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LELAND SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

LELAND SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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### INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Leland School District

#### **Report on the Financial Statements**

##### ***Opinions***

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

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

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Leland School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

##### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Leland School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Leland School District's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leland School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds

are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the Leland School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Leland 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 Leland School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Leland School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022

The following discussion and analysis of Leland 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 \$1,771,443, including a prior period adjustment of (\$201,556), which represents an 24% increase from fiscal year 2021. Total net position for 2021 increased \$1,476,232, including a prior period adjustment of (\$1,562), which represents a 17% increase from fiscal year 2020.
- General revenues amounted to \$7,987,466 and \$8,468,375, or 58% and 69% 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 \$5,694,011, or 42% of total revenues for 2022, and \$3,820,761, or 31% of total revenues for 2021.
- The District had \$11,708,478 and \$10,811,342 in expenses for fiscal years 2022 and 2021; only \$5,694,011 for 2022 and \$3,820,761 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,987,466 for 2022 were adequate to provide for these programs and \$8,468,375 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,455,173 in revenues and \$6,403,119 in expenditures for 2022, and \$7,456,318 in revenues and \$5,649,380 in expenditures in 2021. The General Fund's fund balance decreased by \$468,232 from 2021 to 2022, and increased by \$1,185,095, including a prior period adjustment of (\$1,562) from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$1,075,581 for 2022 and increased by \$3,844,179 for 2021. The increase for 2022 was due primarily to the completed construction in progress.
- Long-term debt, including the liability for compensated absences, increased by \$236,369 for 2022 and decreased by \$201,978 for 2021. The increase for 2022 was due primarily the addition of the shortfall note payable. The liability for compensated absences decreased by \$2,631 for 2022 and decreased by \$11,978 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

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financial position is improving or deteriorating.

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

Bond and note proceeds result in liabilities on government-wide financial statements, but are

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For the Year Ended June 30, 2022

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 \$5,640,254 as of June 30, 2022.

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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**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Current assets	\$ 7,474,250	\$ 5,388,732	38.70 %
Restricted assets	3,091,132	4,378,312	(29.40) %
Capital assets, net	7,552,295	6,476,714	16.61 %
<b>Total assets</b>	<b><u>18,117,677</u></b>	<b><u>16,243,758</u></b>	<b>11.54 %</b>
 <b>Deferred outflows of resources</b>	 <b><u>2,251,853</u></b>	 <b><u>2,129,492</u></b>	 <b>5.75 %</b>
 Current liabilities	 793,788	 818,483	 (3.02) %
Long-term debt outstanding	8,700,344	8,463,975	2.79 %
Net OPEB liability	725,341	913,320	(20.58) %
Net pension liability	10,630,534	14,970,189	(28.99) %
<b>Total liabilities</b>	<b><u>20,850,007</u></b>	<b><u>25,165,967</u></b>	<b>(17.15) %</b>
 <b>Deferred inflows of resources</b>	 <b><u>5,159,777</u></b>	 <b><u>618,980</u></b>	 <b>733.59 %</b>
 <b>Net position:</b>			
Net investment in capital assets	1,253,869	939,364	33.48 %
Restricted	3,462,393	1,957,561	76.87 %
Unrestricted	(10,356,516)	(10,308,622)	(0.46) %
<b>Total net position</b>	<b><u>\$ (5,640,254)</u></b>	<b><u>\$ (7,411,697)</u></b>	<b>23.90 %</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)	\$ (10,356,516)
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	<u>13,532,347</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 3,175,831</u>

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

- Increase in net capital assets in the amount of \$1,075,581.
- The principal retirement of \$265,000 of long-term debt.
- The district issued \$504,000 in shortfall notes payable.

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**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$13,681,477 and \$12,289,136, respectively. The total cost of all programs and services was \$11,708,478 for 2022 and \$10,811,342 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**

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 95,509	\$ 132,731	(28.04) %
Operating grants and contributions	5,598,502	3,688,030	51.80 %
General revenues:			
Property and gaming taxes	3,676,838	3,734,901	(1.55) %
Grants and contributions not restricted	3,884,896	4,253,638	(8.67) %
Investment earnings	20,429	26,921	(24.12) %
Sixteenth section sources	300,481	316,860	(5.17) %
Other	104,822	136,055	(22.96) %
<b>Total revenues</b>	<u><b>13,681,477</b></u>	<u><b>12,289,136</b></u>	<b>11.33 %</b>
<b>Expenses:</b>			
Instruction	5,109,371	4,143,403	23.31 %
Support services	5,162,538	4,289,799	20.34 %
Non-instructional	919,285	659,303	39.43 %
Sixteenth section	639	27,454	(97.67) %
Pension expense	319,598	1,430,600	(77.66) %
OPEB expense	(49,166)	17,435	(382.00) %
Interest on long-term liabilities	246,213	243,348	1.18 %
<b>Total expenses</b>	<u><b>11,708,478</b></u>	<u><b>10,811,342</b></u>	<b>8.30 %</b>
<b>Increase (Decrease) in net position</b>	<u><b>1,972,999</b></u>	<u><b>1,477,794</b></u>	<b>33.51 %</b>
<b>Net Position, July 1, as previously reported</b>	<u><b>(7,411,697)</b></u>	<u><b>(8,887,929)</b></u>	16.61 %
<b>Prior Period Adjustment</b>	<u><b>(201,556)</b></u>	<u><b>(1,562)</b></u>	(12,803.71) %
<b>Net Position, July 1, as restated</b>	<u><b>(7,613,253)</b></u>	<u><b>(8,889,491)</b></u>	<b>14.36 %</b>
<b>Net Position, June 30</b>	<u><u><b>\$ (5,640,254)</b></u></u>	<u><u><b>\$ (7,411,697)</b></u></u>	<b>23.90 %</b>

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### Governmental activities

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

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

	Total Expenses		Percentage Change
	2022	2021	
Instruction	\$ 5,109,371	\$ 4,143,403	23.31 %
Support services	5,162,538	4,289,799	20.34 %
Non-instructional	919,285	659,303	39.43 %
Sixteenth section	639	27,454	(97.67) %
Pension Expense	319,598	1,430,600	(77.66) %
OPEB Expense	(49,166)	17,435	(382.00) %
Interest on long-term liabilities	246,213	243,348	1.18 %
<b>Total expenses</b>	<b>\$ 11,708,478</b>	<b>\$ 10,811,342</b>	<b>8.30 %</b>

  

	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (2,817,075)	\$ (2,848,217)	1.09 %
Support services	(2,709,966)	(2,928,453)	7.46 %
Non-instructional	29,858	504,926	(94.09) %
Sixteenth section	(639)	(27,454)	97.67 %
Pension Expense	(319,598)	(1,430,600)	77.66 %
OPEB Expense	49,166	(17,435)	382.00 %
Interest on long-term liabilities	(246,213)	(243,348)	(1.18) %
<b>Total net (expense) revenue</b>	<b>\$ (6,014,467)</b>	<b>\$ (6,990,581)</b>	<b>13.96 %</b>

