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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

St. Clair CPA, PLLC  
Carriere, MS

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## INDEPENDENT AUDITOR'S REPORT

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

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Pass Christian Public School District

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

***Opinions***

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

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

***Basis for Opinions***

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

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

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

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



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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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*, I

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 9-16, 47, 48, 49, 50 and 51 respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pass Christian Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly

to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

In connection with 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, I am required to describe it in my report.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated March 22, 2023, on my consideration of the Pass Christian Public School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pass Christian Public 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 Pass Christian Public School District's internal control over financial reporting and compliance.

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

St. Clair CPA, PLLC

Carriere, MS

March 22, 2023

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022

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

## **FINANCIAL HIGHLIGHTS**

- Total net position for 2022 increased \$1,738,421, including a prior period adjustment of (\$58,099), which represents a 5% increase from fiscal year 2021. Total net position for 2021 decreased \$1,411,272, including a prior period adjustment of \$49,715, which represents a 4% decrease from fiscal year 2020.
- General revenues amounted to \$22,665,206 and \$21,521,151, or 79% and 83% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,906,285, or 21% of total revenues for 2022, and \$4,479,692, or 17% of total revenues for 2021.
- The District had \$26,774,971 and \$27,461,830 in expenses for fiscal years 2022 and 2021; only \$5,906,285 for 2022 and \$4,479,692 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$22,665,206 for 2022 were adequate to provide for these programs. General revenues of \$21,521,151 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$21,878,900 in revenues and \$21,706,557 in expenditures for 2022, and \$20,904,811 in revenues and \$19,555,323 in expenditures in 2021. The General Fund's fund balance increased by \$1,116,184, including a prior period adjustment of (\$46,331), from 2021 to 2022, and increased by \$1,159,617, including a prior period adjustment of \$51,353, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, decreased by \$1,431,766 for 2022 and decreased by \$1,462,656 for 2021. The decrease for 2022 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$634,351 for 2022 and decreased by \$773,670 for 2021. This decrease for 2022 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$106,649 for 2022 and decreased by \$22,670 for 2021.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial

statements, but are reported as expenditures on the governmental funds financial statements.

## **Notes to the financial statements**

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,506,624 as of June 30, 2022.

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

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



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

	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>Percentage Change</b>
Current assets	\$ 15,489,774	\$ 14,222,965	8.91 %
Restricted assets	1,317,552	1,151,405	14.43 %
Capital assets, net	58,763,335	60,195,101	(2.38) %
<b>Total assets</b>	<b>75,570,661</b>	<b>75,569,471</b>	<b>0.00 %</b>
<b>Deferred outflows of resources</b>	<b>4,814,947</b>	<b>4,258,496</b>	<b>13.07 %</b>
Current liabilities	2,577,066	1,830,564	40.78 %
Long-term debt outstanding	8,035,683	8,670,034	(7.32) %
Net OPEB liability	1,373,143	1,641,524	(16.35) %
Net pension liability	27,723,666	35,544,762	(22.00) %
<b>Total liabilities</b>	<b>39,709,558</b>	<b>47,686,884</b>	<b>(16.73) %</b>
<b>Deferred inflows of resources</b>	<b>7,169,426</b>	<b>372,880</b>	<b>1822.72 %</b>
<b>Net position:</b>			
Net investment in capital assets	50,984,335	51,675,101	(1.34) %
Restricted	1,322,705	1,437,627	(7.99) %
Unrestricted	(18,800,416)	(21,344,525)	11.92 %
<b>Total net position</b>	<b>\$ 33,506,624</b>	<b>\$ 31,768,203</b>	<b>5.47 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (18,800,416)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	31,451,288
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 12,650,872</u>

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

- Decrease in net capital assets in the amount of \$1,431,766.
- The principal retirement of \$741,000 of long-term debt.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$28,571,491 and \$26,000,843, respectively. The total cost of all programs and services was \$26,774,971 for 2022 and \$27,461,830 for 2021.

