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LAFAYETTE 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  
Lafayette County School District

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

***Opinions***

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette 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 Lafayette County School District's basic financial statements as listed in the table of contents.

In my 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 Lafayette 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***

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Lafayette County School District and to meet my other ethical responsibilities, in accordance with the 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 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 Lafayette 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***

My 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 my 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*, I

- 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 Lafayette 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lafayette County School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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, 49-50, 51, 52, 53 and 54 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette 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 my 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 my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated September 22, 2023, on my consideration of the Lafayette County School District's internal control over financial reporting and on my 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 my 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 Lafayette 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 Lafayette County School District's internal control over financial reporting and compliance.

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

St. Clair CPA, PLLC  
Carriere, MS  
September 22, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Lafayette 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 \$3,357,058, including a prior period adjustment of \$37,067, which represents a 15% increase from fiscal year 2021. Total net position for 2021 decreased \$4,054,895, including a prior period adjustment of (\$14,824), which represents a 23% decrease from fiscal year 2020.
- General revenues amounted to \$27,056,412 and \$25,978,210, or 82% and 80% 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 \$5,857,481, or 18% of total revenues for 2022, and \$6,496,056, or 20% of total revenues for 2021.
- The District had \$29,593,902 and \$36,514,337 in expenses for fiscal years 2022 and 2021; only \$5,857,481 for 2022 and \$6,496,056 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$27,056,412 for 2022 were adequate to provide for these programs. General revenues of \$25,978,210 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$25,904,188 in revenues and \$24,454,078 in expenditures for 2022, and \$24,339,693 in revenues and \$24,371,624 in expenditures in 2021. The General Fund's fund balance increased by \$739,117 from 2021 to 2022, including a prior period adjustment of \$24,799, and decreased by \$189,913 from 2020 to 2021, including a prior period adjustment of \$20,507.
- Capital assets, net of accumulated depreciation, decreased by \$1,193,201 for 2022 and increased by \$1,534,928 for 2021. The decrease for 2022 was due primarily to the disposal of capital assets coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$262,321 for 2022 and decreased by \$1,638,343 for 2021. This decrease for 2022 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$103,192 for 2022 and decreased by \$7,212 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, 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. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$18,561,723 as of June 30, 2022.

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

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



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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>Percentage Change</b>
Current assets	\$ 6,315,128	\$ 5,429,920	16.30 %
Restricted assets	3,506,341	2,203,217	59.15 %
Capital assets, net	42,117,581	43,310,782	(2.75) %
<b>Total assets</b>	<b>51,939,050</b>	<b>50,943,919</b>	<b>1.95 %</b>
<b>Deferred outflows of resources</b>	<b>6,968,135</b>	<b>7,176,267</b>	<b>(2.90) %</b>
Current liabilities	1,909,767	1,679,349	13.72 %
Long-term debt outstanding	27,026,611	27,288,932	(0.96) %
Net OPEB liability	2,090,632	2,559,516	(18.32) %
Net pension liability	36,790,725	47,914,092	(23.22) %
<b>Total liabilities</b>	<b>67,817,735</b>	<b>79,441,889</b>	<b>(14.63) %</b>
<b>Deferred inflows of resources</b>	<b>9,651,173</b>	<b>597,078</b>	<b>1516.40 %</b>
<b>Net position:</b>			
Net investment in capital assets	17,077,371	16,388,679	4.20 %
Restricted	1,514,274	2,018,241	(24.97) %
Unrestricted	(37,153,368)	(40,325,701)	7.87 %
<b>Total net position</b>	<b>\$ (18,561,723)</b>	<b>\$ (21,918,781)</b>	<b>15.32 %</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)	\$ (37,153,368)
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	41,592,303
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 4,438,935</u>

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

- Decrease in net capital assets in the amount of \$1,193,201.
- The principal retirement of \$1,808,000 of long-term debt.
- The issuance of new debt in the amount of \$1,800,000.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$32,913,893 and \$32,474,266, respectively. The total cost of all programs and services was \$29,593,902 for 2022 and \$36,514,337 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	\$ 1,194,025	\$ 1,169,675	2.08 %
Operating grants and contributions	4,638,990	5,326,381	(12.91) %
Capital Grants and Contributions	24,466	0	N/A
General revenues:			
Property taxes	11,242,574	10,900,882	3.13 %
Grants and contributions not restricted	15,761,026	15,073,507	4.56 %
Investment earnings	7,891	3,821	106.52 %
Other	44,921	0	N/A
<b>Total revenues</b>	<b>32,913,893</b>	<b>32,474,266</b>	<b>1.35 %</b>
<b>Expenses:</b>			
Instruction	16,458,837	17,710,348	(7.07) %
Support services	10,289,153	11,002,243	(6.48) %
Non-instructional	1,216,424	1,049,761	15.88 %
Pension expense	855,190	5,761,082	(85.16) %
OPEB expense	(89,502)	87,895	(201.83) %
Interest on long-term liabilities	863,800	903,008	(4.34) %
<b>Total expenses</b>	<b>29,593,902</b>	<b>36,514,337</b>	<b>(18.95) %</b>
<b>Increase (Decrease) in net position</b>	<b>3,319,991</b>	<b>(4,040,071)</b>	<b>182.18 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(21,918,781)</b>	<b>(17,863,886)</b>	<b>(22.70) %</b>
<b>Prior Period Adjustment</b>	<b>37,067</b>	<b>(14,824)</b>	<b>350.05 %</b>
<b>Net Position, July 1, as restated</b>	<b>(21,881,714)</b>	<b>(17,878,710)</b>	<b>(22.39) %</b>
<b>Net Position, June 30</b>	<b>\$ (18,561,723)</b>	<b>\$ (21,918,781)</b>	<b>15.32 %</b>

### Governmental activities

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ 16,458,837	\$ 17,710,348	(7.07) %
Support services	10,289,153	11,002,243	(6.48) %
Non-instructional	1,216,424	1,049,761	15.88 %
Pension Expense	855,190	5,761,082	(85.16) %
OPEB Expense	(89,502)	87,895	(201.83) %
Interest on long-term liabilities	863,800	903,008	(4.34) %
<b>Total expenses</b>	<b>\$ 29,593,902</b>	<b>\$ 36,514,337</b>	<b>(18.95) %</b>

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ (13,644,645)	\$ (14,521,817)	6.04 %
Support services	(9,154,136)	(9,448,879)	3.12 %
Non-instructional	691,848	704,400	(1.78) %
Pension Expense	(855,190)	(5,761,082)	85.16 %
OPEB Expense	89,502	(87,895)	201.83 %
Interest on long-term liabilities	(863,800)	(903,008)	4.34 %
<b>Total net (expense) revenue</b>	<b>\$ (23,736,421)</b>	<b>\$ (30,018,281)</b>	<b>20.93 %</b>