- Net cost of governmental activities (\$6,014,467 for 2022 and \$6,990,581 for 2021) was financed by general revenue, which is primarily made up of property and gaming taxes (\$3,676,838 for 2022 and \$3,734,901 for 2021) and state and federal revenues (\$3,884,896 for 2022 and \$4,253,638 for 2021). In addition, there was \$300,481 and \$316,860 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$20,429 for 2022 and \$26,921 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

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completed the year, its governmental funds reported a combined fund balance of \$9,132,359, an increase of \$98,022, which includes a prior period adjustment of (\$90,114), and an increase in inventory of \$4,801. \$3,709,615, or 41% 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 \$5,422,744, or 59% is either non-spendable, 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 decrease in fund balance in the General Fund for the fiscal year was \$482,861, including a prior period adjustment of (\$94,278). The fund balance of Other Governmental Funds showed an increase in the amount of \$556,845, which includes a prior period adjustment of \$4,164 and an increase in inventory of \$4,801. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER II Fund	No increase or decrease
Bond Proceeds Capital Projects Fund	\$ (1,026,076)
2021 GO Debt Service Fund	992,955
QSCB Debt Repay Fund	57,159

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2022, the District's total capital assets were \$13,123,068, including land, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$1,446,129 from 2021. Total accumulated depreciation as of June 30, 2022, was \$5,570,773, and total depreciation expense for the year was \$317,448, resulting in total net capital assets of \$7,552,295.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 42,870	\$ 42,870	0.00 %
Construction in Progress	-	4,061,737	(100.00) %
Buildings	1,521,766	758,232	100.70 %
Building improvements	5,434,318	1,408,335	285.87 %
Improvements other than buildings	100,745	10,760	836.29 %
Mobile equipment	365,449	146,774	148.99 %
Furniture and equipment	87,147	48,006	81.53 %
<b>Total</b>	<b><u>\$ 7,552,295</u></b>	<b><u>\$ 6,476,714</u></b>	<b>16.61 %</b>

Leland School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022

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 \$8,700,344 in outstanding long-term debt, of which \$441,567 is due within one year. During the fiscal year, the District made principal payments totaling \$265,000 on outstanding long-term debt. The liability for compensated absences decreased \$2,631 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage</u> <u>Change</u>
General obligation bonds payable	\$ 6,445,000	\$ 6,710,000	(3.95) %
Shortfall notes payable	504,000	-	N/A %
Qualified school construction bonds payable	1,700,000	1,700,000	0.00 %
Compensated absences payable	51,344	53,975	(4.87) %
<b>Total</b>	<b><u>\$ 8,700,344</u></b>	<b><u>\$ 8,463,975</u></b>	<b>2.79 %</b>

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

## **CURRENT ISSUES**

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

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

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Leland School District, 408 E. Fourth Street, Leland, MS 38756.

## FINANCIAL STATEMENTS

# LELAND SCHOOL DISTRICT

## Statement of Net Position June 30, 2022

## Exhibit A

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,347,095
Due from other governments	1,384,144
Lease receivable	716,823
Inventories	26,188
Restricted assets	3,091,132
Capital assets, non-depreciable:	
Land	42,870
Capital assets, net of accumulated depreciation:	
Buildings	1,521,766
Building improvements	5,434,318
Improvements other than buildings	100,745
Mobile equipment	365,449
Furniture and equipment	87,147
Total Assets	<u>18,117,677</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	2,082,325
Deferred outflows - OPEB	169,528
Total Deferred Outflows of Resources	<u>2,251,853</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	693,225
Unearned revenue	8,346
Interest payable on long-term liabilities	92,217
Long-term liabilities, due within one year:	
Capital related liabilities	275,000
Non-capital related liabilities	166,567
Net OPEB liability	30,170
Long-term liabilities, due beyond one year:	
Capital related liabilities	7,870,000
Non-capital related liabilities	388,777
Net pension liability	10,630,534
Net OPEB liability	695,171
Total Liabilities	<u>20,850,007</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	4,114,901
Deferred inflows - OPEB	313,424
Deferred inflows - leases	731,452
Total Deferred Inflows of Resources	<u>5,159,777</u>
<b>Net Position</b>	
Net investment in capital assets	1,253,869
Restricted for:	
Expendable:	
School-based activities	778,706
Debt service	2,633,078
Forestry improvements	4,325
Unemployment benefits	29,002
Non-expendable:	
Sixteenth section	17,282
Unrestricted	(10,356,516)
Total Net Position (deficit)	<u>\$ (5,640,254)</u>

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

# LELAND SCHOOL DISTRICT

## Statement of Activities For the Year Ended June 30, 2022

## Exhibit B

					Net (Expense)
					Revenue and
					Changes in
					Net Position
Program Revenues					
		Charges for	Operating	Capital	
Functions/Programs	Expenses	Services	Grants and	Grants and	Governmental
			Contributions	Contributions	Activities
Governmental Activities:					
Instruction	\$ 5,109,371	\$ 55,742	\$ 2,236,554	\$ -	\$ (2,817,075)
Support services	5,162,538	-	2,452,572	-	(2,709,966)
Non-instructional	919,285	39,767	909,376	-	29,858
Sixteenth section	639	-	-	-	(639)
Pension expense	319,598	-	-	-	(319,598)
OPEB expense	(49,166)	-	-	-	49,166
Interest on long-term liabilities	246,213	-	-	-	(246,213)
Total Governmental Activities	\$ 11,708,478	\$ 95,509	\$ 5,598,502	\$ -	\$ (6,014,467)
General Revenues:					
Taxes:					
General purpose levies					2,053,599
Debt purpose levies					1,553,419
Gaming					69,820
Unrestricted grants and contributions:					
State					3,793,682
Federal					91,214
Unrestricted investment earnings					20,429
Sixteenth section sources					300,481
Other					104,822
Total General Revenues					7,987,466
Change in Net Position					1,972,999
Net Position - Beginning, as previously reported					(7,411,697)
Prior Period Adjustments					(201,556)
Net Position - Beginning, as restated					(7,613,253)
Net Position (deficit) - Ending					\$ (5,640,254)

