



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

NOXUBEE COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2022

NOXUBEE COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	43
Budgetary Comparison Schedule – General Fund	44
Budgetary Comparison Schedule – Title I Fund	45
Budgetary Comparison Schedule – ESSER II Fund	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions (PERS)	48
Schedule of the District's Proportionate Share of the Net OPEB Liability	49
Schedule of District Contributions (OPEB)	50
Notes to the Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	55
Schedule of Expenditures of Federal Awards	56
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	58
OTHER INFORMATION	59
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	60
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	61
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	62
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	68
AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR YEAR AUDIT FINDINGS	72

INDEPENDENT AUDITOR'S REPORT

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

INDEPENDENT AUDITOR'S REPORT

Interim Superintendent
Noxubee County School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB), 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 Noxubee County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023, on our consideration of the Noxubee County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Noxubee County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noxubee County School District's internal control over financial reporting and compliance.

Brown CPA, PLLC
Madison, Mississippi
May 12, 2023

Brown CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

FINANCIAL HIGHLIGHTS

- Total net position for 2022 increased \$2,410,329 which represents an 60% increase from fiscal year 2021. Total net position for 2021 increased \$1,174,856 including a prior period adjustment of (\$1,018,645), which represents a 23% increase from fiscal year 2020.
- General revenues amounted to \$12,129,182 and \$12,399,562, or 63% and 68% 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 \$7,059,334, or 37% of total revenues for 2022, and \$5,802,570, or 32% of total revenues for 2021.
- The district had \$16,778,187 and \$16,008,631 in expenses for fiscal years 2022 and 2021; only \$7,059,334 for 2022 and \$5,802,570 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,129,182 for 2022 and \$12,399,562 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,171,843 in revenues and \$10,784,260 in expenditures for 2022, and 12,119,092 in revenues and \$10,237,498 in expenditures for 2021. The General Fund's fund balance increased by \$1,165,448 from 2021 to 2022, and increased by \$1,746,172 from 2020 to 2021, including a prior period adjustment of \$2,878.
- Capital assets, net of accumulated depreciation, increased by \$3,391,131 for 2022 and decreased by \$1,346,155 for 2021. The increase for 2022 was due to the additions of \$284,458, disposals of \$84,504, adjustments from the implementation of GASB Statement No. 87 of \$4,363,767, and a net increase in accumulated depreciation of \$1,172,590.
- Long-term debt increased by \$6,326,347 for 2022 and had no change for 2021. The increase for 2022 was due primarily to the addition of a three mill note and other adjustments to show lease obligations from the implementation of GASB Statement No. 87. The liability for compensated absences decreased by \$3,554 for 2022 and increased by \$2,181 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 non-fiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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 recorded as other financing sources on the governmental funds financial statements.

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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 \$1,611,105 as of June 30, 2022.

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

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

	June 30, 2022	June 30, 2021	Percentage Change
Current assets	\$ 16,589,910	\$ 9,759,611	69.99 %
Restricted assets	1,008,728	491,920	105.06 %
Capital assets, net	14,584,931	11,193,800	30.29 %
Total assets	32,183,569	21,445,331	50.07 %
Deferred outflows of resources	3,645,063	3,253,898	12.02 %
Current liabilities	1,001,674	899,551	11.35 %
Long-term debt outstanding	7,623,819	1,297,472	487.59 %
Net OPEB liability	1,056,113	1,276,546	(17.27) %
Net pension liability	17,218,027	21,900,460	(21.38) %
Total liabilities	26,899,633	25,374,029	6.01 %
Deferred inflows of resources	10,540,104	3,346,634	214.95 %
Net position:			
Net investment in capital assets	8,255,030	11,193,800	(26.25) %
Restricted	4,910,851	1,828,963	168.50 %
Unrestricted	(14,776,986)	(17,044,197)	13.30 %
Total net position	\$ (1,611,105)	\$ (4,021,434)	(59.94) %

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)	\$(14,776,986)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows related to Pensions and OPEB	21,924,011
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 7,147,025</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 \$3,391,131.
- The addition of new debt in the amount of \$2,550,000.
- The decrease in net pension liability of \$4,682,433.
- Recognition of a net OPEB liability in the amount of \$1,056,113

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$19,188,516 and \$18,202,132, respectively. The total cost of all programs and services was \$16,778,187 for 2022 and \$16,008,631 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

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 115,813	\$ 72,653	59.41 %
Operating grants and contributions	6,943,521	5,729,917	21.18 %
General revenues:			
Property taxes	3,957,907	3,841,013	3.04 %
Grants and contributions not restricted	7,683,578	7,875,935	(2.44) %
Investment earnings	190,392	168,076	13.28 %
Sixteenth section sources	273,661	432,172	(36.68) %
Other	23,644	82,366	(71.29) %
Total revenues	19,188,516	18,202,132	5.42 %
Expenses:			
Instruction	7,196,401	6,530,910	10.19 %
Support services	7,449,967	7,583,609	(1.76) %
Non-instructional	1,697,428	728,573	132.98 %
Sixteenth section	89,476	82,200	8.85 %
Pension expense	199,660	1,118,607	(82.15) %
OPEB expense	(145,066)	(58,733)	(146.99) %
Interest on long-term liabilities	290,321	23,465	1,137.25 %
Total expenses	16,778,187	16,008,631	4.81 %
Increase (Decrease) in net position	2,410,329	2,193,501	9.89 %
Net Position, July 1, as previously reported	(4,021,434)	(5,196,290)	22.61 %
Prior Period Adjustment	-	(1,018,645)	100.00 %
Net Position, July 1, as restated	(4,021,434)	(6,214,935)	35.29 %
Net Position, June 30	\$ (1,611,105)	\$ (4,021,434)	59.94 %