- Net cost of governmental activities (\$23,736,421 for 2022 and \$30,018,281 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$11,242,574 for 2022 and \$10,900,882 for 2021) and state and federal revenues (\$15,761,026 for 2022 and \$15,073,507 for 2021).
- Investment earnings amounted to \$7,891 for 2022 and \$3,821 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 \$8,169,154, an increase of \$1,967,438, which includes an increase in inventory of \$9,080. \$4,138,020 or 51% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,031,134 or 49% 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 \$739,117, which includes a prior period adjustment of \$24,799. The fund balance of Other Governmental Funds showed a decrease in the amount of \$490,802, which includes a prior period adjustment of (\$24,799) and an increase in reserve for inventory of \$9,080. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
ARP ESSER Fund		no increase or decrease
3 Mill Capital Project Fund	\$	1,719,123

## 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 \$60,787,627, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$138,274 from 2021. Total accumulated depreciation as of June 30, 2022, was \$18,670,046, and total depreciation expense for the year was \$1,559,071, resulting in total net capital assets of \$42,117,581.

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

	June 30, 2022	June 30, 2021	Percentage Change
Land	\$ 436,877	\$ 436,877	0.00 %
Buildings	36,314,290	37,198,767	(2.38) %
Building improvements	1,431,065	1,508,162	(5.11) %
Improvements other than buildings	2,315,212	2,472,576	(6.36) %
Mobile equipment	1,035,407	1,243,491	(16.73) %
Furniture and equipment	584,730	450,909	29.68 %
<b>Total</b>	<b>\$ 42,117,581</b>	<b>\$ 43,310,782</b>	<b>(2.75) %</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 \$27,026,611 in outstanding long-term debt, of which \$1,300,796 is due within one year. The liability for compensated absences decreased \$103,192 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	\$ 22,370,000	\$ 23,790,000	(5.97) %
Premium on bonds	2,140,882	2,292,011	(6.59) %
Limited Tax Notes	2,280,000	868,000	162.67 %
Compensated absences payable	235,729	338,921	(30.45) %
<b>Total</b>	<b><u>\$ 27,026,611</u></b>	<b><u>\$ 27,288,932</u></b>	<b><u>(0.96) %</u></b>

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

## **CURRENT ISSUES**

The Lafayette 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 Lafayette County School District, 100 Commodore, Oxford, Mississippi 38655.

## BASIC FINANCIAL STATEMENTS

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,089,054
Cash with fiscal agent	5,000
Due from other governments	1,180,012
Other receivables, net	100
Inventories	39,723
Prepaid items	1,239
Restricted assets (Note 4)	3,506,341
Non-depreciable capital assets (Note 5)	436,877
Depreciable capital assets, net (Note 5)	41,680,704
Total Assets	<u>51,939,050</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 7)	6,427,216
Deferred outflow - OPEB (Note 8)	513,011
Deferred outflow - advance refunding on bonds	27,908
Total Deferred Outflows of Resources	<u>6,968,135</u>
Liabilities	
Accounts payable and accrued liabilities	1,587,004
Interest payable on long-term liabilities	257,452
Other payables	65,311
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 6)	1,163,000
Bond premiums (discounts) (Note 6)	118,938
Non-capital related liabilities (Note 6)	18,858
Net OPEB liability (Note 8)	67,221
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 6)	23,487,000
Bond premiums (discounts) (Note 6)	2,021,944
Non-capital related liabilities (Note 6)	216,871
Net OPEB liability (Note 8)	2,023,411
Net pension liability (Note 7)	36,790,725
Total Liabilities	<u>67,817,735</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 7)	8,863,837
Deferred inflows - OPEB (Note 8)	787,336
Total Deferred Inflows of Resources	<u>9,651,173</u>
Net Position	
Net investment in capital assets	17,077,371
Restricted net position	
Expendable	
School-based activities	845,127
Debt service	640,654
Unemployment benefits	28,493
Unrestricted	<u>(37,153,368)</u>
Total Net Position	<u>\$ (18,561,723)</u>
The notes to the financial statements are an integral part of this statement.	



LAFAYETTE COUNTY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2022

Exhibit B

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities					
Instruction	\$ 16,458,837	1,133,596	1,680,596		(13,644,645)
Support services	10,289,153	6,676	1,103,875	24,466	(9,154,136)
Non-instructional	1,216,424	53,753	1,854,519		691,848
Pension expense	855,190				(855,190)
OPEB expense	(89,502)				89,502
Interest on long-term liabilities	863,800				(863,800)
Total Governmental Activities	<u>29,593,902</u>	<u>1,194,025</u>	<u>4,638,990</u>	<u>24,466</u>	<u>(23,736,421)</u>
General Revenues					
Taxes					
General purpose levies					8,996,379
Debt purpose levies					2,246,195
Unrestricted grants and contributions					
State					15,540,120
Federal					220,906
Unrestricted investment earnings					7,891
Other					44,921
Total General Revenues					<u>27,056,412</u>
Changes in Net Position					<u>3,319,991</u>
Net Position - Beginning, as previously reported					(21,918,781)
Prior Period Adjustments (Note 9)					37,067
Net Position - Beginning - as restated					<u>(21,881,714)</u>
Net Position - Ending					<u>\$ (18,561,723)</u>

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

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

Exhibit C

	Major Funds			
	General Fund	ARP ESSER Fund	3 Mill Capital Project Fund	Other Governmental Funds
				Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 5,089,054		1,785,948	1,720,393
Cash with fiscal agent (Note 2)	5,000			5,000
Due from other governments	317,883	247,687		614,442
Other receivables, net	100			100
Due from other funds (Note 3)	738,977			13,610
Inventories				39,723
Prepaid items	1,239			1,239
<b>Total Assets</b>	<b>6,152,253</b>	<b>247,687</b>	<b>1,785,948</b>	<b>2,388,168</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable & accrued liabilities	1,467,686	10,982	66,825	41,511
Due to other funds (Note 3)		236,705		515,882
Other payables	9,903			55,408
<b>Total Liabilities</b>	<b>1,477,589</b>	<b>247,687</b>	<b>66,825</b>	<b>612,801</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory				39,722
Prepaid items	1,239			1,239
<b>Restricted</b>				
Debt service				898,106
Capital projects			1,719,123	3,641
Unemployment benefits				28,493
Grant activities				805,405
<b>Assigned</b>				
School activities	535,405			535,405
<b>Unassigned</b>	<b>4,138,020</b>			<b>4,138,020</b>
<b>Total Fund Balances</b>	<b>4,674,664</b>	<b>0</b>	<b>1,719,123</b>	<b>1,775,367</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,152,253</b>	<b>247,687</b>	<b>1,785,948</b>	<b>2,388,168</b>