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

**LELAND SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit C**

	Major Funds							
	General Fund	ESSER II Fund	Bond Proceeds Capital Projects Fund	2021 GO Debt Service Fund	QSCB Debt Repay Fund	Other Governmental Funds	Total Governmental Funds	
<b>Assets</b>								
Cash and cash equivalents	\$ 3,533,857	\$ -	\$ 1,846,574	\$ 960,372	\$ -	\$ 870,148	\$ 7,210,951	
Cash with fiscal agents	-	-	-	-	9	-	9	
Investments	-	-	-	-	1,227,267	-	1,227,267	
Due from other governments	76,060	168,241	-	32,583	-	1,107,260	1,384,144	
Lease receivable	716,823	-	-	-	-	-	716,823	
Due from other funds	531,553	-	-	-	-	7,730	539,283	
Inventories	-	-	-	-	-	26,188	26,188	
Total Assets	\$ 4,858,293	\$ 168,241	\$ 1,846,574	\$ 992,955	\$ 1,227,276	\$ 2,011,326	\$ 11,104,665	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 387,936	\$ 82,022	\$ -	\$ -	\$ -	\$ 223,267	\$ 693,225	
Due to other funds	7,730	86,219	-	-	-	445,334	539,283	
Unavailable revenue - federal programs	-	-	-	-	-	8,346	8,346	
Total Liabilities	395,666	168,241	-	-	-	676,947	1,240,854	
<b>Deferred Inflows of Resources</b>								
Leases	731,452	-	-	-	-	-	731,452	
Total Deferred Inflows of Resources	731,452	-	-	-	-	-	731,452	
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Inventory	-	-	-	-	-	26,188	26,188	
Permanent fund principal	-	-	-	-	-	17,282	17,282	
<b>Restricted:</b>								
Debt service	-	-	-	992,955	1,227,276	505,064	2,725,295	
Capital projects	-	-	1,846,574	-	-	-	1,846,574	
Forestry improvement purposes	-	-	-	-	-	4,325	4,325	
Grant activities	-	-	-	-	-	752,518	752,518	
Unemployment benefits	-	-	-	-	-	29,002	29,002	
<b>Assigned:</b>								
Activity funds	21,560	-	-	-	-	-	21,560	
<b>Unassigned</b>	3,709,615	-	-	-	-	-	3,709,615	
Total Fund Balances	3,731,175	-	1,846,574	992,955	1,227,276	1,334,379	9,132,359	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,858,293	\$ 168,241	\$ 1,846,574	\$ 992,955	\$ 1,227,276	\$ 2,011,326	\$ 11,104,665	

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

**LELAND SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit C-1**

<b>Total fund balances for governmental funds</b>	<b>\$</b>	<b>9,132,359</b>
Amounts reported for governmental activities in the statement of Net Position are different because:		
1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$ 42,870	
Building improvements	7,584,525	
Improvements other than buildings	124,870	
Mobile equipment	861,015	
Furniture and equipment	703,379	
Accumulated depreciation	<u>(5,570,773)</u>	7,552,295
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(10,630,534)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	2,082,325	
Deferred inflows of resources related to pensions	<u>(4,114,901)</u>	(12,663,110)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability	(725,341)	
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	169,528	
Deferred inflows of resources related to OPEB	<u>(313,424)</u>	(869,237)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(6,445,000)	
Other bonds payable	(1,700,000)	
Notes payable	(504,000)	
Compensated absences	(51,344)	
Accrued interest payable	<u>(92,217)</u>	(8,792,561)
<b>Net Position of governmental activities</b>	<b>\$</b>	<b><u>(5,640,254)</u></b>

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

**LELAND SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit D**

	Major Funds						
	General Fund	ESSER II Fund	Bond Proceeds Capital Projects Fund	2021 GO Debt Service Fund	QSCB Debt Repay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Local sources	\$ 2,206,939	\$ -	\$ 27,750	\$ 1,550,356	\$ -	\$ 108,528	\$ 3,893,573
State sources	3,847,264	-	-	-	-	233,442	4,080,706
Federal sources	96,518	1,656,026	-	-	-	3,650,149	5,402,693
Sixteenth section sources	304,452	-	-	-	-	53	304,505
Total Revenues	6,455,173	1,656,026	27,750	1,550,356	-	3,992,172	13,681,477
<b>Expenditures:</b>							
Instruction	3,284,046	611,094	-	-	-	1,813,018	5,708,158
Support services	3,106,240	840,883	-	-	-	1,679,764	5,626,887
Noninstructional services	12,194	-	-	-	-	876,846	889,040
Sixteenth section	639	-	-	-	-	-	639
Facilities acquisition and construction	-	128,980	1,053,826	-	-	-	1,182,806
Debt service:							
Principal	-	-	-	-	-	265,000	265,000
Interest	-	-	-	-	-	236,167	236,167
Other	-	-	-	-	-	3,605	3,605
Total Expenditures	6,403,119	1,580,957	1,053,826	-	-	4,874,400	13,912,302
Excess (Deficiency) of Revenues over (under) Expenditures	52,054	75,069	(1,026,076)	1,550,356	-	(882,228)	(230,825)
<b>Other Financing Sources (Uses):</b>							
Bonds and notes issued	-	-	-	-	-	504,000	504,000
Payments held by escrow agent	-	-	-	-	146,999	-	146,999
Payment to QSCB debt escrow agent	-	-	-	-	-	(146,999)	(146,999)
Operating transfers in	115,069	-	-	-	-	1,816,724	1,931,793
Operating transfers out	(555,706)	(75,069)	-	(557,401)	-	(743,617)	(1,931,793)
Other financing uses	-	-	-	-	(89,840)	-	(89,840)
Total Other Financing Sources (Uses)	(440,637)	(75,069)	-	(557,401)	57,159	1,430,108	414,160
Net Change in Fund Balances	(388,583)	-	(1,026,076)	992,955	57,159	547,880	183,335
<b>Fund Balances:</b>							
July 1, 2021, as previously reported	4,214,036	-	2,872,650	-	1,170,117	777,534	9,034,337
Prior period adjustments	(94,278)	-	-	-	-	4,164	(90,114)
July 1, 2021, as restated	4,119,758	-	2,872,650	-	1,170,117	781,698	8,944,223
Increase (Decrease) in inventory	-	-	-	-	-	4,801	4,801
June 30, 2022	\$ 3,731,175	\$ -	\$ 1,846,574	\$ 992,955	\$ 1,227,276	\$ 1,334,379	\$ 9,132,359

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

**LELAND SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2022**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ 183,335**

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 1,505,060	
Depreciation expense	<u>(317,448)</u>	1,187,612
  
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (589)
  
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued	(504,000)	
Payments of debt principal	265,000	
Accrued interest payable	<u>(6,441)</u>	(245,441)
  
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

Pension expense	(319,598)	
Contributions subsequent to the measurement date	<u>1,086,150</u>	766,552
  
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

OPEB expense	49,166	
Contributions subsequent to the measurement date	<u>24,932</u>	74,098
  
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	2,631	
Change in inventory	<u>4,801</u>	7,432

**Change in Net Position of governmental activities** **\$ 1,972,999**

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

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

For financial reporting purposes, Leland 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

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

program revenues are reported instead as general revenues.

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

The 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.

**ESSER II Fund** – This is a special revenue fund that is used to account for the revenues and expenditures of the ESSER II grant.

**Bond Proceeds Capital Projects Fund** - This fund accounts for the proceeds of general obligation bonds and the expenditure of the proceeds for capital projects.

**2021 GO Debt Service Fund** - This fund accounts for the local sources received and expenditures incurred for the principal and interest payment on the general obligation bonds.

**QSCB Debt Repay Fund** - This fund accounts for the accumulation of sinking fund payments by the escrow agent to be used to pay the qualified school construction bonds upon maturity.