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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	\$ 7,196,401	\$ 6,530,910	10.19 %
Support services	7,449,967	7,583,609	(1.76) %
Non-instructional	1,697,428	728,573	132.98 %
Sixteenth section	89,476	82,200	8.85 %
Pension expense	199,660	1,118,607	(82.15) %
OPEB expense	(145,066)	(58,733)	(146.99) %
Interest on long-term liabilities	290,321	23,465	1,137.25 %
Total expenses	\$ 16,778,187	\$ 16,008,631	4.81 %

	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (4,421,922)	\$ (4,816,779)	8.20 %
Support services	(5,204,769)	(4,759,499)	(9.36) %
Non-instructional	342,229	530,263	(35.46) %
Sixteenth section	(89,476)	(76,707)	(16.65) %
Pension Expense	(199,660)	(1,118,607)	82.15 %
OPEB expense	145,066	58,733	146.99 %
Interest on long-term liabilities	(290,321)	(23,465)	(1,137.25) %
Total net (expense) revenue	\$ (9,718,853)	\$ (10,206,061)	4.77 %

- Net cost of governmental activities (\$9,718,853 for 2022 and \$10,206,061 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$3,957,907 for 2022 and \$3,841,013 for 2021) and state and federal revenues (\$7,683,578 for 2022 and \$7,875,935 for 2021). In addition, there was \$273,661 and \$432,172 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$190,392 for 2022 and \$168,076 for 2021.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$13,356,695, an increase of \$4,004,715, which includes an increase in inventory of \$1,267. \$8,440,943 or 63% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,915,752 or 37% 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 increase in fund balance in the General Fund for the fiscal year was \$1,165,448. The fund balance of Other Governmental Funds showed an increase in the amount of \$324,340, which includes an increase in inventory of \$1,267. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
ESSER II Fund	no increase or decrease
3-Mill Debt Fund	\$ 2,514,927

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and 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 \$29,195,767, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment, and intangible assets. This amount represents an increase of \$4,563,721 from 2021 due primarily to the addition of construction in progress and includes the effects of the implementation of GASB Statement No. 87, from 2021. Total accumulated depreciation as of June 30, 2022, was \$14,610,836, and total depreciation expense for the year was \$1,253,127, resulting in total net capital assets of \$14,584,931.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 49,211	\$ 49,211	0.00 %
Construction in progress	94,500	-	N/A %
Buildings	9,497,952	9,809,455	(3.18) %
Building improvements	541,335	505,797	7.03 %
Improvements other than buildings	116,272	127,945	(9.12) %
Mobile equipment	430,055	499,618	(13.92) %
Furniture and equipment	171,949	201,774	(14.78) %
Intangible assets	3,683,657	-	N/A %
Total	\$ 14,584,931	\$ 11,193,800	30.29 %

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

NOXUBEE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Debt Administration. At June 30, 2022, the District had \$7,623,819 in outstanding long-term debt, of which \$1,530,172 is due within one year. During the fiscal year, the District made principal payments totaling \$660,992 on outstanding long-term debt. The liability for compensated absences decreased \$3,554 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2022	June 30, 2021	Percentage Change
Three mill notes payable	2,550,000	-	N/A %
Other loans payable	1,250,000	1,250,000	0.00 %
Lease obligations payable	3,779,901	-	N/A %
Compensated absences payable	43,918	47,472	(7.49) %
Total	\$ 7,623,819	\$ 1,297,472	487.59 %

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

CURRENT ISSUES

The State took over the district during the 2019 fiscal year after concerns of their finances and findings of an investigative audit that cited them for violating more than 80 percent of the State's accreditation standards. The district will remain under state control for a minimum of five years under a state law requiring all districts to maintain an accountability rating of C or higher for five consecutive years.

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 Noxubee County School District, P.O. Box 540, Macon, MS 39141.

FINANCIAL STATEMENTS

NOXUBEE COUNTY SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,191,628
Due from other governments	1,280,562
Lease receivable	3,089,921
Inventories	27,799
Restricted assets	1,008,728
Capital assets, non-depreciable:	
Land	49,211
Construction in progress	94,500
Capital assets, net of accumulated depreciation:	
Buildings	9,497,952
Building improvements	541,335
Improvements other than buildings	116,272
Mobile equipment	430,055
Furniture and equipment	171,949
Intangible assets	3,683,657
Total Assets	<u>32,183,569</u>
Deferred Outflows of Resources	
Deferred outflow related to pensions	3,439,623
Deferred outflows - OPEB	205,440
Total Deferred Outflows of Resources	<u>3,645,063</u>
Liabilities	
Accounts payable and accrued liabilities	988,922
Unearned revenue	7,851
Interest payable on long-term liabilities	4,901
Long-term liabilities, due within one year:	
Leases payable	704,976
Capital related liabilities	198,000
Non-capital related liabilities	627,196
Net OPEB liability	42,096
Long-term liabilities, due beyond one year:	
Leases payable	3,074,925
Capital related liabilities	2,352,000
Non-capital related liabilities	666,722
Net pension liability	17,218,027
Net OPEB liability	1,014,017
Total Liabilities	<u>26,899,633</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	6,634,530
Deferred inflows - OPEB	660,404
Deferred inflows - leases	3,245,170
Total Deferred Inflows of Resources	<u>10,540,104</u>
Net Position	
Net investment in capital assets	8,255,030
Restricted for:	
Expendable:	
School-based activities	1,003,192
Debt service	2,510,046
Capital improvements	192,006
Forestry improvements	172,759
Unemployment benefits	24,120
Non-expendable:	
Sixteenth section	1,008,728
Unrestricted	(14,776,986)
Total Net Position (deficit)	<u>\$ (1,611,105)</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2022

Exhibit B

					Net (Expense)
					Revenue and
					Changes in
					Net Position
Program Revenues					
					</