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

## LAFAYETTE 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		\$ 8,169,154
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	436,877	
Buildings	46,284,125	
Building improvements	3,154,761	
Improvements other than buildings	4,631,794	
Mobile equipment	4,235,019	
Furniture and equipment	2,045,051	
Accumulated depreciation	<u>(18,670,046)</u>	42,117,581
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		(36,790,725)
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	6,427,216	
Deferred inflows of resources related to pensions	<u>(8,863,837)</u>	(2,436,621)
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(2,090,632)
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	513,011	
Deferred inflows of resources related to OPEB	<u>(787,336)</u>	(274,325)
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	(22,370,000)	
Bond premiums	(2,140,882)	
Notes payable	(2,280,000)	
Compensated absences	(235,729)	
Unamortized charges	27,908	
Accrued interest payable	<u>(257,452)</u>	<u>(27,256,155)</u>
Total Net Position - Governmental Activities		<u>\$ (18,561,723)</u>

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

## LAFAYETTE 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 Fund	3 Mill Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 10,141,986		948	2,301,556	12,444,490
State sources	15,540,120			515,551	16,055,671
Federal sources	222,082	450,669		3,696,060	4,368,811
Total Revenues	25,904,188	450,669	948	6,513,167	32,868,972
Expenditures					
Instruction	15,314,773	91,140		2,225,450	17,631,363
Support services	9,127,080	335,063	48,325	1,153,593	10,664,061
Noninstructional services	3,905			1,576,515	1,580,420
Facilities acquisition and construction	8,320	24,466	33,500		66,286
Debt service					
Principal (Note 6)				1,808,000	1,808,000
Interest				1,003,135	1,003,135
Other				2,270	2,270
Total Expenditures	24,454,078	450,669	81,825	7,768,963	32,755,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,450,110	0	(80,877)	(1,255,796)	113,437
Other Financing Sources (Uses)					
Proceeds of loans (Note 6)			1,800,000		1,800,000
Insurance loss recoveries (Note 13)	12,202				12,202
Sale of transportation equipment	19,669				19,669
Sale of other property	13,050				13,050
Operating transfers in (Note 3)	1,193			1,050,962	1,052,155
Operating transfers out (Note 3)	(781,906)			(270,249)	(1,052,155)
Total Other Financing Sources (Uses)	(735,792)	0	1,800,000	780,713	1,844,921
Net Change in Fund Balances	714,318	0	1,719,123	(475,083)	1,958,358
Fund Balances					
July 1, 2021, as previously reported	3,935,547			2,266,169	6,201,716
Prior period adjustments (Note 9)	24,799			(24,799)	
July 1, 2021, as restated	3,960,346	0	0	2,241,370	6,201,716
Increase in reserve for inventory				9,080	9,080
June 30, 2022	\$ 4,674,664	0	1,719,123	1,775,367	8,169,154

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

## LAFAYETTE COUNTY SCHOOL DISTRICT

Exhibit D-1

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

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 1,958,358

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	351,250	
Depreciation expense	<u>(1,559,071)</u>	(1,207,821)

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.

(22,447)

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:

Bonds and notes issued	(1,800,000)	
Payments of debt principal	1,808,000	
Accrued interest payable	<u>(9,524)</u>	(1,524)

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	(855,190)	
Contributions made subsequent to the measurement date	<u>3,028,491</u>	2,173,301

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	89,502	
Contributions made subsequent to the measurement date	<u>67,221</u>	156,723

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	103,192	
Change in inventory reserve	9,080	
Amortization of deferred charges, premiums and discounts	<u>151,129</u>	263,401

Changes in Net Position of Governmental Activities	<u><u>\$ 3,319,991</u></u>
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The notes to the financial statements are an integral part of this statement.

# LAFAYETTE 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, Lafayette 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.

## LAFAYETTE 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 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.

3 Mill Capital Project Fund - This fund is used to account for construction and renovation projects in the school district and is financed with the proceeds of a 3 mill note.

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.

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and

# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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.

##### **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



# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

### 5. Restricted Assets

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

### 6. Capital Assets

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

LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

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

The term 'depreciation' includes the amortization of intangible assets.

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 and OPEB reporting and advance refunding of general obligations bonds.

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 and OPEB reporting.

See Note 7, 8 and 14 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available

LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

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. The district did not have any leases material to financial statements that required GASB 87 implementation during the fiscal year 2022.

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 6 for details.

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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

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

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

## LAFAYETTE COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

*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 policy of the Lafayette County School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the revenues of the district maintenance fund (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:

**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.

# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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 \$8,595,395.

*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 \$5,000.

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Major Fund - ARP ESSER Fund	\$ 236,705
	Other governmental funds	502,272
Other governmental funds	Other governmental funds	13,610
Total		<u>\$ 752,587</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.

LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 781,906
Other governmental funds	General Fund	1,193
	Other governmental funds	269,056
Total		<u>\$ 1,052,155</u>

The transfer out of the General Fund was for the purpose of funding the vocational program, extended school year and debt service in the Other Governmental Funds. The transfers within the Other Governmental Funds were to the consolidated administrative cost fund from the Title I, Title II and Title IV funds.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, totaling \$3,506,341 respectively, of the 3 Mill Capital Project Fund, debt service funds and various grant funds which are legally restricted and may not be used for purposes that support the district's programs.

**Note 5 – Capital Assets**

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

	Balance 7/1/2021	Increases	Decreases	Adjustments	Balance 6/30/2022
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 436,877				436,877
Total non-depreciable capital assets	436,877	0	0	0	436,877
<u>Depreciable capital assets:</u>					
Buildings	46,284,125				46,284,125
Building improvements	3,105,668	49,093			3,154,761
Improvements other than buildings	4,606,044	25,750			4,631,794
Mobile equipment	4,452,577		(217,558)		4,235,019
Furniture and equipment	1,764,062	276,407	(69,092)	73,674	2,045,051
Total depreciable capital assets	60,212,476	351,250	(286,650)	73,674	60,350,750
<u>Less accumulated depreciation for:</u>					
Buildings	9,085,358	884,477			9,969,835
Building improvements	1,597,506	126,190			1,723,696
Improvements other than buildings	2,133,468	183,114			2,316,582
Mobile equipment	3,209,086	186,328	(195,802)		3,199,612
Furniture and equipment	1,313,153	178,962	(68,401)	36,607	1,460,321
Total accumulated depreciation	17,338,571	1,559,071	(264,203)	36,607	18,670,046
Total depreciable capital assets, net	42,873,905	(1,207,821)	(22,447)	37,067	41,680,704
Governmental activities capital assets, net	\$ 43,310,782	(1,207,821)	(22,447)	37,067	42,117,581