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

Additionally, the school district reports the following fund types:

#### **GOVERNMENTAL FUNDS**

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources

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

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

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

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

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

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

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

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

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

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

**D. Encumbrances**

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

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

#### Investments

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

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

Investments for the district are reported at fair market value.

#### 2. Receivables and payables

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

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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

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

#### 5. Restricted Assets

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

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

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

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 school district has incurred deferred inflows which are presented as a deferred inflow related to pensions, a deferred inflow related to OPEB, and a deferred inflow related to leases.

See Note 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by

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

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

9. Leases

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

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

10. Long-term Liabilities and Bond Discounts/Premiums

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by 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 and the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 6% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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.

**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 \$7,210,951. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$5,347,095 and a portion of restricted assets in the amount of \$1,863,856 (see Note 4).

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$7,749,947 was exposed to custodial credit risk.

### **Cash with Fiscal Agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$9.

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Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Qualified School Construction Bonds Common Trust Fund	N/A	1 to 5 years	\$ 1,227,267
Total			<u>\$ 1,227,267</u>

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

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

- Qualified School Construction Bonds Common Trust Fund of \$1,227,267 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 445,334
General Fund	ESSER II Fund	86,219
Other governmental funds	General Fund	7,730
Total		<u>\$ 539,283</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows. All balances are expected to be repaid within one year.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 555,706
ESSER II Fund	General Fund	75,069
Other governmental funds	General Fund	40,000
2021 GO Debt Service Fund	Other governmental funds	557,401
Other governmental funds	Other governmental funds	703,617
Total		<u>\$ 1,931,793</u>

Operating transfers were primarily for vocational and special education expenditure transfers, the transfer of expendable sixteenth section resources, unemployment compensation transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$17,282 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. The Qualified School Construction Bond also had a cash with fiscal agent, and investment balance, respectively of \$9 and \$1,227,267. The Bond Proceeds Capital Projects Fund had a cash balance totaling \$1,846,574.

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

**Note 5 – Capital Assets**

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

	Balance 7/1/2021	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2022
<b>Governmental Activities:</b>						
<u>Non-depreciable capital assets:</u>						
Land	\$ 42,870	\$	\$	\$	\$	\$ 42,870
Construction-in-progress	4,061,737	1,053,826		(5,115,563)		-
Total non-depreciable capital assets	4,104,607	1,053,826	-	(5,115,563)	-	42,870
<u>Depreciable capital assets:</u>						
Buildings	3,023,274			783,135		3,806,409
Building improvements	3,218,097	34,000		4,332,428		7,584,525
Improvements other than buildings	29,890	94,980				124,870
Mobile equipment	595,740	265,275				861,015
Furniture and equipment	705,331	56,979	58,931			703,379
Total depreciable capital assets	7,572,332	451,234	58,931	5,115,563	-	13,080,198
<u>Less accumulated depreciation for:</u>						
Buildings	2,265,042	19,601				2,284,643
Building improvements	1,809,762	229,003			111,442	2,150,207
Improvements other than buildings	19,130	4,995				24,125
Mobile equipment	448,966	46,600				495,566
Furniture and equipment	657,325	17,249	58,342			616,232
Total accumulated depreciation	5,200,225	317,448	58,342	-	111,442	5,570,773
Total depreciable capital assets, net	2,372,107	133,786	589	5,115,563	(111,442)	7,509,425
Governmental activities capital assets, net	\$ 6,476,714	\$ 1,187,612	\$ 589	\$ -	\$ (111,442)	\$ 7,552,295

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 208,541
Support services	108,016
Non-instructional	891
Total depreciation expense - Governmental activities	<u>\$ 317,448</u>

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**Note 6 – Leases**

**As Lessor:**

**Sixteenth Section Lands**

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools.

The school district uses the rate of 4% minimum interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease rental payments since a rate implicit in the sixteenth section leases is not a part of the lease contract. The school district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the school district.

The school district, acting as lessor, has entered into 7 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed. The district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the district as part of the implementation of GASB Statement No. 87. The school district has, however, included in its financial statements at year end the net present value of future lease payments of \$716,823 as a lease receivable and \$731,452 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The total amount of inflows of resources recognized during the current fiscal year is \$295,482.

The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal	Interest	Total Payment
2023	\$ 252,437	\$ 14,629	\$ 267,066
2024	163,031	14,629	177,660
2025	169,552	12,715	182,267
2026	24,334	12,715	37,049
2027	25,308	4,169	29,477
2028 – 2032	82,161	16,675	98,836
Total	<u>\$ 716,823</u>	<u>\$ 75,532</u>	<u>\$ 792,355</u>

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**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A. General obligation bonds payable	\$ 6,710,000	\$	\$ 265,000	\$ 6,445,000	\$ 275,000
B. Shortfall notes payable		504,000		504,000	164,000
C. Qualified school construction bonds payable	1,700,000			1,700,000	-
D. Compensated absences payable	53,975		2,631	51,344	2,567
Total	<u>\$ 8,463,975</u>	<u>\$ 504,000</u>	<u>\$ 267,631</u>	<u>\$ 8,700,344</u>	<u>\$ 441,567</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
General obligation bonds, Series 2020	2.0%-4.0%	5/14/2020	3/1/2040	\$ 6,900,000	\$ 6,445,000
Total				<u>\$ 6,900,000</u>	<u>\$ 6,445,000</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 275,000	\$ 207,087	\$ 482,087
2024	285,000	196,088	481,088
2025	290,000	190,387	480,387
2026	295,000	184,588	479,588
2027	305,000	178,688	483,688
2028 – 2032	1,670,000	743,885	2,413,885
2033 – 2037	1,965,000	463,502	2,428,502
2038 – 2040	1,360,000	103,312	1,463,312
Total	<u>\$ 6,445,000</u>	<u>\$ 2,267,537</u>	<u>\$ 8,712,537</u>

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

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022, the amount of outstanding bonded indebtedness was equal to 10% of property assessments as of October 1, 2021.

Leland School District  
Notes to the Financial Statements  
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**B. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall Notes, Series 2021	2.30%	8/19/2021	8/19/2024	\$ 504,000	\$ 504,000
Total				<u>\$ 504,000</u>	<u>\$ 504,000</u>

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

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

1. Shortfall notes payable issue of August 19, 2021:

Year Ending June 30	Principal	Interest	Total
2023	\$ 164,000	\$ 11,592	\$ 175,592
2024	168,000	7,820	175,820
2025	172,000	3,956	175,956
Total	<u>\$ 504,000</u>	<u>\$ 23,368</u>	<u>\$ 527,368</u>

This debt will be retired from the Shortfall debt service fund.

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**C. Qualified school construction bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QSCB Series 2009	0.94%	12/29/2009	9/15/2024	\$ 1,700,000	\$ 1,700,000
Total				<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ -	\$ 15,980	\$ 15,980
2024	-	15,980	15,980
2025	1,700,000	15,980	1,715,980
Total	<u>\$ 1,700,000</u>	<u>\$ 47,940</u>	<u>\$ 1,747,940</u>

This debt will be retired from the QSCB Debt Repay Fund (Debt Service Fund).