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

NOXUBEE COUNTY SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2022

Exhibit C

	Major Funds				Other	Total
	General	Title I	ESSER II	3-Mill Debt	Governmental	Governmental
	Fund	Fund - 2211	Fund - 2594	Fund - 4021	Funds	Funds
Assets						
Cash and cash equivalents	\$ 8,516,693	\$ -	\$ -	\$ 2,514,927	\$ 2,168,736	\$ 13,200,356
Due from other governments	196,860	199,655	674,822	-	209,225	1,280,562
Leases receivable	3,089,921	-	-	-	-	3,089,921
Due from other funds	932,274	-	-	-	95	932,369
Inventories	-	-	-	-	27,799	27,799
Total assets	<u>\$ 12,735,748</u>	<u>\$ 199,655</u>	<u>\$ 674,822</u>	<u>\$ 2,514,927</u>	<u>\$ 2,405,855</u>	<u>\$ 18,531,007</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 767,051	\$ -	\$ 139,482	\$ -	\$ 82,389	\$ 988,922
Due to other funds	95	199,655	535,340	-	197,279	932,369
Unearned revenues	-	-	-	-	7,851	7,851
Total Liabilities	<u>767,146</u>	<u>199,655</u>	<u>674,822</u>	<u>-</u>	<u>287,519</u>	<u>1,929,142</u>
Deferred Inflows of Resources:						
Deferred inflows - leases	3,245,170	-	-	-	-	3,245,170
Total deferred inflows of resources	<u>3,245,170</u>					<u>3,245,170</u>
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	27,799	27,799
Permanent fund principal	-	-	-	-	1,008,728	1,008,728
Restricted:						
Debt service	-	-	-	2,514,927	20	2,514,947
Forestry improvement purposes	-	-	-	-	172,759	172,759
Grant activities	48,149	-	-	-	884,910	933,059
Unemployment benefits	-	-	-	-	24,120	24,120
Assigned:						
Capital improvements	192,006	-	-	-	-	192,006
Activity funds	42,334	-	-	-	-	42,334
Unassigned	<u>8,440,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,440,943</u>
Total Fund Balances	<u>8,723,432</u>	<u>-</u>	<u>-</u>	<u>2,514,927</u>	<u>2,118,336</u>	<u>13,356,695</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,735,748</u>	<u>\$ 199,655</u>	<u>\$ 674,822</u>	<u>\$ 2,514,927</u>	<u>\$ 2,405,855</u>	<u>\$ 18,531,007</u>

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

NOXUBEE COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds **\$ 13,356,695**

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	\$ 49,211	
Construction in progress	94,500	
Buildings	17,708,222	
Building improvements	4,147,425	
Improvements other than buildings	291,828	
Mobile equipment	1,680,109	
Furniture and equipment	783,579	
Intangible assets	4,440,893	
Accumulated depreciation	<u>(14,610,836)</u>	14,584,931

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	(17,218,027)	
-----------------------	--------------	--

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	3,439,623	
Deferred inflows of resources related to pensions	<u>(6,634,530)</u>	(20,412,934)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(1,056,113)	
--------------------	-------------	--

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	205,440	
Deferred inflows of resources related to OPEB	<u>(660,404)</u>	(1,511,077)

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:

Lease obligations payable	(3,779,901)	
Notes payable	(2,550,000)	
Other loans payable	(1,250,000)	
Compensated absences	(43,918)	
Accrued interest payable	<u>(4,901)</u>	(7,628,720)

Net Position of governmental activities		<u>\$ (1,611,105)</u>
--	--	------------------------------

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

NOXUBEE COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds				Other	Total
	General	Title I	ESSER II	3-Mill Debt	Governmental	Governmental
	Fund	Fund - 2211	Fund - 2594	Fund - 4021	Funds	Funds
Revenues:						
Local sources	\$ 4,186,659	\$ -	\$ -	\$ 4,263	\$ 59,211	\$ 4,250,133
State sources	7,503,904	-	-	-	674,399	8,178,303
Federal sources	177,532	1,468,164	2,225,162	-	2,541,939	6,412,797
Sixteenth section sources	303,748	-	-	-	41,941	345,689
Total Revenues	12,171,843	1,468,164	2,225,162	4,263	3,317,490	19,186,922
Expenditures:						
Instruction	5,013,304	762,098	901,373	-	1,139,681	7,816,456
Support services	4,822,376	558,632	652,244	-	1,154,613	7,187,865
Noninstructional services	-	120,335	577,045	-	1,003,469	1,700,849
Sixteenth section	62,438	-	-	-	27,038	89,476
Facilities acquisition and construction	-	-	94,500	-	-	94,500
Debt service:						
Principal	660,992	-	-	-	-	660,992
Interest	225,150	-	-	-	20,120	245,270
Other	-	-	-	40,150	-	40,150
Total Expenditures	10,784,260	1,441,065	2,225,162	40,150	3,344,921	17,835,558
Excess (Deficiency) of Revenues over (under) Expenditures	1,387,583	27,099	-	(35,887)	(27,431)	1,351,364
Other Financing Sources (Uses):						
Bonds and notes issued	-	-	-	2,550,000	-	2,550,000
Capital leases issued	77,126	-	-	-	-	77,126
Insurance recovery	1,594	-	-	-	-	1,594
Sale of other property	23,500	-	-	-	-	23,500
Operating transfers in	223,902	-	-	834	557,149	781,885
Operating transfers out	(548,141)	(27,099)	-	-	(206,645)	(781,885)
Other financing uses	(116)	-	-	(20)	-	(136)
Total Other Financing Sources (Uses)	(222,135)	(27,099)	-	2,550,814	350,504	2,652,084
Net Change in Fund Balances	1,165,448	-	-	2,514,927	323,073	4,003,448
Fund Balances:						
July 1, 2021	7,557,984	-	-	-	1,793,996	9,351,980
Increase (Decrease) in inventory					1,267	1,267
June 30, 2022	\$ 8,723,432	\$ -	\$ -	\$ 2,514,927	\$ 2,118,336	\$ 13,356,695

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

NOXUBEE COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 4,003,448**

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	\$ 284,458	
Depreciation expense	<u>(1,253,127)</u>	(968,669)
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.		
		(3,967)
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	(2,550,000)	
Lease obligations payable	(77,126)	
Payments of debt principal	660,992	
Accrued interest payable	<u>(4,901)</u>	(1,971,035)
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	(199,660)	
Contributions subsequent to the measurement date	<u>1,367,382</u>	1,167,722
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	145,066	
Contributions subsequent to the measurement date	<u>32,943</u>	178,009
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	3,554	
Change in inventory	<u>1,267</u>	4,821
Change in Net Position of governmental activities		<u><u>\$ 2,410,329</u></u>

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five-member board to which each member is elected by the citizens of each defined county district. However, during fiscal year 2022, the school district was still under conservatorship by the Mississippi Department of Education (MDE) due to accreditation issues. The MDE appointed a conservator (Interim Superintendent) to govern the district. As a consequence, there's still no acting school board.