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

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
Instruction	\$ 871,477
Support services	669,395
Non-instructional	<u>18,199</u>
Total depreciation expense - Governmental activities	<u>\$ 1,559,071</u>

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A. General obligation bonds payable	\$ 23,790,000	\$	\$ 1,420,000	\$ 22,370,000	\$ 805,000
Premiums	2,292,011		151,129	2,140,882	118,938
B. Limited tax notes payable	868,000	1,800,000	388,000	2,280,000	358,000
C. Compensated absences payable	338,921		103,192	235,729	18,858
Total	<u>\$ 27,288,932</u>	<u>\$ 1,800,000</u>	<u>\$ 2,062,321</u>	<u>\$ 27,026,611</u>	<u>\$ 1,300,796</u>

**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
1. General obligation refunding bonds, 2013	1.0 - 2.25	04/16/13	08/15/21	\$ 8,505,000	0
2. General obligation bonds, 2019	3.0 - 4.0	04/01/16	04/01/39	22,245,000	20,990,000
3. General obligation bonds, 2020	1.2	04/01/20	04/01/27	1,755,000	1,380,000
Total				<u>\$ 32,505,000</u>	<u>22,370,000</u>

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

1. General obligation refunding bonds, 2013:

This debt was fully retired during the fiscal year from the 2013 Bond Retirement Fund (Debt Service Fund).

2. General obligation bonds, 2019:

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 435,000	\$ 937,000	\$ 1,372,000
2024	390,000	915,250	1,305,250
2025	780,000	895,750	1,675,750
2026	805,000	856,750	1,661,750
2027	870,000	816,500	1,686,500
2028 – 2032	6,460,000	3,268,250	9,728,250
2033 – 2037	8,045,000	1,596,800	9,641,800
2038 – 2039	3,205,000	193,800	3,398,800
Total	<u>\$ 20,990,000</u>	<u>\$ 9,480,100</u>	<u>\$ 30,470,100</u>

This debt will be retired from the 2019 Bond Retirement Fund (Debt Service Fund).

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$86,742) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972).

3. General obligation bonds, 2020:

Year Ending June 30	Principal	Interest	Total
2023	\$ 370,000	\$ 16,560	\$ 386,560
2024	475,000	12,120	487,120
2025	150,000	6,420	156,420
2026	210,000	4,620	214,620
2027	175,000	2,100	177,100
Total	<u>\$ 1,380,000</u>	<u>\$ 41,820</u>	<u>\$ 1,421,820</u>

This debt will be retired from the 2020 Bond Retirement Fund (Debt Service Fund).

Total general obligation bond payments for all issues:



**LAFAYETTE COUNTY SCHOOL DISTRICT**

Notes to the Financial Statements

For Year Ended June 30, 2022

Year Ending June 30	Principal	Interest	Total
2023	\$ 805,000	\$ 953,560	\$ 1,758,560
2024	865,000	927,370	1,792,370
2025	930,000	902,170	1,832,170
2026	1,015,000	861,370	1,876,370
2027	1,045,000	818,600	1,863,600
2028 – 2032	6,460,000	3,268,250	9,728,250
2033 – 2037	8,045,000	1,596,800	9,641,800
2038 – 2039	3,205,000	193,800	3,398,800
Total	<u>\$ 22,370,000</u>	<u>\$ 9,521,920</u>	<u>\$ 31,891,920</u>

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 12.6% of property assessments as of October 1, 2021.

**B. Limited tax notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited Tax Notes, 2013	1.88	12/28/12	12/28/21	\$ 2,130,000	\$ 0
2. Limited Tax Notes, 2017	1.875-2.155	06/17/17	06/01/24	1,250,000	480,000
3. Limited Tax Notes, 2022	2.74	06/01/22	06/01/28	1,800,000	1,800,000
Total				<u>\$ 5,180,000</u>	<u>2,280,000</u>

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

1. Limited Tax Notes, 2013:

This debt was fully retired during the fiscal year from the Three Mill Retirement Fund (Debt Service Fund).

2. Limited Tax Notes, 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 240,000	\$ 10,032	\$ 250,032
2024	240,000	5,172	245,172
Total	<u>\$ 480,000</u>	<u>\$ 15,204</u>	<u>\$ 495,204</u>

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

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

3. Limited Tax Notes, 2022:

Year Ending June 30	Principal	Interest	Total
2023	\$ 118,000	\$ 49,320	\$ 167,320
2024	126,000	46,087	172,087
2025	374,000	42,634	416,634
2026	384,000	32,387	416,387
2027	394,000	21,865	415,865
2028	404,000	11,070	415,070
Total	\$ 1,800,000	\$ 203,363	\$ 2,003,363

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

Total limited tax notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 358,000	\$ 59,352	\$ 417,352
2024	366,000	51,259	417,259
2025	374,000	42,634	416,634
2026	384,000	32,387	416,387
2027	394,000	21,865	415,865
2028	404,000	11,070	415,070
Total	\$ 2,280,000	\$ 218,567	\$ 2,498,567

**C. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who

# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 \$3,028,491, \$2,879,759 and \$2,867,648, 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 \$36,790,725 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 .248915 percent, which was based on a measurement date of June 30, 2021. This was an increase of .001410 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 \$855,190. 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	\$ 436,664	\$
Net difference between projected and actual earnings on pension plan investments		8,863,837
Changes of assumptions	2,101,381	
Changes in proportion and differences between District contributions and proportionate share of contributions	860,680	
District contributions subsequent to the measurement date	3,028,491	
Total	\$ <u>6,427,216</u>	\$ <u>8,863,837</u>

\$3,028,491 reported as deferred outflows of resources related to pensions resulting from school district contributions

# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ (987,645)
2024	(987,645)
2025	(1,273,864)
2026	(2,215,958)

*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	<u>100 %</u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows

# LAFAYETTE COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 52,104,292	\$ 36,790,725	\$ 24,171,128

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

### Note 8 – Other Postemployment Benefits (OPEB)

#### General Information about the OPEB Plan.

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

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

LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

dependents of retirees and surviving spouses.