**D. Compensated absences payable**

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

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

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

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS 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 \$1,086,150, \$832,094 and \$895,969, respectively, which equaled the required contributions for each year.

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**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 \$10,630,534 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 0.071923 percent, which was based on a measurement date of June 30, 2021. This was an decrease of 0.005407 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 \$319,598. 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	\$ 175,487	\$
Net difference between projected and actual earnings on pension plan investments		3,941,908
Changes of assumptions	820,688	
Changes in proportion and differences between District contributions and proportionate share of contributions		172,993
District contributions subsequent to the measurement date	1,086,150	
Total	\$ <u>2,082,325</u>	\$ <u>4,114,901</u>

\$1,086,150 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ (798,456)
2024	(640,137)
2025	(726,114)
2026	(954,019)

*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

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 15,055,328	\$ 10,630,534	\$ 6,984,151

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

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

### **General Information about the OPEB Plan.**

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

### *Benefits provided.*

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

### *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 \$24,932 for the year ended June 30, 2022.

Leland School District  
Notes to the Financial Statements  
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 \$725,341 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 0.11268628 percent. This was a decrease of 0.00467572 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 (\$49,166). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 789	\$ 226,805
Changes of assumptions	117,474	24,532
Net difference between projected and actual earnings on OPEB plan investments	34	
Changes in proportion and differences between District contributions and proportionate share of contributions	26,299	62,087
District contributions subsequent to the measurement date	24,932	
Total	\$ <u>169,528</u>	\$ <u>313,424</u>

\$24,932 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	\$ (40,957)
2024	(36,496)
2025	(30,076)
2026	(37,991)
2027	(23,308)

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

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

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Year FNP is projected to be depleted	
Measurement Date	2021
Prior Measurement Date	2020
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate rate of 4.50% by 2030
Pre-Medicare	

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.

Leland School District  
Notes to the Financial Statements  
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*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current discount rate:

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 802,849	\$ 725,341	\$ 659,254

*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	\$ 671,854	\$ 725,341	\$ 785,872

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

#### **Note 10 – Prior Period Adjustments**

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

##### Exhibit B - Statement of Activities

Explanation	Amount
To correct prior year capital asset balances.	\$ (111,442)
To correct a prior year revenue or expenditure	(90,114)
Total	<u>\$ (201,556)</u>

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

Fund	Explanation	Amount
General Fund	To correct a prior year revenue or expenditure	(94,278)
Other governmental funds	To correct a prior year revenue or expenditure	\$ 4,164
Total		<u>\$ (90,114)</u>

### **Note 11 – Contingencies**

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

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

### **Note 12 – Risk Management**

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

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

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 52 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 43 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

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

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest,

Leland School District  
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For the Year Ended June 30, 2022

which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2022, the subsidy payments amounted to \$0.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$1,227,267 which includes an interest receivable. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2023	\$ 130,000
2024	130,000
2025	130,000
Total	<u>\$ 390,000</u>

#### **Note 14 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$10,356,516) 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 pensions in the amount of \$1,086,150 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$996,175 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 (\$10,356,516) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,114,901 balance of deferred inflow of resources related to pensions at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$10,356,516) 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 \$24,932 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$144,596 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.

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

The unrestricted net position amount of (\$10,356,516) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$313,424 balance of deferred inflow of resources related to OPEB at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$10,356,516) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$731,452 balance of deferred inflow of resources related to leases at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 9 years.

**Note 15 – Washington County Juvenile Detention Center Consortium**

The school district entered into an agreement on August 8, 2018, forming the consortium for the Washington County Juvenile Detention Center. The consortium includes the Greenville Public School District, Cleveland School District, Grenada School District, Leland School District, Hollandale School District, North Bolivar Consolidated School District, Quitman County School District, West Bolivar Consolidated School District, and Western Line School District. This was established to meet the educational needs of neglected, delinquent, and at-risk children and youths, and to assist in the transition of students from correctional facilities to locally operated programs. Also, to ensure that students have the same opportunities to achieve as if they were in local schools in the state, there will be an Advisory Board to the Youth Court School. It will be composed of the Washington County Youth Court Judge, superintendents, and community advisors. The Advisory Board will advise and make recommendations to the lead district on behalf of the districts as to the budget of the school, the guidelines and regulations of the school, and other factors affecting the cost and general operation of the program. The Greenville Public School District will manage all daily operations, financial transactions, and any other business of regular school programming under the direction of the Greenville Public School District's Superintendent of Education. Each district agrees to pledge a pro rata financial allotment to support this alternative program as long as it maintains membership in the consortium, if needed above and beyond the MS Department of Education funds.

**Note 16 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated May 5, 2008, creating the Area Vocational School Consortium. 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 Leland School District and Hollandale 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 Leland School District has been designated as the fiscal agent for the Area Vocational School Consortium, and the operations of the consortium are included in its financial statements.

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

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

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

<b>Revenues</b>	
State sources	\$ 155,372
Federal sources	23,828
Total Revenues	<u>179,200</u>
<b>Expenditures</b>	
Salaries	463,747
Employee benefits	159,300
Purchased professional and technical services	925
Purchased property services	4,135
Other purchased services	9,336
Supplies	21,311
Property	55,057
Other	1,900
Total Expenditures	<u>715,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(536,511)</u>
<b>Other Financing Sources/Uses:</b>	
Transfers in	(533,929)
Total Other Financing Sources/Uses	<u>(533,929)</u>
Net Change in Fund Balance	<u>(2,582)</u>
<b>Fund Balance:</b>	
July 1, 2021	<u>2,582</u>
June 30, 2022	<u>\$ -</u>

## Note 17 - 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 Leland School District evaluated the activity of the district through March 31, 2023, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**LELAND SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,395,690	\$ 2,206,939	\$ 2,206,939	\$ (1,188,751)	\$ -
State sources	4,655,516	3,847,264	3,847,264	(808,252)	-
Federal sources	48,000	96,518	96,518	48,518	-
Sixteenth section sources	321,000	319,081	304,452	(1,919)	(14,629)
Total Revenues	8,420,206	6,469,802	6,455,173	(1,950,404)	(14,629)
<b>Expenditures:</b>					
Instruction	3,237,470	3,284,046	3,284,046	(46,576)	-
Support services	3,475,778	3,069,565	3,106,240	406,213	(36,675)
Noninstructional services	15,272	12,194	12,194	3,078	-
Sixteenth section	29,500	639	639	28,861	-
Facilities acquisition and construction	-	36,675	-	(36,675)	36,675
Total Expenditures	6,758,020	6,403,119	6,403,119	354,901	-
Excess (Deficiency) of Revenues over (under) Expenditures					
	1,662,186	66,683	52,054	(1,595,503)	(14,629)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	3,000	548,539	115,069	545,539	(433,470)
Operating transfers out	(278,993)	(989,176)	(555,706)	(710,183)	433,470
Total Other Financing Sources (Uses)	(275,993)	(440,637)	(440,637)	(164,644)	-
Net Change in Fund Balances	1,386,193	(373,954)	(388,583)	(1,760,147)	(14,629)
Fund Balances:					
July 1, 2021, as previously reported	4,479,486	4,202,294	4,214,036	(277,192)	11,742
Prior period adjustments	-	(82,536)	(94,278)	(82,536)	(11,742)
July 1, 2021, as restated	4,479,486	4,119,758	4,119,758	(359,728)	-
June 30, 2022	\$ 5,865,679	\$ 3,745,804	\$ 3,731,175	\$ (2,119,875)	\$ (14,629)