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

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

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 646,119	\$ 539,198	19.83 %
Operating grants and contributions	5,260,166	3,940,494	33.49 %
General revenues:			
Property and gaming taxes	11,853,494	11,574,973	2.41 %
Grants and contributions not restricted	10,183,368	9,621,742	5.84 %
Investment earnings	316,954	296,016	7.07 %
Sixteenth section sources	27,481	27,370	0.41 %
Other	283,909	1,050	26,938.95 %
<b>Total revenues</b>	<b>28,571,491</b>	<b>26,000,843</b>	<b>9.89 %</b>
<b>Expenses:</b>			
Instruction	13,100,555	12,131,778	7.99 %
Support services	11,918,564	10,284,549	15.89 %
Non-instructional	1,087,460	882,900	23.17 %
Sixteenth section	2,240	1,237	81.08 %
Pension expense	513,638	3,881,269	(86.77) %
OPEB expense	(62,405)	46,211	(235.04) %
Interest on long-term liabilities	214,919	233,886	(8.11) %
<b>Total expenses</b>	<b>26,774,971</b>	<b>27,461,830</b>	<b>(2.50) %</b>
<b>Increase (Decrease) in net position</b>	<b>1,796,520</b>	<b>(1,460,987)</b>	<b>222.97 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>31,768,203</b>	<b>33,179,475</b>	<b>(4.25) %</b>
<b>Prior Period Adjustment</b>	<b>(58,099)</b>	<b>49,715</b>	<b>(216.86) %</b>
<b>Net Position, July 1, as restated</b>	<b>31,710,104</b>	<b>33,229,190</b>	<b>(4.57) %</b>
<b>Net Position, June 30</b>	<b>\$ 33,506,624</b>	<b>\$ 31,768,203</b>	<b>5.47 %</b>

### Governmental activities

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ 13,100,555	\$ 12,131,778	7.99 %
Support services	11,918,564	10,284,549	15.89 %
Non-instructional	1,087,460	882,900	23.17 %
Sixteenth section	2,240	1,237	81.08 %
Pension Expense	513,638	3,881,269	(86.77) %
OPEB Expense	(62,405)	46,211	(235.04) %
Interest on long-term liabilities	214,919	233,886	(8.11) %
<b>Total expenses</b>	<b>\$ 26,774,971</b>	<b>\$ 27,461,830</b>	<b>(2.50) %</b>
	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ (10,508,881)	\$ (10,056,782)	(4.50) %
Support services	(10,260,329)	(9,106,443)	(12.67) %
Non-instructional	568,916	343,690	65.53 %
Sixteenth section	(2,240)	(1,237)	(81.08) %
Pension Expense	(513,638)	(3,881,269)	86.77 %
OPEB Expense	62,405	(46,211)	235.04 %
Interest on long-term liabilities	(214,919)	(233,886)	8.11 %
<b>Total net (expense) revenue</b>	<b>\$ (20,868,686)</b>	<b>\$ (22,982,138)</b>	<b>9.20 %</b>

- Net cost of governmental activities (\$20,868,686 for 2022 and \$22,982,138 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$11,853,494 for 2022 and \$11,574,973 for 2021) and state and federal revenues (\$10,183,368 for 2022 and \$9,621,742 for 2021). In addition, there was \$27,481 and \$27,370 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$316,954 for 2022 and \$296,016 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 \$14,314,412, an increase of \$686,462, which includes a prior period adjustment of (\$58,099) and an increase in inventory of \$17,288. \$4,824,750 or 34% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$9,489,662 or 66% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for

the fiscal year was \$1,116,184, including a prior period adjustment of (\$46,331). The fund balance of Other Governmental Funds showed an increase in the amount of \$439,134, which includes a prior period adjustment of (\$11,768) and an increase in reserve for inventory of \$17,288. The decrease in the fund balance for the Local Building Projects Fund was \$868,856.

## BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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 \$86,148,522, including land, construction-in-progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$594,683 from 2021. Total accumulated depreciation as of June 30, 2022, was \$27,385,187, and total depreciation expense for the year was \$2,026,449, resulting in total net capital assets of \$58,763,335.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 517,230	\$ 517,230	0.00 %
Construction in Progress	27,880	0	N/A
Buildings	50,833,766	52,246,758	(2.70) %
Building improvements	2,026,154	2,118,601	(4.36) %
Improvements other than buildings	3,941,833	4,126,001	(4.46) %
Mobile equipment	710,623	799,028	(11.06) %
Furniture and equipment	705,849	387,483	82.16 %
<b>Total</b>	<u><u>\$ 58,763,335</u></u>	<u><u>\$ 60,195,101</u></u>	<b>(2.38) %</b>

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

**Debt Administration.** At June 30, 2022, the District had \$8,035,683 in outstanding long-term debt, of which \$709,535 is due within one year. The liability for compensated absences increased \$106,649 from the prior year.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 7,670,000	\$ 8,225,000	(6.75) %
Three mill notes payable	109,000	295,000	(63.05) %
Compensated absences payable	256,683	150,034	71.08 %
<b>Total</b>	<b><u>\$ 8,035,683</u></b>	<b><u>\$ 8,670,034</u></b>	<b>(7.32) %</b>

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

## **CURRENT ISSUES**

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

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Pass Christian Public School District, 6457 Kiln-Delisle Road, Pass Christian, Mississippi 39571.

## BASIC FINANCIAL STATEMENTS

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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2022

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 13,646,435
Due from other governments	1,595,955
Other receivables, net	192,573
Inventories	49,350
Prepaid items	5,461
Restricted assets (Note 4)	1,317,552
Non-depreciable capital assets (Note 5)	545,110
Depreciable capital assets, net (Note 5)	58,218,225
Total Assets	<u>75,570,661</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 8)	4,492,499
Deferred outflow - OPEB (Note 9)	322,448
Total Deferred Outflows of Resources	<u>4,814,947</u>
Liabilities	
Accounts payable and accrued liabilities	1,588,614
Interest payable on long-term liabilities	84,152
Other payables	904,300
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 7)	689,000
Non-capital related liabilities (Note 7)	20,535
Net OPEB liability (Note 9)	44,866
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 7)	7,090,000
Non-capital related liabilities (Note 7)	236,148
Net OPEB liability (Note 9)	1,328,277
Net pension liability (Note 8)	27,723,666
Total Liabilities	<u>39,709,558</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 8)	6,679,348
Deferred inflows - OPEB (Note 9)	490,078
Total Deferred Inflows of Resources	<u>7,169,426</u>
Net Position	
Net investment in capital assets	50,984,335
Restricted net position	
Expendable	
School-based activities	897,005
Debt service	264,088
Forestry improvements	1,971
Unemployment benefits	36,362
Non-expendable	
Sixteenth section	123,279
Unrestricted	<u>(18,800,416)</u>
Total Net Position	<u>\$ 33,506,624</u>

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



## PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Exhibit B

## Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 13,100,555	601,886	1,989,788	(10,508,881)
Support services	11,918,564		1,658,235	(10,260,329)
Non-instructional	1,087,460	44,233	1,612,143	568,916
Sixteenth section	2,240			(2,240)
Pension expense	513,638			(513,638)
OPEB expense	(62,405)			62,405
Interest on long-term liabilities	214,919			(214,919)
Total Governmental Activities	<u>26,774,971</u>	<u>646,119</u>	<u>5,260,166</u>	<u>(20,868,686)</u>
General Revenues				
Taxes				
				10,875,678
				977,816
Unrestricted grants and contributions				
				10,131,318
				52,050
				316,954
				27,481
				283,909
				<u>22,665,206</u>
Changes in Net Position				<u>1,796,520</u>
Net Position - Beginning, as previously reported				31,768,203
Prior Period Adjustments (Note 10)				(58,099)
Net Position - Beginning - as restated				<u>31,710,104</u>
Net Position - Ending				\$ 33,506,624