*Contributions.* The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$67,221 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 \$2,090,632 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 .32479266 percent. This was a decrease of .00410608 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 (\$89,502). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,274	\$ 653,713
Changes of assumptions	338,593	70,707
Net difference between projected and actual earnings on OPEB plan investments	97	
Changes in proportion and differences between District contributions and proportionate share of contributions	104,826	62,916
District contributions subsequent to the measurement date	67,221	
Total	<u>\$ 513,011</u>	<u>\$ 787,336</u>

\$67,221 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	\$ (65,844)
2024	(62,830)
2025	(64,973)
2026	(92,501)
2027	(55,398)

*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:

LAFAYETTE 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

LAFAYETTE 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	\$ 2,314,031	\$ 2,090,632	\$ 1,900,151

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,936,466	\$ 2,090,632	\$ 2,265,098

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

#### Note 9 – Prior Period Adjustments

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

##### Exhibit B - Statement of Activities

Explanation	Amount
To correctly state asset and related depreciation in capital assets	\$ 37,067

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

Fund	Explanation	Amount
General Fund	Restatement of prior period asset/liability	\$ 24,799
Other governmental funds	Restatement of prior period asset/liability	(24,799)
Total		\$ 0

#### Note 10 – 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



LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

lawsuits will not have a material adverse effect on the financial condition of the school district.

**Note 11 – Risk Management**

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

**Note 12 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated September 28, 1971 creating the Oxford-Lafayette County Vocational-Technical Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Oxford School District and the Lafayette County School District.

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

The Lafayette County School District has been designated as the fiscal agent for the Oxford-Lafayette County Vocational - Technical Center and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Oxford-Lafayette County Vocational-Technical Center.

**LAFAYETTE COUNTY SCHOOL DISTRICT**

Notes to the Financial Statements

For Year Ended June 30, 2022

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2022

**Revenues**

Local sources:	
Interest	\$ 48
Total local sources	<u>48</u>
State sources	337,736
Federal sources	<u>34,496</u>
Total Revenues	<u>372,280</u>

**Expenditures**

Salaries	896,441
Employee benefits	314,037
Purchased professional and technical services	9,929
Purchased property services	45,708
Other purchased services	33,925
Supplies	29,106
Property	27,803
Other	<u>2,873</u>
Total Expenditures	<u>1,359,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(987,542)</u>

**Other Financing Sources/Uses:**

Operating transfer in	<u>780,457</u>
Total Other Financing Sources/Uses	<u>780,457</u>
Net Change in Fund Balance	<u>(207,085)</u>

**Fund Balance:**

July 1, 2021	<u>229,636</u>
June 30, 2022	<u>\$ 22,551</u>

**Note 13 - Insurance loss recoveries**

The Lafayette County School District received \$12,202 in insurance loss recoveries related to bus 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 14 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$37,153,368) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,028,491 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 \$3,398,725 balance of deferred outflow of resources related to pensions, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$37,153,368) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$8,863,837 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.

LAFAYETTE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

The unrestricted net position amount of (\$37,153,368) 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 \$67,221 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 \$445,790 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 (\$37,153,368) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$787,336 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.

**Note 15 - 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 Lafayette County School District evaluated the activity of the district through September 22, 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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LAFAYETTE 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	\$ 9,867,565	10,141,960	10,141,986	274,395	26
State sources	15,065,943	15,540,120	15,540,120	474,177	0
Federal sources	107,000	222,082	222,082	115,082	0
Total Revenues	<u>25,040,508</u>	<u>25,904,162</u>	<u>25,904,188</u>	<u>863,654</u>	<u>26</u>
Expenditures					
Instruction	15,280,055	15,314,773	15,314,773	(34,718)	0
Support services	9,616,588	9,127,080	9,127,080	489,508	0
Noninstructional services	11,728	3,905	3,905	7,823	0
Facilities acquisition and construction	0	8,320	8,320	(8,320)	0
Total Expenditures	<u>24,908,371</u>	<u>24,454,078</u>	<u>24,454,078</u>	<u>454,293</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>132,137</u>	<u>1,450,084</u>	<u>1,450,110</u>	<u>1,317,947</u>	<u>26</u>
Other Financing Sources (Uses)					
Insurance loss recoveries	0	12,202	12,202	12,202	0
Sale of transportation equipment	0	19,669	19,669	19,669	0
Sale of other property	0	13,050	13,050	13,050	0
Operating transfers in	3,215,900	2,782,774	1,193	(433,126)	(2,781,581)
Operating transfers out	(3,360,577)	(3,563,487)	(781,906)	(202,910)	2,781,581
Other financing uses	(9,360)	0	0	9,360	0
Total Other Financing Sources (Uses)	<u>(154,037)</u>	<u>(735,792)</u>	<u>(735,792)</u>	<u>(581,755)</u>	<u>0</u>
Net Change in Fund Balances			<u>714,318</u>		
Fund Balances					
July 1, 2021, as previously reported			3,935,547		
Prior period adjustments			24,799		
July 1, 2021, as restated			<u>3,960,346</u>		
June 30, 2022			<u>\$ 4,674,664</u>		

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

## LAFAYETTE COUNTY SCHOOL DISTRICT

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

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 0	3,391,482	450,669	3,391,482	(2,940,813)
Total Revenues	<u>0</u>	<u>3,391,482</u>	<u>450,669</u>	<u>3,391,482</u>	<u>(2,940,813)</u>
Expenditures					
Instruction	0	416,439	91,140	(416,439)	325,299
Support services	0	1,200,076	335,063	(1,200,076)	865,013
Facilities acquisition and construction	0	1,525,785	24,466	(1,525,785)	1,501,319
Total Expenditures	<u>0</u>	<u>3,142,300</u>	<u>450,669</u>	<u>(3,142,300)</u>	<u>2,691,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>249,182</u>	<u>0</u>	<u>249,182</u>	<u>(249,182)</u>
Other Financing Sources (Uses)					
Operating transfers out	0	(248,521)	0	(248,521)	248,521
Total Other Financing Sources (Uses)	<u>0</u>	<u>(248,521)</u>	<u>0</u>	<u>(248,521)</u>	<u>248,521</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.

LAFAYETTE COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.248915%	0.247505%	0.248316%	0.243757%
District's proportionate share of the net pension liability	\$ 36,790,725	47,914,092	43,683,684	40,544,031
District's covered payroll	\$ 16,550,339	16,480,736	16,172,178	15,566,241
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 liability	70.44%	58.97%	61.59%	62.54%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.216597%	0.225295%	0.215086%	0.203602%
District's proportionate share of the net pension liability	\$ 36,005,773	40,243,313	33,248,054	24,276,338
District's covered payroll	\$ 13,894,800	14,412,679	13,437,333	12,509,034
District's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	279.22%	247.43%	194.07%
Plan fiduciary net position as a percentage of the total pension liability	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.