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

B. Government-wide and Fund Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or

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

applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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.

Title I Fund – This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.010, Title I grants to local educational agencies.

ESSER II Fund – This special revenue fund accounts for activities related to federal grant Assistance Listing number 84.425D, COVID-19 – Elementary & Secondary School Emergency Relief Fund II.

3-Mill Debt Fund – This debt service fund accounts for local sources and transfers received from other funds and expenditures incurred related to the three mill notes payable debt.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 reported for governmental fund types since the payments of such items reflect costs applicable to future accounting periods.

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(**) The estimated useful life for each right to use asset (intangible asset) is the number of years of the lease which is represented by each right to use asset.

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

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

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

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 deferred outflows related to pensions and deferred outflows related to OPEB. See Note 12 for further details.

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 deferred inflows related to pensions, deferred inflows related to OPEB, and deferred inflows related to leases. See Note 12 for further details.

8. Compensated Absences

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

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

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. When acting as lessee, the school district uses its estimated current borrowing rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Notes 6 and 7 for details.

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.

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

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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

Governmental fund balance is classified as 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.

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

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 10% of general 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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$13,200,356. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$12,191,628 and a portion of restricted assets in the amount of \$1,008,728 (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 \$13,369,426 was exposed to custodial credit risk.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 199,655
General Fund	ESSER II Fund	535,340
General Fund	Other Governmental Funds	197,279
Other Governmental Funds	General Fund	95
Total		<u>\$ 932,369</u>

The primary purpose of the interfund loans were to eliminate negative cash balances in pooled bank accounts. All interfund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Title I Fund	\$ 27,099
General Fund	Other Governmental Funds	196,803
3-Mill Debt Fund	Other Governmental Funds	834
Other Governmental Funds	General Fund	548,141
Other Governmental Funds	Other Governmental Funds	9,008
Total		<u>\$ 781,885</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, the transfer of expendable sixteenth section sources, debt service transfers, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$1,008,728 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.

NOXUBEE COUNTY SCHOOL DISTRICT
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	Adjustments	Balance 6/30/2022
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 49,211	\$ -	-	-	\$ 49,211
Construction in progress	-	94,500	-	-	94,500
Total non-depreciable capital assets	49,211	94,500	-	-	143,711
<u>Depreciable capital assets:</u>					
Buildings	17,708,222	-	-	-	17,708,222
Building improvements	4,100,875	46,550	-	-	4,147,425
Improvements other than buildings	291,828	-	-	-	291,828
Mobile equipment	1,675,799	39,000	34,690	-	1,680,109
Furniture and equipment	806,111	27,282	49,814	-	783,579
Intangible right to use equipment	-	77,126	-	4,363,767	4,440,893
Total depreciable capital assets	24,582,835	189,958	84,504	4,363,767	29,052,056
<u>Less accumulated depreciation for:</u>					
Buildings	7,898,767	311,503	-	-	8,210,270
Building improvements	3,595,078	11,012	-	-	3,606,090
Improvements other than buildings	163,883	11,673	-	-	175,556
Mobile equipment	1,176,181	105,094	31,221	-	1,250,054
Furniture and equipment	604,337	56,609	49,316	-	611,630
Intangible right to use equipment	-	757,236	-	-	757,236
Total accumulated depreciation	13,438,246	1,253,127	80,537	-	14,610,836
Total depreciable capital assets, net	11,144,589	(1,063,169)	3,967	4,363,767	14,441,220
Governmental activities capital assets, net	\$ 11,193,800	\$ (968,669)	\$ 3,967	4,363,767	14,584,931
Total capital assets, net excluding intangible right to use assets					10,901,274
Intangible right to use assets, net					3,683,657
Total capital assets, net as reported in the statement of net position					14,584,931

Adjustments to capital assets reflect prior year purchased not captured in the system and related depreciation not expensed. Adjustments also include a restatement of beginning balances to reflect intangible right to use equipment assets at July 1, 2021. Certain construction in progress prior year costs were removed from inclusion in capitalized assets when the completed project costs failed to meet capitalization thresholds.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 323,051
Support services	872,293
Non-instructional	57,783
Total depreciation expense - Governmental activities	\$ 1,253,127

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

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

	Spent to June 30, 2022	Remaining Commitment
Governmental Activities:		
B. F. Liddell Campus Improvements	\$ 94,500	\$ 11,806,995
Total governmental activities	94,500	11,806,995
Total construction in progress	<u>\$ 94,500</u>	<u>\$ 11,806,995</u>

Construction projects included in governmental activities are funded with the 2594 ESSER II fund.

Note 6 – Leases

As Lessee:

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

At lease commencement, the school district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The school district generally uses its estimated borrowing rate at lease inception as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a school district or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The school district, acting as lessee, has entered into two (2) leases for equipment. Details of the lease obligations can be found in Note 7.

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 ensure 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

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

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 364 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 \$3,089,921 as a lease receivable and \$3,245,170 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 \$279,182.