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2022

Exhibit C

	<u>Major Funds</u>			
	<u>General</u>	<u>Local</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Building</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Projects Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets				
Cash and cash equivalents (Note 2)	\$ 9,086,806	4,559,629	1,317,552	14,963,987
Due from other governments	678,487		917,468	1,595,955
Other receivables, net	191,085		1,488	192,573
Due from other funds (Note 3)	755,447		12,055	767,502
Inventories			49,350	49,350
Prepaid items	5,461			5,461
Total Assets	<u>10,717,286</u>	<u>4,559,629</u>	<u>2,297,913</u>	<u>17,574,828</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable & accrued liabilities	1,492,392		96,222	1,588,614
Due to other funds (Note 3)			767,502	767,502
Other payables	876,968		27,332	904,300
Total Liabilities	<u>2,369,360</u>	<u>0</u>	<u>891,056</u>	<u>3,260,416</u>
Fund Balances				
Nonspendable				
Inventory			49,350	49,350
Permanent fund principal			123,279	123,279
Prepaid items	5,461			5,461
Restricted				
Debt service			348,240	348,240
Forestry improvements			1,971	1,971
Unemployment benefits			36,362	36,362
Grant activities			847,655	847,655
Ad valorem escrow	863,118			863,118
Committed				
Technology, buses, capital improvements	2,493,350	4,559,629		7,052,979
Assigned				
School activities	161,247			161,247
Unassigned	4,824,750			4,824,750
Total Fund Balances	<u>8,347,926</u>	<u>4,559,629</u>	<u>1,406,857</u>	<u>14,314,412</u>
Total Liabilities and Fund Balances	<u>\$ 10,717,286</u>	<u>4,559,629</u>	<u>2,297,913</u>	<u>17,574,828</u>

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2022

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 14,314,412
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	517,230	
Construction in progress	27,880	
Buildings	70,649,587	
Building improvements	2,311,173	
Improvement other than buildings	7,017,588	
Mobile equipment	2,964,284	
Furniture and equipment	2,660,780	
Accumulated depreciation	<u>(27,385,187)</u>	58,763,335
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		(27,723,666)
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	4,492,499	
Deferred inflows of resources related to pensions	<u>(6,679,348)</u>	(2,186,849)
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		(1,373,143)
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	322,448	
Deferred inflows of resources related to OPEB	<u>(490,078)</u>	(167,630)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(7,670,000)	
Notes payable	(109,000)	
Compensated absences	(256,683)	
Accrued interest payable	<u>(84,152)</u>	(8,119,835)
Total Net Position - Governmental Activities		<u>\$ 33,506,624</u>

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

## PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Exhibit D

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

For the Year Ended June 30, 2022

	Major Funds			
	General Fund	Local Building Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 11,672,354	103,577	1,040,636	12,816,567
Intermediate sources			8,000	8,000
State sources	10,131,318		200,013	10,331,331
Federal sources	52,050		5,052,153	5,104,203
Sixteenth section sources	23,178		4,303	27,481
Total Revenues	21,878,900	103,577	6,305,105	28,287,582
Expenditures				
Instruction	12,008,829		1,421,298	13,430,127
Support services	9,567,206	944,553	1,584,062	12,095,821
Noninstructional services	34,441		1,200,067	1,234,508
Sixteenth section			2,240	2,240
Facilities acquisition and construction	96,081	27,880		123,961
Debt service				
Principal (Note 7)			741,000	741,000
Interest			214,911	214,911
Other			1,650	1,650
Total Expenditures	21,706,557	972,433	5,165,228	27,844,218
Excess (Deficiency) of Revenues Over (Under) Expenditures	172,343	(868,856)	1,139,877	443,364
Other Financing Sources (Uses)				
Insurance loss recoveries (Note 14)	283,909			283,909
Operating transfers in (Note 3)	916,355		643,471	1,559,826
Operating transfers out (Note 3)	(210,092)		(1,349,734)	(1,559,826)
Total Other Financing Sources (Uses)	990,172	0	(706,263)	283,909
Net Change in Fund Balances	1,162,515	(868,856)	433,614	727,273
Fund Balances				
July 1, 2021, as previously reported	7,231,742	5,428,485	967,723	13,627,950
Prior period adjustments (Note 10)	(46,331)		(11,768)	(58,099)
July 1, 2021, as restated	7,185,411	5,428,485	955,955	13,569,851
Increase in reserve for inventory			17,288	17,288
June 30, 2022	\$ 8,347,926	4,559,629	1,406,857	14,314,412

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

## PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Exhibit D-1

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

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 727,273

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

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

Capital outlay	594,683	
Depreciation expense	<u>(2,026,449)</u>	(1,431,766)

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

Payments of debt principal	741,000	
Accrued interest payable	<u>(8)</u>	740,992

Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(513,638)	
Contributions made subsequent to the measurement date	<u>2,255,749</u>	1,742,111

Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB expense	62,405	
Contributions made subsequent to the measurement date	<u>44,866</u>	107,271

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Change in compensated absences	(106,649)	
Change in inventory reserve	<u>17,288</u>	<u>(89,361)</u>

Changes in Net Position of Governmental Activities	<u><u>\$ 1,796,520</u></u>
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The notes to the financial statements are an integral part of this statement.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

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

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

**A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Pass Christian since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

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

The school district reports the following major governmental funds:

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

Local Building Projects Fund - This Capital Projects Fund is used to account for commitments made by the school board for technology, school buses, capital improvements and game field turf replacement.