LAFAYETTE 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	\$ 3,028,491	2,879,759	2,867,648	2,547,118
Contributions in relation to the contractually required contribution	3,028,491	2,879,759	2,867,648	2,547,118
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 17,405,121	16,550,339	16,480,736	16,172,178
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	\$ 2,451,683	2,188,431	2,269,997	2,116,380
Contributions in relation to the contractually required contribution	2,451,683	2,188,431	2,269,997	2,116,380
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 15,566,241	13,894,800	14,412,679	13,437,333
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.

LAFAYETTE COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability

OPEB

Last 10 Fiscal Years \*

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
District's proportion of the net OPEB liability	0.32479266%	0.32889874%	0.33511112%	0.33128243%	0.30980928%
District's proportionate share of the net OPEB liability	\$ 2,090,632	2,559,516	2,843,555	2,562,635	2,430,791
Covered employee payroll	\$ 16,550,339	16,480,736	16,172,178	15,566,241	13,894,800
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.63%	15.53%	17.58%	16.46%	17.49%
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.

LAFAYETTE 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	\$ 67,221	84,030	102,073	113,978	103,628
Contributions in relation to the actuarially determined contribution	67,221	84,030	102,073	113,978	103,628
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 17,405,121	16,550,339	16,480,736	16,172,178	15,566,241
Contributions as a percentage of covered employee payroll	0.39%	0.51%	0.62%	0.70%	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).

LAFAYETTE 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%.

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

Federal Grantor/ Pass-through Grantor/ Program Title	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:			
National school lunch program - seamless summer option	10.555	225MS326N1099	\$ 1,678,777
COVID-19 - Emergency operational cost reimbursement program	10.555	225MS326N1099	1,264
Total national school lunch program - seamless summer option			1,680,041
Total child nutrition cluster			1,680,041
Total passed-through Mississippi Department of Education			1,680,041
<b>Total U.S. Department of Agriculture</b>			<b>1,680,041</b>
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve officers' training corps	12.xxx	N/A	46,981
<b>Total U.S. Department of Defense</b>			<b>46,981</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A210024	557,082
Title I - program for neglected and delinquent children	84.013	S010A210024	68,032
Career and technical education - basic grants to states	84.048	V048A210024	34,496
Supporting effective instruction - state grants	84.367	S367A210023	49,470
Student support and academic enrichment program	84.424	S424A210025	17,995
Subtotal			727,075
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	54,372
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	195,814
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425U210031	450,699
Total education stabilization funds			700,885
Special education cluster:			
Special education - grants to states	84.027	H027A210108	772,067
COVID-19 - Special education - grants to states ARP	84.027X	H027X210108	86,544
Total special education - grants to states			858,611
Special education - preschool grants	84.173	H173A210113	19,903
COVID-19 - Special education - preschool grants ARP	84.173X	H173X210113	3,899
Total special education - preschool grants			23,802
Total special education cluster			882,413
Total passed-through Mississippi Department of Education			2,310,373
<b>Total U.S. Department of Education</b>			<b>2,310,373</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department Human Services:			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	2205MS5ADM	7,767
Total Medicaid cluster			7,767
Total passed-through Mississippi Department of Education			7,767
<b>Total U.S. Department of Health and Human Services</b>			<b>7,767</b>
Total for All Federal Awards			<b>\$ 4,045,162</b>

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

LAFAYETTE 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 \$72,112 are included in the national school lunch program - seamless summer option.

(5) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$64,515 from its Supporting Effective Instruction - State Grants ALN# 84.367 and \$18,175 from Student Support and Academic Enrichment Program ALN# 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies ALN# 84.010. These amounts are reflected in the expenditures of Title I - Grants to Local Educational Agencies.

## LAFAYETTE 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	\$ 23,990,894	18,211,597	1,246,635	1,588,896	2,943,766
Other	8,764,641	2,024,395	168,900	16,638	6,554,708
Total	<u>32,755,535</u>	<u>20,235,992</u>	<u>1,415,535</u>	<u>1,605,534</u>	<u>9,498,474</u>
Total number of students	<u>2,516</u>				
Cost per student	<u>\$ 13,019</u>	<u>8,043</u>	<u>563</u>	<u>638</u>	<u>3,775</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 - includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year.

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## OTHER INFORMATION

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LAFAYETTE 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	\$ 10,141,986	9,665,924	9,121,615	9,082,942
State sources	15,540,120	14,482,316	14,506,614	13,841,055
Federal sources	222,082	191,453	218,870	213,468
Total Revenues	<u>25,904,188</u>	<u>\$ 24,339,693</u>	<u>\$ 23,847,099</u>	<u>\$ 23,137,465</u>
Expenditures				
Instruction	15,314,773	14,812,252	14,677,804	14,890,185
Support services	9,127,080	9,547,795	8,807,884	8,785,880
Noninstructional services	3,905	11,577	0	0
Facilities acquisition and construction	8,320	0	0	0
Debt service				
Principal	0	0	0	86,328
Interest	0	0	0	3,723
Total Expenditures	<u>24,454,078</u>	<u>24,371,624</u>	<u>23,485,688</u>	<u>23,766,116</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,450,110</u>	<u>(31,931)</u>	<u>361,411</u>	<u>(628,651)</u>
Other Financing Sources (Uses)				
Insurances loss recoveries	12,202	0	0	0
Sale of transportation equipment	19,669	0	0	0
Sale of other property	13,050	0	0	0
Operating transfers in	1,193	0	0	0
Operating transfers out	(781,906)	(169,129)	(506,819)	(166,405)
Other financing uses	0	(9,360)	0	0
Total Other Financing Sources (Uses)	<u>(735,792)</u>	<u>(178,489)</u>	<u>(506,819)</u>	<u>(166,405)</u>
Net Change in Fund Balances	<u>714,318</u>	<u>(210,420)</u>	<u>(145,408)</u>	<u>(795,056)</u>
Fund Balances				
Beginning of period, as previously reported	3,935,547	4,125,460	4,270,868	5,065,924
Prior period adjustments	<u>24,799</u>	<u>20,507</u>	<u>0</u>	<u>0</u>
Beginning of period, as restated	<u>3,960,346</u>	<u>4,145,967</u>	<u>4,270,868</u>	<u>5,065,924</u>
End of period	<u>\$ 4,674,664</u>	<u>3,935,547</u>	<u>4,125,460</u>	<u>4,270,868</u>

\* Source - Prior year audit reports.