The following are the future Principal and Interest Payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total Payment
2023	\$ 232,375	\$ 123,597	\$ 355,972
2024	178,970	114,302	293,272
2025	168,328	107,143	275,471
2026	113,094	100,410	213,504
2027	115,809	95,886	211,695
2028 - 2032	546,812	414,050	960,862
2033 - 2037	579,602	298,161	877,763
2038 - 2042	298,648	206,581	505,229
2043 - 2047	267,307	149,641	416,948
2048 - 2052	299,961	94,664	394,625
Thereafter	289,015	41,079	330,094
Total	<u>\$ 3,089,921</u>	<u>\$ 1,745,514</u>	<u>\$ 4,835,435</u>

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	Adjustments	Balance 6/30/2022	Amounts due within one year
A. Three mill notes payable	-	2,550,000	-		2,550,000	198,000
B. Other loans payable	1,250,000	-	-		1,250,000	625,000
C. Lease obligations payable	-	77,126	660,992	4,363,767	3,779,901	704,976
D. Compensated absences payable	47,472	-	3,554		43,918	2,196
Total	<u>\$ 1,297,472</u>	<u>\$ 2,627,126</u>	<u>\$ 664,546</u>	<u>4,363,767</u>	<u>\$ 7,623,819</u>	<u>\$ 1,530,172</u>

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

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Note Payable					
Series 2022	3.05%	6/7/2022	6/7/2033	\$ 2,550,000	\$ 2,550,000
Total				<u>\$ 2,550,000</u>	<u>\$ 2,550,000</u>

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

1. Three mill notes issue of June 7, 2022:

Year Ending June 30	Principal	Interest	Total
2023	198,000	77,775	275,775
2024	204,000	71,736	275,736
2025	210,000	65,514	275,514
2026	217,000	59,109	276,109
2027	224,000	52,490	276,490
2028-2032	1,228,000	155,672	1,383,672
2033	269,000	8,205	277,205
Total	<u>\$ 2,550,000</u>	<u>\$ 490,501</u>	<u>\$ 3,040,501</u>

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

B. Other loans payable

The school district has issued debt instruments granted under the authority of Mississippi Code Annotated 37-17-6(15). These funds were provided by the School District Emergency Assistance fund and was approved by the State Board of Education.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School District Emergency Assistance Loan	0.00%	8/1/2018	6/30/2024	\$ 1,250,000	\$ 1,250,000
Total				<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

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

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

Year Ending June 30	Principal	Interest	Total
2023	625,000	-	625,000
2024	625,000	-	625,000
Total	\$ 1,250,000	\$ -	\$ 1,250,000

This debt will be retired from the District Maintenance Fund.

C. Lease obligations payable

The school district has entered into two (2) equipment leases as lessee. For purposes of this note disclosure, leases are grouped into copier leases and bus lease. The amount issued balance is the net present value of the lease calculated at July 1, 2021, the effective date of GASB 87.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Copier Lease	3.25 to 5.50%	7/1/2021	Varies	\$ 85,760	\$ 65,220
2. Bus Lease	5.50%	7/1/2021	6/30/2027	4,355,133	3,714,681
Total				\$ 4,440,893	\$ 3,779,901

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

- 11 different copiers at all locations with varying lease dates:

Year Ending June 30	Principal	Interest	Total
2023	28,397	1,699	30,096
2024	24,748	823	25,571
2025	11,540	176	11,716
2026	535	3	538
Total	\$ 65,220	\$ 2,701	\$ 67,921

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

2. Bus lease part of service agreement with outside vendor dated 7/1/2019:

Year Ending June 30	Principal	Interest	Total
2023	676,579	187,421	864,000
2024	714,743	149,257	864,000
2025	755,061	108,939	864,000
2026	797,652	66,348	864,000
2027	770,646	21,354	792,000
Total	\$ 3,714,681	\$ 533,319	\$ 4,248,000

Total payments due on all lease obligations.

Year Ending June 30	Principal	Interest	Total
2023	704,976	189,120	894,096
2024	739,491	150,080	889,571
2025	766,601	109,115	875,716
2026	798,187	66,351	864,538
2027	770,646	21,354	792,000
Total	\$ 3,779,901	\$ 536,020	\$ 4,315,921

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.

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

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$1,367,382, \$1,347,721, and \$1,310,745, respectively, which equaled the required contributions for each year.

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

At June 30, 2022, the school district reported a liability of \$17,218,027 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 0.116492 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.003363 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 \$199,660. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 271,894	\$
Net difference between projected and actual earnings on pension plan investments		5,218,398
Changes of assumptions	1,328,133	
Changes in proportion and differences between District contributions and proportionate share of contributions	472,214	1,416,132
District contributions subsequent to the measurement date	1,367,382	
Total	\$ <u>3,439,623</u>	\$ <u>6,634,530</u>

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

\$1,367,382 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 ended June 30:	
2023	\$ (1,563,654)
2024	(778,478)
2025	(674,955)
2026	(1,545,202)
Total	<hr/> (4,562,289)

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.60	%
International Equity	22.00		4.50	
Global Equity	12.00		4.80	
Fixed Income	20.00		(0.25)	
Real Estate	10.00		3.75	
Private Equity	8.00		6.00	
Cash Equivalents	1.00		(1.00)	
Total	<hr/> 100	<hr/> %		

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

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:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 24,384,762	\$ 17,218,027	\$ 11,312,066

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

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

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 \$32,943 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 \$1,056,113 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 0.16407366 percent. This was an increase of 0.00003701 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 (\$145,066). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,149	\$ 330,233
Changes of assumptions	171,045	35,719
Net difference between projected and actual earnings on OPEB plan investments	49	
Changes in proportion and differences between District contributions and proportionate share of contributions	254	294,452
District contributions subsequent to the measurement date	32,943	
Total	\$ <u>205,440</u>	\$ <u>660,404</u>

\$32,943 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 related to OPEB will be recognized in OPEB expense as follows:

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

Year Ending June 30:

2023	\$ (133,115)
2024	(127,074)
2025	(108,837)
2026	(93,551)
2027	(25,330)

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
Pre-Medicare	rate of 4.50% by 2030

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.13 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.19% to 2.13%.