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

**LELAND SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 2,283,366	\$ 2,283,102	\$ 1,656,026	\$ (264)	\$ (627,076)
Total Revenues	2,283,366	2,283,102	1,656,026	(264)	(627,076)
<b>Expenditures:</b>					
Instruction	2,283,366	633,794	611,094	1,649,572	22,700
Support services	-	969,560	840,883	(969,560)	128,677
Facilities acquisition and construction	-	465,365	128,980	(465,365)	336,385
Total Expenditures	2,283,366	2,068,719	1,580,957	214,647	487,762
Excess (Deficiency) of Revenues over (under) Expenditures	-	214,383	75,069	214,383	(139,314)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	-	(214,383)	(75,069)	(214,383)	139,314
Total Other Financing Sources (Uses)	-	(214,383)	(75,069)	(214,383)	139,314
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	(86,577)	-	-	86,577	-
June 30, 2022	\$ (86,577)	\$ -	\$ -	\$ 86,577	\$ -

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

**Leland 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>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.071923%	0.077330%	0.077640%	0.081850%	0.075080%	0.079250%	0.084110%	0.082470%
District's proportionate share of the net pension liability	\$ 10,630,534	\$ 14,970,189	\$ 13,658,760	\$ 13,614,419	\$ 12,480,179	\$ 14,155,851	\$ 13,002,367	\$ 10,010,228
District's covered payroll	\$ 4,782,149	\$ 5,149,247	\$ 5,056,597	\$ 5,227,060	\$ 4,816,184	\$ 5,069,721	\$ 5,254,990	\$ 5,041,568
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**Leland School District  
Required Supplementary Information**

**Schedule of District Contributions  
PERS  
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,086,150	\$ 832,094	\$ 895,969	\$ 796,414	\$ 823,262	\$ 758,549	\$ 798,481	\$ 827,661
Contributions in relation to the contractually required contribution	1,086,150	832,094	895,969	796,414	823,262	758,549	798,481	827,661
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 6,242,241	\$ 4,782,149	\$ 5,149,247	\$ 5,056,597	\$ 5,227,060	\$ 4,816,184	\$ 5,069,721	\$ 5,254,990
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**Leland School District  
Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
OPEB  
Last 10 Fiscal Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.11268628%	0.11736200%	0.11944629%	0.12092894%	0.11242366%
District's proportionate share of the net OPEB liability	\$ 725,341	\$ 913,320	\$ 1,013,551	\$ 935,446	\$ 882,086
District's covered-employee payroll	5,357,329	5,656,093	5,469,954	5,469,534	5,050,886
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB No. 75 was implemented in 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.

**Leland School District**  
**Required Supplementary Information**

**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 contributions	\$ 24,932	\$ 29,154	\$ 36,423	\$ 40,626	\$ 37,605
Contributions in relation to the actuarially determined contributions	24,932	29,154	36,423	40,626	37,605
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	\$ 6,242,241	\$ 4,782,149	\$ 5,149,247	\$ 5,056,597	\$ 5,227,060
Contributions as a percentage of covered-employee payroll	0.40%	0.61%	0.71%	0.80%	0.72%

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

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

Leland 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, if applicable, 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%.

Leland 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%.

Leland 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

Leland 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

**LELAND SCHOOL DISTRICT**  
**Supplementary Information**

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	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	10.555	225MS326N1099	33,635
Summer Food Service Program for Children	10.559	225MS326N1099	616,584
Total Child Nutrition Cluster			650,219
Total Passed-through Mississippi Department of Education			650,219
<b>Total U.S. Department of Agriculture</b>			650,219
<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	954,524
Career and Technical Education - Basic Grants to States	84.048	V048A210024	23,828
Rural Education	84.358	S358A210024	28,220
Supporting Effective Instruction State Grants	84.367	S367A210023	84,330
Student Support and Academic Enrichment Program	84.424	S424A210025	56,122
Subtotal			1,147,024
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A210108	320,679
IDEA, Part B ARP Grant	84.027X	H027X210108	39,678
Special Education - Preschool Grants	84.173	H173A210113	15,501
IDEA, Part B Preschool ARP Grant	84.173X	H173X210113	27,800
Total Special Education Cluster			403,658
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	55,027
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	1,656,025
Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	438,990
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			2,150,042
Total passed-through Mississippi Department of Education			3,700,724
Passed-through Delta Health Alliance:			
Promise Neighborhoods Program	84.215N	N/A	872,792
Total passed-through Delta Health Alliance			872,792
<b>Total U.S. Department of Education</b>			4,573,516
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Wahington County Opportunities:			
Head Start	93.600	N/A	45,187
Total passed-through Washington County Opportunities			45,187
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	21,822
Total passed-through Mississippi Department of Education			21,822
<b>Total U.S. Department of Health and Human Services</b>			67,009
<b><u>U.S. Department of Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	280
Total passed-through Mississippi Department of Rehabilitation Services			280
<b>Total U.S. Department of Social Security Administration</b>			280
Total for All Federal Awards			\$ 5,291,024

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

Leland School District  
Notes to the Supplementary Information  
For the Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Leland 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 Leland School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Leland School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. 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.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

**Leland School District  
Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2022**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 8,432,459	5,891,384	843,518	443,242	1,254,315
Other	5,479,843	1,797,321	258,400	907	3,423,215
Total	\$ 13,912,302	7,688,705	1,101,918	444,149	4,677,530
Total number of students *	688				
Cost per student	\$ 20,222	11,175	1,602	646	6,799