LAFAYETTE 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	\$ 12,444,490	12,074,381	11,746,079	11,911,008
State sources	16,055,671	15,549,732	15,651,403	14,915,042
Federal sources	4,368,811	4,850,153	2,772,345	2,483,000
Total Revenues	<u>32,868,972</u>	<u>32,474,266</u>	<u>30,169,827</u>	<u>29,309,050</u>
Expenditures				
Instruction	17,631,363	18,312,908	16,922,854	16,884,532
Support services	10,664,061	11,768,998	10,001,039	10,192,935
Noninstructional services	1,580,420	1,324,520	1,229,343	1,121,886
Facilities acquisition and construction	66,286	2,554,212	19,913,907	2,924,156
Debt service				
Principal	1,808,000	1,480,000	2,255,000	1,721,328
Interest	1,003,135	1,034,060	998,297	113,143
Other	2,270	2,605	31,964	230,894
Total Expenditures	<u>32,755,535</u>	<u>36,477,303</u>	<u>51,352,404</u>	<u>33,188,874</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>113,437</u>	<u>(4,003,037)</u>	<u>(21,182,577)</u>	<u>(3,879,824)</u>
Other Financing Sources (Uses)				
Proceeds of general obligation bonds	0	0	1,755,000	22,245,000
Proceeds of loans	1,800,000	0	0	0
Insurances loss recoveries	12,202	0	0	0
Sale of transportation equipment	19,669	0	0	0
Sale of other property	13,050	0	0	0
Operating transfers in	1,052,155	338,360	673,119	166,405
Other financing sources	0	0	0	2,616,634
Operating transfers out	(1,052,155)	(338,360)	(673,119)	(166,405)
Other financing uses	0	(324,830)	0	0
Total Other Financing Sources (Uses)	<u>1,844,921</u>	<u>(324,830)</u>	<u>1,755,000</u>	<u>24,861,634</u>
Net Change in Fund Balances	<u>1,958,358</u>	<u>(4,327,867)</u>	<u>(19,427,577)</u>	<u>20,981,810</u>
Fund Balances				
Beginning of period, as previously reported	6,201,716	10,527,220	29,957,775	8,969,641
Prior period adjustments	<u>0</u>	<u>14,330</u>	<u>(9,079)</u>	<u>0</u>
Beginning of period, as restated	<u>6,201,716</u>	<u>10,541,550</u>	<u>29,948,696</u>	<u>8,969,641</u>
Increase (Decrease) in reserve for inventory	<u>9,080</u>	<u>(11,967)</u>	<u>6,101</u>	<u>6,324</u>
End of period	<u>\$ 8,169,154</u>	<u>6,201,716</u>	<u>10,527,220</u>	<u>29,957,775</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  
Lafayette 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 Lafayette County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lafayette County School District's basic financial statements, and have issued my report thereon dated September 22, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Lafayette 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 Lafayette County School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Lafayette 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that I consider to be material weaknesses [2022-001 and 2022-002].

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

As part of obtaining reasonable assurance about whether Lafayette 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*.

## **Lafayette County School District's Response to Findings**

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

## **Purpose of this Report**

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

September 22, 2023

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**ST. CLAIR CPA, PLLC**  
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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  
Lafayette County School District

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

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

I have audited Lafayette 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 Lafayette County School District's major federal programs for the year ended June 30, 2022. Lafayette 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, Lafayette 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 Lafayette 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 Lafayette County School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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## ***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 Lafayette 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 Lafayette 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 Lafayette 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 Lafayette 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 Lafayette 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 [2022-003 and 2022-004], 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 Lafayette 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. Lafayette 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  
September 22, 2023



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

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

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

Superintendent and School Board  
Lafayette County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lafayette County School District as of and for the year ended June 30, 2022, which collectively comprise Lafayette County School District's basic financial statements and have issued my report thereon dated September 22, 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 instances of noncompliance with other state laws and regulations. My findings and recommendations and Lafayette County School District's responses are as follows:

### **Finding No. 1 – Unemployment Compensation Fund**

CRITERIA: Section 71-5-359(5), Mississippi Code Annotated (1972), states, "Each political subdivision, unless it elects to make contributions to the unemployment compensation fund as provided in subsection (9) of this section, shall establish a revolving fund and deposit an amount equal to two percent (2%) of the first Six Thousand Dollars (\$6,000.00) paid to each employee thereof during the next preceding year. However, the department shall by regulation establish a procedure to allow reimbursing political subdivisions to elect to maintain the balance in the revolving fund as required under this paragraph or to annually execute a surety bond to be approved by the department in an amount not less than two percent (2%) of the covered wages paid during the next preceding year."

CONDITION: During testing of the district's unemployment compensation fund, it was noted that based on the 2022 fiscal year wages, the school district should have \$56,280 in their cash balance in their unemployment fund as of June 30, 2022. However, the school district only has \$28,493 cash in the fund, this is \$27,787 less than the statutory required amount.

This is a repeat finding from the fiscal year ending June 30, 2021.

CAUSE OF CONDITON: The cause of the condition is the result of an oversight by management.

EFFECT: The district is not in compliance with *Section 71-5-359(5), Miss. Code Ann (1972)*.

RECOMMENDATION: It is recommended that the school district deposit at least \$27,787 in the unemployment compensation fund and implement controls to evaluate the balance annually to ensure that a balance of no less than two percent (2%) of the first \$6,000 of each employee's wages is maintained in the fund.

SCHOOL DISTRICT'S RESPONSE: The district will transfer sufficient funds to the Unemployment Compensation Revolving Fund and continue to maintain an adequate balance in compliance with §71-5-359 (5).

### **Finding No. 2 – PERS Retirees**

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 . The amount of compensation received by the retiree is limited based on their election on the PERS Form 4B.

CONDITION: While testing a sample of twenty-one (21) PERS Form 4Bs for reemployment of retirees, it was noted that seven (7) of the Form 4Bs were not submitted to PERS within the required five days employment and one PERS retiree was overpaid \$75.93 by the maximum compensation allowable on their PERS Form 4B.

This is a repeat finding from the fiscal year ending June 30, 2021.

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 and ensuring PERS retirees are not paid more than is allowed by state law.

SCHOOL DISTRICT'S RESPONSE: New personnel that is responsible for the timely filing of PERS Form 4Bs has been trained and will receive continuing professional education to stay knowledgeable of PERS requirements.

### **Finding No. 3 – Purchasing**

See finding and the district's response described in Finding 2022-003 in the Summary of Findings and Questioned Cost on page 86 and the Auditee's Corrective Action plan on page 92 of this audit report. This is a repeat finding from the fiscal year ending June 30, 2021.

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

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, 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

September 22, 2023

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS



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LAFAYETTE 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?                   | Yes           |
| 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:   |            |

Assistance Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	National school lunch program – seamless summer option
10.555	COVID-19 – Emergency operational cost reimbursement program
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

- |  |           |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs:  | \$750,000 |
| 9. Auditee qualified as a low-risk auditee?  | No        |
| 10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes       |

Section II: Financial Statement Findings

Deficiencies considered to be material weaknesses.