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

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 1,168,966	\$ 1,056,113	\$ 959,888

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	\$ 978,233	\$ 1,056,113	\$ 1,144,246

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 – 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 11 – Risk Management

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

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

Note 12 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$14,776,986) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,367,382 resulting from the 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 \$2,072,241 balance of the deferred outflow of resources related to pensions at June 30, 2022 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 3 years. The \$6,634,530 balance of the deferred inflow of resources related to pensions at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position amount over the next 4 years.

The unrestricted net position (deficit) amount of (\$14,776,986) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$32,943 resulting from the 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. Other amounts reported as deferred outflows of resources totaling \$172,497 will be recognized as OPEB expense and will decrease the unrestricted net position amount over the next 5 years. The \$660,404 balance of the deferred inflow of resources related to OPEB at June 30, 2022, will be recognized as revenue and increase the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$14,776,986) includes the effect of deferring recognition of revenue resulting from a deferred inflow from leases. The \$3,245,170 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 74 years.

Note 13 – Insurance Loss Recoveries

The Noxubee County School District received \$1,594 in insurance loss recoveries related to stolen vehicle parts during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to support services.

Note 14 – State Compliance Testing

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

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Noxubee County School District evaluated the activity of the district through May 12, 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

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 4,009,940	\$ 4,187,261	\$ 4,186,659	\$ 177,321	\$ (602)
State sources	7,440,505	7,503,904	7,503,904	63,399	-
Federal sources	120,815	176,931	177,532	56,116	601
Sixteenth section sources	539,200	458,996	303,748	(80,204)	(155,248)
Total Revenues	12,110,460	12,327,092	12,171,843	216,632	(155,249)
Expenditures:					
Instruction	5,507,971	5,013,304	5,013,304	494,667	-
Support services	5,881,111	5,631,393	4,822,376	249,718	809,017
Sixteenth section	58,900	62,438	62,438	(3,538)	-
Debt service:					
Interest	-	-	660,992	-	(660,992)
Other	-	-	225,150	-	(225,150)
Total Expenditures	11,447,982	10,707,135	10,784,260	740,847	(77,125)
Excess (Deficiency) of Revenues over (under) Expenditures	662,478	1,619,957	1,387,583	957,479	(232,374)
Other Financing Sources (Uses):					
Capital leases issued	-	-	77,126	-	77,126
Insurance loss recovery	-	1,594	1,594	1,594	-
Sale of property	-	23,500	23,500	23,500	-
Operating transfers in	598,221	906,776	223,902	308,555	(682,874)
Operating transfers out	(870,591)	(1,215,208)	(548,141)	(344,617)	667,067
Other financing uses	(200)	(116)	(116)	84	-
Total Other Financing Sources (Uses)	(272,570)	(283,454)	(222,135)	(10,884)	61,319
Net Change in Fund Balances	389,908	1,336,503	1,165,448	946,595	(171,055)
Fund Balances:					
July 1, 2021	-	7,557,984	7,557,984	7,557,984	-
June 30, 2022	\$ 389,908	\$ 8,894,487	\$ 8,723,432	\$ 8,504,579	\$ (171,055)

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

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,906,721	\$ 1,468,164	\$ 1,468,164	\$ (438,557)	\$ -
Total Revenues	1,906,721	1,468,164	1,468,164	(438,557)	-
Expenditures:					
Instruction	1,727,809	762,098	762,098	965,711	-
Support services	106,867	558,632	558,632	(451,765)	-
Non-instructional services	41,321	120,335	120,335	(79,014)	-
Total Expenditures	1,875,997	1,441,065	1,441,065	434,932	-
Excess (Deficiency) of Revenues over (under) Expenditures	30,724	27,099	27,099	(3,625)	-
Other Financing Sources (Uses):					
Operating transfers out	(30,724)	(27,099)	(27,099)	3,625	-
Total Other Financing Sources (Uses)	(30,724)	(27,099)	(27,099)	3,625	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

NOXUBEE COUNTY 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
Revenues:					
Federal sources	\$ -	\$ 2,225,162	\$ 2,225,162	\$ 2,225,162	\$ -
Total Revenues	-	2,225,162	2,225,162	2,225,162	-
Expenditures:					
Instruction	-	901,373	901,373	(901,373)	-
Support services	-	642,310	652,244	(642,310)	(9,934)
Noninstructional services	-	577,045	577,045	(577,045)	-
Facilities acquisition and construction	-	104,434	94,500	(104,434)	9,934
Total Expenditures	-	2,225,162	2,225,162	(2,225,162)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Noxubee County School District
Required Supplementary Information**

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

PERS

Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.116492%	0.113129%	0.123369%	0.140896%	0.127684%	0.142654%	0.145427%	0.153246%
District's proportionate share of the net pension liability	\$ 17,218,027	\$ 21,900,460	\$ 21,703,041	\$ 23,435,191	\$ 21,225,415	\$ 25,481,567	\$ 22,480,147	\$ 18,601,258
District's covered payroll	\$ 7,745,523	\$ 7,533,017	\$ 8,034,711	\$ 8,997,581	\$ 8,191,029	\$ 9,125,911	\$ 9,085,429	\$ 9,364,152
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.2965%	290.7263%	270.1160%	260.4610%	259.1300%	279.2222%	247.4308%	198.6433%
Plan fiduciary net position as a percentage of the total pension liability	70.437%	58.974%	61.588%	62.535%	61.490%	57.468%	61.704%	67.208%

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.

**Noxubee County School District
Required Supplementary Information**

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

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,367,382	\$ 1,347,721	\$ 1,310,745	\$ 1,265,467	\$ 1,417,119	\$ 1,290,087	\$ 1,437,331	\$ 1,430,955
Contributions in relation to the contractually required contribution	1,367,382	1,347,721	1,310,745	1,265,467	1,417,119	1,290,087	1,437,331	1,430,955
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 7,858,517	\$ 7,745,523	\$ 7,533,017	\$ 8,034,711	\$ 8,997,581	\$ 8,191,029	\$ 9,125,911	\$ 9,085,429
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.