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

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

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

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

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

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

The effect of inter-fund activity has been eliminated from the government-wide statements. Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

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

**D. Encumbrances**

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

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

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

**Cash and cash equivalents**

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

**Investments**

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the



PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

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:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

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

See Note 8, 9 and 15 for further details.

8. Compensated Absences

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

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.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

9. Leases

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

The school district uses the incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

10. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities.

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

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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

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

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

## PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2022

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is documented in the board minutes of the school board.

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

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

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

It is the policy of the Pass Christian School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the revenues of the District Maintenance Fund (General Fund).

#### 14. Accounting Standards Update

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

### Note 2 – Cash and Cash Equivalents

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.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$14,963,987.

# PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

*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.

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 755,447
Other governmental funds	Other governmental funds	12,055
Total		<u>\$ 767,502</u>

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

#### B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 210,092
Other governmental funds	General Fund	916,355
	Other governmental funds	433,379
Total		<u>\$ 1,559,826</u>

The transfer out of the General Fund was for the purpose of funding the vocational program (Fund 2711) and other programs in the Other Governmental Funds. The transfers from the Other Governmental Funds to the General Fund were for indirect costs and for reimbursement for COVID-19 leave as approved in the ESSER III project application. The transfers within the Other Governmental Funds were for transferability of funds as approved in the federal consolidated grant application and to fund debt service.

### Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$ 1,317,552, of the Sixteenth Section Principal Fund (Permanent Fund), Debt Service Funds, and other various funds which are legally restricted and may not be used for purposes that support the district's programs.

### Note 5 – Capital Assets

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

	Balance 7/1/2021	Increases	Decreases	Balance 6/30/2022
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 517,230			517,230
Construction-in-progress		27,880		27,880
Total non-depreciable capital assets	517,230	27,880	0	545,110
<u>Depreciable capital assets:</u>				
Buildings	70,649,587			70,649,587
Building improvements	2,311,173			2,311,173
Improvements other than buildings	6,968,943	48,645		7,017,588
Mobile equipment	2,944,849	19,435		2,964,284
Furniture and equipment	2,162,057	498,723		2,660,780
Total depreciable capital assets	85,036,609	566,803	0	85,603,412
Less accumulated depreciation for:				
Buildings	18,402,829	1,412,992		19,815,821
Building improvements	192,572	92,447		285,019
Improvements other than buildings	2,842,942	232,813		3,075,755
Mobile equipment	2,145,821	107,840		2,253,661
Furniture and equipment	1,774,574	180,357		1,954,931
Total accumulated depreciation	25,358,738	2,026,449	0	27,385,187
Total depreciable capital assets, net	59,677,871	(1,459,646)	0	58,218,225
Governmental activities capital assets, net	\$ 60,195,101	(1,431,766)	0	58,763,335

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 1,446,865
Support services	479,283
Non-instructional	100,301
Total depreciation expense - Governmental activities	\$ 2,026,449

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

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
Multi-Sports Complex	\$ 27,880	*

\*This project had not bid as of June 30, 2022. Construction projects included in governmental activities are funded with the Local Building Project Fund.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

**Note 6 – Leases**

**As Lessor:**

The school district is a lessor for a few leases of sixteenth section lands for residential, commercial and other similar leases. Since the net present value of the leases are not material to the financial statements, the provisions of *GASB 87 Leases* do not apply as the standard does not apply to immaterial items.