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

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

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

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

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

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

## OTHER INFORMATION

**LELAND SCHOOL DISTRICT**  
**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 2,206,939	\$ 3,270,588	\$ 3,077,245	\$ 2,797,173
State sources	3,847,264	3,783,494	3,624,651	3,606,314
Federal sources	96,518	82,359	57,524	68,359
Sixteenth Section sources	304,452	319,877	330,921	331,917
Total Revenues	6,455,173	7,456,318	7,090,341	6,803,763
<b>Expenditures:</b>				
Instruction	3,284,046	3,019,677	3,291,411	3,194,225
Support services	3,106,240	2,588,396	4,885,984	2,885,007
Noninstructional services	12,194	13,853	13,197	17,269
Sixteenth section	639	27,454	29,530	29,177
Debt Service:				
Principal				67,052
Interest				1,548
Total Expenditures	6,403,119	5,649,380	8,220,122	6,194,278
Excess (Deficiency) of Revenues over (under) Expenditures	52,054	1,806,938	(1,129,781)	609,485
<b>Other Financing Sources (Uses):</b>				
Insurance recovery		95,000	1,628,750	57,634
Operating transfers in	115,069	3,039	3,039	159,660
Operating transfers out	(555,706)	(718,320)	(6,659)	(110,085)
Total Other Financing Sources (Uses)	(440,637)	(620,281)	1,625,130	107,209
Net Change in Fund Balances	(388,583)	1,186,657	495,349	716,694
<b>Fund Balances:</b>				
Beginning of period, as previously reported	4,214,036	3,028,941	2,533,064	1,809,771
Prior period adjustments	(94,278)	(1,562)	528	6,599
Beginning of period, restated	4,119,758	3,027,379	2,533,592	1,816,370
End of Period	\$ 3,731,175	\$ 4,214,036	\$ 3,028,941	\$ 2,533,064

\*SOURCE - PRIOR YEAR AUDIT REPORTS

# LELAND SCHOOL DISTRICT

## Other Information

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

#### All Governmental Funds

#### Last Four Years

#### UNAUDITED

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 3,893,573	\$ 3,932,539	\$ 3,337,526	\$ 3,053,988
State sources	4,080,706	4,060,462	4,397,440	4,371,427
Federal sources	5,402,693	3,881,205	2,744,497	2,972,495
Sixteenth section sources	304,505	319,930	330,921	331,917
Total Revenues	13,681,477	12,194,136	10,810,384	10,729,827
<b>Expenditures:</b>				
Instruction	5,708,158	4,744,832	4,796,540	4,898,127
Support services	5,626,887	4,380,017	6,107,089	4,102,211
Noninstructional services	889,040	697,881	705,838	695,644
Sixteenth section	639	27,454	29,530	29,177
Facilities acquisition and construction	1,182,806	3,970,228	288,403	
Debt service:				
Principal	265,000	190,000		67,052
Interest	236,167	195,584		17,528
Other	3,605	3,605	17,085	1,105
Total Expenditures	13,912,302	14,209,601	11,944,485	9,810,844
Excess (Deficiency) of Revenues over (under) Expenditures	(230,825)	(2,015,465)	(1,134,101)	918,983
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	504,000		6,900,000	
Insurance recovery		95,000	1,628,750	57,634
Payment held by escrow agent	146,999	145,830	142,869	140,949
Payment to QSCB debt escrow agent	(146,999)	(145,830)	(142,869)	(140,949)
Sale of other property				
Operating transfers in	1,931,793	1,795,792	74,647	301,769
Operating transfers out	(1,931,793)	(1,795,792)	(74,647)	(301,769)
Other financing uses	(89,840)	(6,463)	10,494	
Total Other Financing Sources (Uses)	414,160	88,537	8,539,244	57,634
Net Change in Fund Balances	183,335	(1,926,928)	7,405,143	976,617
<b>Fund Balances:</b>				
Beginning of period, as originally reported	9,034,337	10,973,316	3,548,866	2,699,100
Prior period adjustments	(90,114)	(1,562)	528	(125,767)
Beginning of period, restated	8,944,223	10,971,754	3,549,394	2,573,333
Increase (Decrease) in reserve for inventory	4,801	(10,489)	18,779	(1,084)
End of Period	\$ 9,132,359	\$ 9,034,337	\$ 10,973,316	\$ 3,548,866

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board  
Leland School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leland School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Leland School District's basic financial statements, and have issued our report thereon dated March 31, 2023.

### Report on Internal Control Over Financial Reporting

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

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

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

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

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

## **Purpose of this Report**

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

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2023

*McKenzie CPA, PLLC*



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### **Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance**

Superintendent and School Board  
Leland School District

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

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

We have audited Leland 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 Leland School District's major federal programs for the year ended June 30, 2022. The Leland School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Leland School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Leland 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 the Leland School District's federal programs.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Leland 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 the Leland 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 the Leland School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2023



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



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

Superintendent and School Board  
Leland School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Leland School District as of and for the year ended June 30, 2022, which collectively comprise Leland School District's basic financial statements and have issued our report thereon dated March 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

#### **State Legal Finding 01 – The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Sixteenth Section Deposits, Lease Payments, Reporting, and Lease Agreement Renewals.**

**Applicable State Law:** *Section 29-1-3, Mississippi Code Annotated (1972)*, states, "Any state, county or municipal official shall supply annually to the state land commissioner such sixteenth section management information as shall be requested by the commissioner. Such information shall include, but not be limited to, the following items pertaining to all new leases, rights of way,

easements and sales of school trust lands: the number of acres in each parcel; the consideration paid for each transaction; the length and expiration of each lease, easement, or right of way; and the use to be made of each parcel...”

*Section 29-3-57, Mississippi Code Annotated (1972)*, states, “The superintendent of education shall keep a current docket as to the expiration date of all leases on sixteenth section lands; likewise, he shall keep a correct current docket upon the existing leases or any extensions thereof as to the amounts and time of payment of rentals provided for by such lease. It shall be the duty of the superintendent of education to collect promptly all rentals due and all principal and interest due upon loans and investments of sixteenth section funds. Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be declared terminated unless the board of education finds extenuating circumstances were present, and the board shall inaugurate the proper legal proceedings to terminate such lease.”

*Section 29-3-81(1), Mississippi Code Annotated (1972)*, “All other sixteenth section or lieu lands classified as agricultural may be leased for a term not exceeding five (5) years. All leases of land classified as agricultural shall be for a term to expire on December 31. Except in those cases when the holder of an existing lease on agricultural land elects to re-lease such land, as authorized under this subsection, it shall be the duty of the board of education to lease the sixteenth section or lieu lands at public contract after having advertised such lands for rent in a newspaper published in the county or, if no newspaper is published in the county, then in a newspaper having a general circulation therein, for two (2) successive weeks, the first being at least ten (10) days before the public contract. The lease form and the terms so prescribed shall be on file and available for inspection in the office of the superintendent from and after the public notice by advertisement and until finally accepted by the board.”

**Finding Detail:** During the review of the School District’s sixteenth section leases, the auditor noted the following exceptions:

- Two lease payments were more than 60 days late; however, the leases were not cancelled or presented to the board;

**Recommendation:** We recommend the Leland School District strengthen controls and ensure compliance by implementing adequate procedures to assure full lease payments are made within 60 days, leases in default are cancelled, and that all deposits are made timely after receipt. Also, the School District should ensure the annual Sixteenth Section School Trust Land Report submitted to the Secretary of State is accurate and to appropriately advertise its agriculture land leases for rent.

**District’s Response:** The Leland School District has implemented procedures to ensure all late leases are present to the board for review each month.

**Repeat Finding:** Yes.

**State Legal Finding 02: The School District Should Strengthen Internal Controls and Ensure Compliance with State Law over Travel Reimbursements.**

**Internal Control Deficiency:** Management is responsible for insuring that all travel reimbursements expenditures are correctly recorded, allowed, and documented, as required by the *Department of Finance and Administration*. Proper internal controls would include maintaining corroborating evidence such as conference schedules and attendance certifications and completing travel request forms. Proper internal controls would include maintaining corroborating evidence such as conference schedules and attendance certifications and completing travel request forms.

