)	(5,200,945)
Payment to escrow agent - QZAB and QSCB	(809,998)	(1,091,896)	(1,138,630)	(1,180,185)
Total Other Financing Sources (Uses)	<u>1,123,421</u>	<u>12,468,926</u>	<u>12,651</u>	<u>56,689,705</u>
Net Change in Fund Balances	<u>(6,929,166)</u>	<u>(22,458,057)</u>	<u>(5,382,463)</u>	<u>72,369,607</u>
Fund Balances:				
Beginning of period, as previously reported	120,031,976	142,562,440	146,880,387	74,613,764
Prior period adjustments	36,094	0	0	8,343
Fund Reclassification - GASB 84	0	0	620,441	0
Beginning of period, as restated	<u>120,068,070</u>	<u>142,562,440</u>	<u>147,500,828</u>	<u>74,622,107</u>
Increase (Decrease) in reserve for inventory	<u>(123,490)</u>	<u>(72,407)</u>	<u>444,075</u>	<u>(111,327)</u>
End of period	<u>\$ 113,015,414</u>	<u>120,031,976</u>	<u>142,562,440</u>	<u>146,880,387</u>

\* Source - Prior year audit reports.

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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**ST. CLAIR CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board  
Harrison County School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harrison County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Harrison County School District's basic financial statements, and have issued my report thereon dated February 3, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

February 3, 2023

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

**Independent Auditor's Report**

Superintendent and School Board  
Harrison County School District

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

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

I have audited Harrison 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 Harrison County School District's major federal programs for the year ended June 30, 2022. Harrison 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 my opinion, Harrison County School District complied, in all material respects, with the 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***

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). My 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.

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

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## ***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 Harrison County School District's federal programs.

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

My 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 Harrison 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 GAAS, *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 Harrison County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I did

- 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 Harrison 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 Harrison 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 Harrison County School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be significant deficiencies.

*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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2022-001 and 2022-02], to

be significant deficiencies.

My 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Harrison County School District's response to the internal control over compliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. Harrison County School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

February 3, 2023

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

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

Superintendent and School Board  
Harrison County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Harrison County School District as of and for the year ended June 30, 2022, which collectively comprise Harrison County School District's basic financial statements and have issued my report thereon dated February 3, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. My finding and recommendation and Harrison County School District's response are as follows:

## **Finding No.1**

CRITERIA: *Section 25-11-127(4), Mississippi Code Annotated (1972)*, requires the school district hiring service retirees to notify PERS in writing by completing and filing Form 4B “Certification/Acknowledgement of Reemployment of Retiree” with the PERS office within five (5) days of employment and the amount of compensation is limited based on their election on the PERS Form 4B.

CONDITION: While testing a sample of fourteen (14) PERS Form 4Bs for reemployment of retirees, it was noted that eleven (11) of the Form 4s were not submitted to PERS within the required five days employment.

CAUSE: The cause of the condition was a failure to follow the state law and PERS rules and regulations.

EFFECT: The district is not in compliance with *Section 25-11-127(4), Miss. Code of 1972* and the rules and regulations of PERS.

RECOMMENDATION: It is recommended that the district strengthen controls to ensure compliance with *Section 25-11-127(4), Mississippi Code Annotated (1972)*, by properly completing and filing the Form 4Bs within five (5) days of employment.

VIEWS OF RESPONSIBLE OFFICIAL: The District will continue to ensure compliance with *Section 25-11-127(4)* by properly completing and filing the form 4Bs within the five (5) days of employment.

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

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

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

February 3, 2023

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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HARRISON 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 the financial statements? | No            |

**Federal Awards:**

- |   |            |
|---|------------|
| 4. Internal control over major programs:  |            |
| a. Material weakness(es) identified?  | No         |
| b. Significant deficiency(ies) identified?  | Yes        |
| 5. Type of auditor's report issued on compliance for major programs:                                  | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes        |
| 7. Federal program identified as major program:   |            |

<u>Assistance Listing Nos.</u>	<u>Name of Federal Program or Cluster</u>
10.555, 10.582	Child Nutrition Cluster
84.425D	COVID-19 – Education Stabilization Fund (ESSER) I
84.425D	COVID-19 – Education Stabilization Fund (ESSER) II
84.425U	COVID-19 – Education Stabilization Fund (ESSER) ARP III
84.425D	COVID-19 – CTE ESSER Grant

- |  |           |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs:  | \$828,782 |
| 9. Auditee qualified as a low-risk auditee?  | No        |
| 10. Prior fiscal year federal award audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes       |

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

Significant deficiencies identified that are not considered to be material weaknesses.