**Finding 2022-001**

CRITERIA: A well designed system of accounting controls should limit the duties and responsibilities of the business manager to prevent the performance of too many incompatible duties and responsibilities.

CONDITION: There is a lack of segregation of duties with the job duties and responsibilities of the business manager. The business manager performs bank reconciliations, has general administrative rights to the financial accounting software (including preparing, approving, and entering adjusting journal entries) and has access to blank checks.

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

CAUSE OF CONDITION: The cause of this condition is an inadequately designed system of accounting controls.

POTENTIAL EFFECT OF CONDITION: This condition could lead to errors or fraud occurring and not being prevented or detected by management in a timely manner.

RECOMMENDATION: It is recommended that the duties and responsibilities of the business manager be segregated to the greatest extent possible.

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

**Finding 2022-002**

CRITERIA: All material transactions should be properly recorded in the financial statements.

CONDITION: The following material transaction was incorrectly recorded in the financial statements:

- Child nutrition revenue in the amount \$74,489 was credited as an expenditure instead of a revenue causing revenue and expenditures to be understated.

This condition resulted in material misstatement in revenue and expenditures in the Other Governmental Funds of the financial statements.

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

POTENTIAL EFFECT OF CONDITION: The effect of the condition resulted in material misstatements to the financial statements. However, the errors were corrected with auditor adjustments once approved by management.

RECOMMENDATION: It is recommended that management exercise caution and due diligence when preparing year end adjustments and reconciling state and federal revenues to close the financial statements.

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

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

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

Reference Number:	<b>2022-003</b>
Federal Agency:	U.S. Department of Agriculture
Federal Program:	National School Lunch Program – Seamless Summer Option Passed through the Mississippi Department of Education
Assistance Listing No.:	10.555
Compliance Requirement:	Procurement Suspension & Debarment
Type of Finding:	Significant deficiency in Internal Control over Compliance

CRITERIA: Uniform guidance requires that quotes be acquired for expenditures more than \$5,000. If the purchase is determined to be an emergency, then the purchase must be approved by the school board.

CONDITION: The federal program paid \$9,000 for the repair of a walk-in cooler. Management did not acquire additional quotes or declare the matter an emergency purchase with school board approval.

CAUSE: Per inquiry of management of the school district, it was their intentions for the matter to be declared an emergency purchase. However, the procedures necessary for that option were not implemented.

EFFECT: The effect of this condition could result in noncompliance with the federal procurement requirements.

QUESTIONED COSTS: None.

PERSPECTIVE: This matter is limited to one transaction and is considered an isolated incident.

RECOMMENDATION: It is recommended that management exercise caution and due diligence when subjecting federal expenditures to the federal procurement requirements to ensure compliance with those requirements.

LAFAYETTE 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

Reference Number:	<b>2022-004</b>
Federal Agency:	U.S. Department of Education
Federal Program:	COVID-19 – Education Stabilization Fund (ESSER) ARP III Passed through the Mississippi Department of Education
Assistance Listing No.:	84.425U
Compliance Requirement:	Special Tests and Provisions – Wage Rate Requirements
Type of Finding:	Significant deficiency in Internal Control over Compliance

**CRITERIA:** All laborers and mechanics employed by contractors or subcontractors that work on construction contracts in excess of \$2,000 which are financed with federal funds must be paid wages not less than the prevailing wage rates established by the Department of Labor. The school district must include in the construction contracts that are subject to the Wage Rate Requirements (the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations. This includes the requirement for the contractor or subcontractor to submit to the school district weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

**CONDITION:** Upon testing a transaction for \$22,500 for the purchase of a heating and air conditioning system which was paid for with federal funds, it was noted that the contractor did not submit the required copy of the weekly payroll records for the construction period nor did the contractor submit the required payroll certification.

**CAUSE:** The school district did not fully understand its responsibilities outlined in the Davis-Bacon labor requirements.

**EFFECT:** The effect is that certain provisions of the Davis-Bacon labor requirements were not met.

**QUESTIONED COSTS:** None.

**PERSPECTIVE:** This matter is limited to one transaction and is considered an isolated incident.

**RECOMMENDATION:** The school district should familiarize itself with the requirements of the Davis-Bacon Labor Act and make sure that all requirements are understood and also implement procedures to ensure compliance with the DOL requirements.

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

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

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# LAFAYETTE COUNTY SCHOOL DISTRICT

OFFICE OF THE SUPERINTENDENT

(662) 234-3271

Fax: (662) 236-3019

## 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 Lafayette 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:

Bryan White, Director of Finance

b. Corrective action planned:

The Superintendent will schedule monthly reviews of journal entries made by the Director of Finance wherein explanations will be provided and the Superintendent's approval will be evidenced by his signature and date of review.

c. Anticipated completion date:

July 1, 2023

2022-002

a. Name of contact person responsible for corrective action:

Bryan White, Director of Finance

b. Corrective action planned:

Review of accounting instructions issued by the Mississippi Department of Revenue and provide the correct account code for federal revenue in the future.

c. Anticipated completion date:



July 1, 2023; however, the same type of revenue Fiscal Year 2022-2023 transaction has been identified and properly coded.

2022-003

a. Name of contact person responsible for corrective action:

Mark Davis, Director of Food Services  
Shelly Moore, Purchasing Agent

b. Corrective action planned:

Bid purchasing laws will be reviewed with appropriate personnel along with procedures for declaring emergency purchases.

c. Anticipated completion date:

July 1, 2023

2022-004

a. Name of contact person responsible for corrective action:

Chad Chism, Director of Federal Programs

b. Corrective action planned:

Review of Davis Bacon Act labor reporting requires to ensure future compliance and utilization of architects' expertise for monitoring compliance.

c. Anticipated completion date:

July 1, 2023

Sincerely,



Superintendent of Education



# LAFAYETTE COUNTY SCHOOL DISTRICT

OFFICE OF THE SUPERINTENDENT

(662) 234-3271

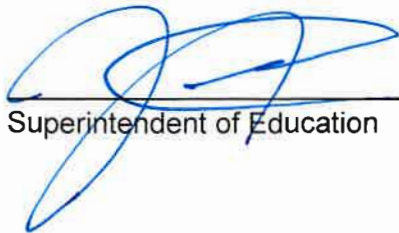
Fax: (662) 236-3019

## 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 Lafayette County School District has prepared and hereby submits the following Summary of Prior Year Audit Findings as of June 30, 2022.

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

Sincerely,

  
Superintendent of Education

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