Noxubee County School District
Required Supplementary Information

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

OPEB

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.16407366%	0.16403665%	0.19161019%	0.21978236%	0.22028264%
District's proportionate share of the net OPEB liability	\$ 1,056,113	\$ 1,276,546	\$ 1,625,891	\$ 1,700,126	\$ 1,728,357
District's covered-employee payroll	7,800,387	7,905,510	8,034,711	8,997,581	9,896,693
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	20.24%	18.90%	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.

Noxubee County School District
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 32,943	\$ 42,449	\$ 50,908	\$ 65,171	\$ 73,682
Contributions in relation to the actuarially determined contributions	32,943	42,449	50,908	65,171	73,682
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 7,858,517	\$ 7,745,523	\$ 8,322,190	\$ 8,034,711	\$ 9,242,419
Contributions as a percentage of covered-employee payroll	0.42%	0.55%	0.61%	0.81%	0.80%

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).

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

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

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY 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
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	225MS326N1099	1,089,408
Summer Food Service Program for Children	10.559	225MS326N1099	26,963
Total Child Nutrition Cluster			1,116,371
Total Passed-through Mississippi Department of Education			1,116,371
Passed-through Noxubee County, Mississippi:			
Schools and Roads - Grants to States	10.665	N/A	24,254
Total passed-through Noxubee County, Mississippi			24,254
Total U.S. Department of Agriculture			1,140,625
<u>U.S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	12.XXX	N/A	3,399
Total U.S. Department of Defense			3,399
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210024	1,586,559
Career and Technical Education - Basic Grants to States	84.048	V048A210024	66,151
Rural Education	84.358	S358A210024	30,001
Supporting Effective Instruction State Grants	84.367	S367A210023	147,591
Student Support and Academic Enrichment Program	84.424	S424A210025	77,349
Subtotal			1,907,651
Special Education Cluster:			
Special Education - Grants to States	84.027A	H027A210108	455,551
COVID-19 - IDEA, Part B ARP Grant	84.027X	H027X210108	24,052
Total Special Education IDEA Part B Grants			479,603
Special Education - Preschool Grants	84.173A	H173A210113	14,087
COVID-19 IDEA, Part B Preschool ARP Grant	84.173X	H173X210113	6,610
Total Special Education IDEA Preschool Grants			20,697
Total Special Education Cluster			500,300
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	153,459
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	2,225,162
Elementary & Secondary School Emergency Relief CTE Grant	84.425D	S425D200031	4,350
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			2,382,971
Total passed-through Mississippi Department of Education			4,790,922
Total U.S. Department of Education			4,790,922
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	17,037
Total passed-through Mississippi Department of Education			17,037
Total U.S. Department of Health and Human Services			17,037
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	602
Total passed-through Mississippi Department of Rehabilitation Services			602
Total U.S. Department of Social Security Administration			602
Total for All Federal Awards			\$ 5,952,585

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

NOXUBEE COUNTY SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Noxubee County School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Noxubee County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Noxubee County 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Noxubee County 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.

NOXUBEE COUNTY 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	\$ 11,767,959	8,143,429	865,735	662,561	2,096,234
Other	6,067,599	1,733,560	298,252	51,059	3,984,728
Total	<u>\$ 17,835,558</u>	<u>9,876,989</u>	<u>1,163,987</u>	<u>713,620</u>	<u>6,080,962</u>
Total number of students *	<u>1,387</u>				
Cost per student	<u>\$ 12,859</u>	<u>7,121</u>	<u>839</u>	<u>515</u>	<u>4,384</u>

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

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

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

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

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

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

OTHER INFORMATION

NOXUBEE COUNTY SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 4,186,659	\$ 4,019,439	\$ 3,984,853	\$ 3,828,484
State sources	7,503,904	7,477,783	9,394,606	7,757,341
Federal sources	177,532	166,350	91,785	145,175
Sixteenth Section sources	303,748	455,520	414,424	408,412
Total Revenues	12,171,843	12,119,092	13,885,668	12,139,412
Expenditures:				
Instruction	5,013,304	5,117,469	5,138,680	5,339,937
Support services	4,822,376	5,052,196	5,606,589	4,753,056
Sixteenth section	62,438	67,833	50,342	59,592
Debt Service:				
Principal	660,992	-	-	-
Interest	225,150	-	-	-
Total Expenditures	10,784,260	10,237,498	10,795,611	10,152,585
Excess (Deficiency) of Revenues over (under) Expenditures	1,387,583	1,881,594	3,090,057	1,986,827
Other Financing Sources (Uses):				
Insurance recovery	1,594	-	270,558	3,035
Capital leases issued	77,126	-	-	-
Sale of property	23,500	-	-	-
Proceeds of loans	-	-	-	1,250,000
Operating transfers in	223,902	310,533	321,853	293,284
Operating transfers out	(548,141)	(448,662)	(375,822)	(391,820)
Other financing uses	(116)	(171)	(540)	(137)
Total Other Financing Sources (Uses)	(222,135)	(138,300)	216,049	1,154,362
Net Change in Fund Balances	1,165,448	1,743,294	3,306,106	3,141,189
Fund Balances:				
Beginning of period, as previously reported	7,557,984	5,811,812	2,479,521	(669,527)
Fund reclassification			6,382	
Prior period adjustments	-	2,878	19,803	7,859
Beginning of period, as restated	7,557,984	5,814,690	2,505,706	(661,668)
End of Period	\$ 8,723,432	\$ 7,557,984	\$ 5,811,812	2,479,521