**Finding 2022-001**

Reference Number:	<b>2022-001</b>
Federal Agency:	U.S. Department of Agriculture
Federal Program:	National school lunch program – seamless summer option

HARRISON COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Assistance Listing No.: 10.555  
Compliance Requirement: Activities Allowed or Unallowed  
Type of Finding: Significant deficiency in Internal Control over Compliance

CRITERIA: Cost charged to the federal program must be for program related purposes.

CONDITION: Management charged the salary of a school district bus driver to the federal program.

CAUSE: The cause of the condition was an error by management.

EFFECT: The effect of the condition resulted in \$16,425.66 of unallowed cost being charged to the federal program.

QUESTIONED COST: None

PREVALENCE OF AUDIT FINDING: This condition is considered to be an isolated incident.

REPEAT FINDING: This is not a repeat finding.

RECOMMENDATION: It is recommended that management exercise caution in coding salaries such that salaries to be charged to local sources not be charged to federal programs. In addition, it is recommended that \$16,425.66 be transferred from the district maintenance fund to the child nutrition program fund.

VIEWS OF RESPONSIBLE OFFICIAL: See Auditee's Corrective Action Plan

**Finding 2022-002**

Reference Number: **2022-002**  
Federal Agency: U.S. Department of Education  
Federal Program: Supporting effective instruction – state grants  
Assistance Listing No.: 84.367  
Compliance Requirement: Activities Allowed or Unallowed  
Type of Finding: Significant deficiency in Internal Control over Compliance

CRITERIA: The grant application outlined specific criteria and conditions that were to be met. Incentive pay for recruitment and retention of math teachers was an allowable cost as part of the grant. One criterion was the maximum number of absences a teacher was allowed during the school year, which was eight (8) days, then they were no longer eligible to receive incentive pay.

CONDITION: Management paid one (1) math teacher incentive pay of \$6,254 (including fringe benefits) when the teacher's absences exceeded the eight (8) days allowed. Policy Code GBCAA Recruitment and Retention Procedures outlined this criteria and was signed by the employee and principal. Since the employee's absences exceeded what was allowed, that employee should not have received the incentive pay.

CAUSE: The cause of the condition was oversight by management.

EFFECT: The effect of the condition resulted in overpayment of salary to the teacher and \$6,254 of unallowed cost being charged to the federal program.

QUESTIONED COST: None

PREVALENCE OF AUDIT FINDING: This condition is considered to be an isolated incident.

REPEAT FINDING: This is not a repeat finding.

RECOMMENDATION: It is recommended that management exercise due diligence and caution regarding incentive pay to ensure that all program criteria are met. In addition, it is recommended that management consult with the Mississippi Department of Education regarding repayment of \$6,254 to the federal program. It is further recommended that management consult with legal counsel regarding the teacher's restitution to the district for the overpayment in salary.

HARRISON COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

VIEWS OF RESPONSIBLE OFFICIAL: See Auditee's Corrective Action Plan

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

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# Harrison County School District

11072 Highway 49 Gulfport, MS 39503  
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E. Mitchell King, Superintendent of Education

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## CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Harrison County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2022:

### Finding

### Corrective Action Plan Details

2022-001

- a. Name of contact person responsible for corrective action: Mitchell King
- b. Corrective action planned: Personnel and federal program directors will review coding of all employees prior to payment. Child nutrition program has been reimbursed the unallowed cost.
- c. Anticipated completion date: June 30, 2023

2022-002

- a. Name of contact person responsible for corrective action: Mitchell King
- b. Corrective action planned: The District has amended policy on incentive pay to require it to be paid at the end of the year, after criteria has been verified. Repayment has been requested from the employee.
- c. Anticipated completion date: June 30, 2023

Sincerely,



Superintendent of Education



# Harrison County School District

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E. Mitchell King, Superintendent of Education


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## Summary of Prior Year Audit Findings

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), the Harrison County School District has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of June 30, 2022.

<u>Finding</u>	<u>Status</u>
2021-001	Corrected

Sincerely,

  
Superintendent of Education