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A. General obligation bonds payable	\$ 8,225,000	\$	\$ 555,000	\$ 7,670,000	\$ 580,000
B. Three mill notes payable	295,000		186,000	109,000	109,000
C. Compensated absences payable	150,034	106,649		256,683	20,535
Total	\$ 8,670,034	\$ 106,649	\$ 741,000	\$ 8,035,683	\$ 709,535

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2017	2.5-2.75	03/09/17	03/01/35	\$ 10,000,000	7,670,000

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

1. General obligation bond issue of 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 580,000	196,000	776,000
2024	610,000	181,500	791,500
2025	640,000	166,250	806,250
2026	670,000	150,250	820,250
2027	700,000	133,500	833,500
2028 – 2032	2,770,000	432,000	3,202,000
2033 – 2035	1,700,000	94,737	1,794,737
Total	\$ 7,670,000	1,354,237	9,024,237

This debt will be retired from the Bond Issue 17 Retirement Fund (Debt Service Fund).

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022, the amount of outstanding bonded indebtedness was equal to 3.4% of property assessments as of October 1, 2021.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited Tax Notes, 2013	1.64	03/01/13	03/01/23	\$ 1,750,000	109,000
2. Limited Tax Notes, 2020	1.87	05/01/20	05/01/22	195,000	0
Total				<u>\$ 1,945,000</u>	<u>109,000</u>

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

1. Three mill notes payable issue of 2013:

Year Ending	Principal	Interest	Total
June 30			
2023	<u>\$ 109,000</u>	<u>1,788</u>	<u>110,788</u>

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

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$62,517) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972).

2. Three mill notes payable issue of Series 2020 was retired during the fiscal year and paid in full with the proceeds from the Three Mill Retirement Fund (Debt Service Fund).

**C. Compensated absences payable**

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

**Note 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)



# PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$2,255,749, \$2,170,041, and \$2,127,348, 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 \$27,723,666 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 .187570 percent, which was based on a measurement date of June 30, 2021. This was an increase of .003960 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 \$513,638. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 329,048	\$
Net difference between projected and actual earnings on pension plan investments		6,679,348
Changes of assumptions	1,583,497	

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

Changes in proportion and differences between District contributions and proportionate share of contributions	324,205	
District contributions subsequent to the measurement date	2,255,749	
Total	\$ 4,492,499	\$ 6,679,348

\$2,255,749 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ (875,031)
2024	(875,031)
2025	(1,022,699)
2026	(1,669,837)

*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:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.60	%
International Equity	22.00		4.50	

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	<u>100</u>	<u>%</u>

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 39,263,210	\$ 27,723,666	\$ 18,214,163

*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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

*Contributions.* The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$44,866 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 \$1,373,143 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 .21332626 percent. This was an increase of .00238983 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 (\$62,405). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,493	\$ 429,364
Changes of assumptions	222,390	46,441
Net difference between projected and actual earnings on OPEB plan investments	64	
Changes in proportion and differences between District contributions and proportionate share of contributions	53,635	14,273
District contributions subsequent to the measurement date	44,866	
Total	\$ <u>322,448</u>	\$ <u>490,078</u>

\$44,866 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

# PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2022

Year Ending June 30:

2023	\$ (46,867)
2024	(45,606)
2025	(38,934)
2026	(51,103)
2027	(29,986)

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

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

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

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

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

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

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For 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	\$ 1,519,873	\$ 1,373,143	\$ 1,248,033

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,271,885	\$ 1,373,143	\$ 1,487,733

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

**Note 10 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
Correction of a prior period recording of an asset or liability	\$ (58,099)

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

Fund	Explanation	Amount
General Fund	Error correction of a prior period recording of an asset or liability	\$ (46,331)
Other governmental funds	Error correction of a prior period recording of an asset or liability	(11,768)
Total		\$ (58,099)

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2022

**Note 11 – Contingencies**

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

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

**Note 12 – Risk Management**

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

**Note 13 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated June 11, 2018 creating the Career Technical Education Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Pass Christian School District and the Hancock County School District

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

The Hancock County School District has been designated as the fiscal agent for the Career Technical Education Center, and the operations of the consortium are included in its financial statements.

**Note 14 - Insurance Loss Recoveries**

The Pass Christian School District received \$283,909 in insurance loss recoveries related to Hurricane Zeta damage during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other general revenue.