*SOURCE - PRIOR YEAR AUDIT REPORTS

NOXUBEE COUNTY SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 4,250,133	\$ 4,030,208	\$ 4,050,969	\$ 4,216,025
State sources	8,178,303	8,187,041	10,200,493	8,612,327
Federal sources	6,412,797	5,484,041	3,293,910	3,797,667
Sixteenth section sources	345,689	500,842	456,857	450,912
Total Revenues	19,186,922	18,202,132	18,002,229	17,076,931
Expenditures:				
Instruction	7,816,456	7,179,219	6,869,517	7,170,179
Support services	7,187,865	7,961,295	7,265,379	6,535,062
Noninstructional services	1,700,849	758,335	1,298,296	1,153,942
Sixteenth section	89,476	82,200	69,644	96,432
Facilities acquisition and construction	94,500	-	-	-
Debt service:				
Principal	660,992	-	250,000	295,000
Interest	245,270	23,465	31,431	15,105
Other	40,150	-	-	-
Total Expenditures	17,835,558	16,004,514	15,784,267	15,265,720
Excess (Deficiency) of Revenues over (under) Expenditures	1,351,364	2,197,618	2,217,962	1,811,211
Other Financing Sources (Uses):				
Insurance recovery	1,594	-	270,558	3,035
Proceeds of loans and notes issued	2,550,000	-	-	1,250,000
Capital leases issued	77,126	-	-	-
Sale of other property	23,500	-	-	-
Operating transfers in	781,885	759,195	709,149	686,160
Operating transfers out	(781,885)	(759,195)	(709,149)	(686,160)
Other financing uses	(136)	(171)	(540)	(2,562)
Total Other Financing Sources (Uses)	2,652,084	(171)	270,018	1,250,473
Net Change in Fund Balances	4,003,448	2,197,447	2,487,980	3,061,684
Fund Balances:				
Beginning of period, as previously reported	9,351,980	7,159,084	4,659,988	1,641,241
Fund reclassification	-	-	6,382	-
Prior period adjustment	-	2,878	(11,959)	(21,916)
Beginning of period, as restated	9,351,980	7,161,962	4,654,411	1,619,325
Increase (Decrease) in reserve for inventory	1,267	(7,429)	16,693	(21,021)
End of Period	\$ 13,356,695	\$ 9,351,980	\$ 7,159,084	4,659,988

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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*

Interim Superintendent
Noxubee County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Noxubee County School District's basic financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brown CPA, PLLC
Madison, Mississippi
May 12, 2023

A handwritten signature in purple ink that reads "Brown CPA, PLLC".

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Interim Superintendent
Noxubee County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Noxubee County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Noxubee County School District's major federal programs for the year ended June 30, 2022. The Noxubee County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Noxubee County School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Noxubee County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Noxubee County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Noxubee County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding **2022-001**. Our opinion on each major federal award program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that are not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding **2022-001** to be a material weakness.

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.

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

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.

Brown CPA, PLLC
Madison, Mississippi
May 12, 2023

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material 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? | Yes |
| 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)? | Yes |
|----|--|-----|

7. Identification of major programs:

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
84.027A; 84.027X	Special Education Cluster
84.173A; 84.173X	
84.425D	COVID-19 – Elementary & Secondary School Emergency Relief I, II, and CTE Grant (ESSER)

- | | | |
|-----|--|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | Yes |
| 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). | Yes |

NOXUBEE COUNTY 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

Material Weakness/Material Non-compliance

2022-001 Finding

Internal Controls Surrounding Payroll Expenditures

Program:

COVID-19 – Elementary & Secondary School Emergency Relief II (ESSER)
Program Assistance Listing Number: 84.425D

Compliance Requirement: Allowable Cost

Repeat Finding:

None

Criteria:

According to the U.S. Department of Education under the American Rescue Plan (ARP) Act of 2021, Public Law 117-2, enacted on March 11, 2021 ESSER funds may be used for other activities that are necessary to maintain operation of a continuity of and services, including continuing to employ existing or hiring new LEA and school staff. Specifically, it does not identify hazard payments, bonuses, or premium payments to employees as eligible use of funds. Article 4 Section 96 of the Mississippi State Constitution prohibits extra compensation (bonuses) to any public employee. According to the AG opinion no. 2020-00144 “hazard pay” must be “(1) contracted for between the parties or with the employee prior to the date when services are to be performed; (2) determined in accordance with objective standards of measurement; and (3) earned by personal services performed by the employees.”

Condition:

During our testing of payroll expenditures, it was noted that all employees received a one time \$1,700 payment at the end of the fiscal year titled “hazard pay” to recognize efforts of employees to support students’ health, safety, and academic gains during the COVID pandemic.

Cause:

The payment did not comply with the criteria referenced. The payment was not properly board approved prior to services performed and the employees did not perform additional services or jobs to earn the payment that could be recognized and measured.

Effect:

This could cause payroll expenditures to be misspent according to the ESSER II federal grant and Article 4 Section 96 of the Mississippi State Constitution.

Questioned Cost:

\$398,951 – estimated based on 218 employees pulled from the MDES quarterly report plus applicable payroll related taxes.

Recommendation:

The district should comply with the ESSER II federal grant based on the eligible use of funds outlined and Article 4 Section 96 of the Mississippi State Constitution. The district should not provide hazard payments to staff with federal funds. Additional payments should be board approved prior to services performed and employees should perform additional services that can be measured to earn the payment.

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

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 73

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

Noxubee County School District
P. O. Box 540
Office of the Superintendent
Macon, MS 39341
Washington Cole IV, Ed. D., Superintendent
Pam Norris, Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

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

Finding
2022-001

Corrective Action Plan Details

a. Contact person responsible for corrective action:

Name: Pam Norris

Title: Business Manager

b. Description of corrective action plan:

The district will follow the federal grant guidelines and Article 4 Section 96 of the Mississippi State Constitution regarding employee incentive or hazard pay.

c. Anticipated Completion Date: Immediately

**Noxubee County School District
P. O. Box 540
Office of the Superintendent
Macon, MS 39341
Washington Cole IV, Ed. D., Superintendent
Pam Norris, Business Manager**

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Noxubee County School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2022:

<u>Findings</u>	<u>Status</u>
2021-001	Corrected
2021-002	Corrected