**Applicable State Law:** *Section 25-3-41(1), Mississippi Code Annotated (1972)*, states, “Subject to the provisions of subsection (10) of this section, when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel.”

*Section 25-3-41(4), Mississippi Code Annotated (1972)*, states, “ In addition to the foregoing, a public officer or employee shall be reimbursed for other actual expenses such as meals, lodging and other necessary expenses incurred in the course of the travel, subject to limitations placed on meals for intrastate and interstate official travel by the *Department of Finance and Administration*, provided, that the Legislative Budget Office shall place any limitations for expenditures made on matters under the jurisdiction of the Legislature. The *Department of Finance and Administration* shall set a maximum daily expenditure annually for such meals and shall notify officers and employees of changes to these allowances immediately upon approval of the changes.”

*Section 27-65-105, Mississippi Code Annotated (1972)*, states, “The exemption from the provisions of this chapter which are of a governmental nature or which are more properly classified as governmental exemptions than any other exemption classification of this chapter shall be confined to those persons or property exempted by this section or by provisions of the Constitutions of the United States or the State of Mississippi. No governmental exemption as now provided by any other section shall be valid as against the tax herein levied. Any subsequent governmental exemption from the tax levied hereunder shall be provided by amendment to this section. No exemption provided in this section shall apply to taxes levied by *Section 27-65-15 or 27-65-21, Mississippi Code of 1972*, except as provided by paragraph (f) of this section. The tax levied by this chapter shall not apply to the following... (b) Sales to schools, when such schools are supported wholly or in part by funds provided by the State of Mississippi, provided that this exemption does not apply to sales of property which is not to be used in the ordinary operation of the school, or which is to be resold to the students or the public.

**Finding Detail:** During the review of the School District’s travel reimbursements, the auditor noted the following exceptions:

- Two travel forms were not approved by the Superintendent;
- Three of the superintendent travel forms were not approved:
- Nine of the travel forms were not signed by the employee attesting to the expense

Failure to have adequate controls surrounding the District’s reimbursements could result in waste, fraud, and abuse of public funds.

**Recommendation:** We recommend the Leland School District strengthen controls and ensure compliance by implementing adequate procedures to assure that the expense reimbursements comply with the District’s Board policy and state law.

**District’s Response:** The Leland School District has implemented procedures to ensure all travel procurement packs contain an approved leave request form, a completed travel voucher, a meeting agenda, and if applicable a hotel receipt showing a zero balance, mileage and meal reimbursements will be based on rates established by the Mississippi Department of Finance and Administration for each school year.

**Repeat Finding:** Yes.

**State Legal Finding 03: The School District Should Ensure Compliance with State Laws over Reemployment of Retired Public Employees.**

**Applicable State Law:** *Section 25-11-127(4), Mississippi Code Annotated. (1972)*, states, “Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

*Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105*, states, “The lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer.”

**Finding Detail:** During our review of nine (9) Leland School District’s PERS Form 4Bs, we noted the following exceptions:

- Three out of Three PERS Form 4B tested showed that all three of the employees had been paid more than the allowed amounts reported. The overpayments totaled \$7,200.

Failure to file the Form 4B, as required by PERS, and comply with *Section 25-11-127(4)* could result in overpayment of retiree and the School District being assessed penalties by PERS.

**Recommendation:** The Payroll Clerk should ensure the School District complies with *Section 25-11-127(4)* and PERS by properly paying employees, completing, and filing Form 4Bs within five (5) days of reemployment.

**District’s Response:** The Leland School District will strengthen its internal controls to ensure the PERS forms are properly completed and submitted to PERS within five days of reemployment for all retired employees. The district will monitor payments to retiree’s to help ensure they are not overpaid.

**Repeat Finding:** Yes.

**State Legal Finding 04: The School District Should Ensure Compliance with State Laws over Surety Bonds.**

**Applicable State Law:** *Section 25-1-15(2), Mississippi Code Annotated (1972)*, states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”

*Section 25-1-19, Mississippi Code Annotated (1972)*, states, “The bond of all other county officers and employees, or officers and employees for any district, subdivision, board or commission of a county, including public school districts, shall be approved by the board of supervisors of such county. All the bonds shall be filed and recorded in the office of the clerk of the chancery court of the county...”

*Section 37-39-21, Mississippi Code Annotated (1972)*, states, “The purchasing agent of any school board, before entering upon his official duties in such capacity, shall furnish a good and sufficient surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety.”

*Board Policy Section D Fiscal Management, Policy Code DJEA Purchasing Authority* provides that the school board designates the following other individuals as "purchasing agents" subject to the limitations: Superintendent, Assistant Superintendent, Business Manager, Director of Auxiliary Services, Director of Maintenance, and all Principals.

**Finding Detail:** During our review of Leland School District, auditors noted the following exceptions with the District's surety bond:

Bonds were not filed in the Chancery Clerk's office for the following staff:

- Five Board Members
- The Superintendent
- Purchasing Agent
- Three Principals.

Additional items noted were the following:

- Three Board Members and the Purchasing Agent were covered with a continuation certificate;
- One Board Member, the Superintendent, Business Manager, and four Principals were covered with indefinite bonds.

A “continuations certificate” is a document that extends the life of the original surety bond. A continuation certificate only covers the current bonding period rather than both the current and previous periods. In the event of fraud or misappropriation of funds, having continuation certificates instead of new bonds could limit the amount available for recovery if the loss occurred over multiple terms.

Failure to have a bond in place for a specific term of office could limit the amount available for recovery if a loss occurred over multiple terms. Additionally, failure to comply with the state statute, by being correctly and sufficiently bonded, could result in the loss of public funds.

**Recommendation:** The School District should ensure that new bonds are secured every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee as statutorily required. Additionally, the Board should ensure all bonds for employees' and officials' bonds are filed with the Chancery Clerk's office.

**District's Response:** The Leland School District will amend Policy DJEA to include the Superintendent and Business Manager. The District will ensure all bonds are for definite periods and file all bonds with the Chancery Clerk's Office in a timely manner.

**Repeat Finding:** Yes.

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 ensure that corrective action has been taken.

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

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

McKenzie CPA, PLLC  
Madison, Mississippi  
March 31, 2023

*McKenzie CPA, PLLC*

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Leland 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 weaknesses identified? No
  - b. Significant deficiencies identified? None Reported
3. Noncompliance material to financial statements noted? No

Federal Awards:

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

7. Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I grants to local educational agencies
	<u>Education Stabilization Funds (ESSER)</u>
84.425D	Education Stabilization Fund I (ESSER)
84.425D	Education Stabilization Fund II (ESSER)
84.425U	Education Stabilization Fund ARP III (ESSER)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). None Reported

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

**Section II: Financial Statement Findings**

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

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

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