**Note 15 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$18,800,416) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,255,749 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$2,236,750 balance of deferred outflow of resources related to pensions, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$18,800,416) includes the effect of deferring the recognition of revenue resulting

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2022

from a deferred inflow from pensions. The \$6,679,348 balance of deferred inflow of resources related to pensions, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$18,800,416) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$44,866 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$277,582 balance of deferred outflow of resources related to OPEB, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$18,800,416) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$490,078 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

**Note 16– 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 17 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Pass Christian Public School District evaluated the activity of the district through March 22, 2023, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

July 22, 2022, the Pass Christian Public School District issued a \$2,000,000 Limited Tax Notes to be repaid over 5 years with an interest rate of 2.82%.



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## REQUIRED SUPPLEMENTARY INFORMATION

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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$11,361,725	11,916,516	11,672,354	554,791	(244,162)
State sources	9,648,514	10,123,126	10,131,318	474,612	8,192
Federal sources	61,308	71,317	52,050	10,009	(19,267)
Sixteenth section sources	18,889	22,700	23,178	3,811	478
Total Revenues	<u>21,090,436</u>	<u>22,133,659</u>	<u>21,878,900</u>	<u>1,043,223</u>	<u>(254,759)</u>
Expenditures					
Instruction	11,807,862	12,367,025	12,008,829	(559,163)	358,196
Support services	10,032,453	10,474,779	9,567,206	(442,326)	907,573
Noninstructional services	0	34,441	34,441	(34,441)	0
Sixteenth section	1,500	1,500	0	0	1,500
Facilities acquisition and construction	0	50,000	96,081	(50,000)	(46,081)
Total Expenditures	<u>21,841,815</u>	<u>22,927,745</u>	<u>21,706,557</u>	<u>(1,085,930)</u>	<u>1,221,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(751,379)</u>	<u>(794,086)</u>	<u>172,343</u>	<u>(42,707)</u>	<u>966,429</u>
Other Financing Sources (Uses)					
Insurance loss recoveries	0	0	283,909	0	283,909
Operating transfers in	1,061,742	5,508,928	916,355	4,447,186	(4,592,573)
Operating transfers out	(1,025,437)	(2,188,609)	(210,092)	(1,163,172)	1,978,517
Total Other Financing Sources (Uses)	<u>36,305</u>	<u>3,320,319</u>	<u>990,172</u>	<u>3,284,014</u>	<u>(2,330,147)</u>
Net Change in Fund Balances			<u>1,162,515</u>		
Fund Balances					
July 1, 2021, as previously reported			7,231,742		
Prior period adjustments			<u>(46,331)</u>		
July 1, 2021, as restated			<u>7,185,411</u>		
June 30, 2022			<u>\$ 8,347,926</u>		

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

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

PERS

Last 10 Fiscal Years \*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's proportion of the net pension liability	0.187570%	0.183610%	0.189619%	0.169794%
District's proportionate share of the net pension liability	\$ 27,723,666	35,544,762	33,357,723	28,241,787
District's covered payroll	\$ 12,471,500	12,226,138	12,349,397	10,842,965
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.177816%	0.173448%	0.174362%	0.173180%
District's proportionate share of the net pension liability	29,559,054	30,982,144	26,952,927	20,756,269
District's covered payroll	11,407,022	11,095,873	10,893,156	10,468,400
District's proportionate share of the net pension liability as a percentage of its covered payroll	259.13%	279.22%	247.43%	198.28%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

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

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contribution	\$ 2,255,749	2,170,041	2,127,348	1,945,030
Contributions in relation to the contractually required contribution	\$ 2,255,749	2,170,041	2,127,348	1,945,030
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	12,964,075	12,471,500	12,226,138	12,349,397
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	1,707,767	1,796,606	1,747,600	1,715,672
Contributions in relation to the contractually required contribution	1,707,767	1,796,606	1,747,600	1,715,672
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	10,842,965	11,407,022	11,095,873	10,893,156
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Schedule of the District's Proportionate Share of the Net OPEB Liability  
OPEB  
Last 10 Fiscal Years \*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.21332626%	0.21093643%	0.21348488%	0.21020383%	0.20872369%
District's proportionate share of the net OPEB liability	\$ 1,373,143	1,641,524	1,811,507	1,626,032	1,637,665
Covered employee payroll	\$ 12,471,500	12,226,128	12,349,397	10,842,965	11,407,022
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.01%	13.43%	14.67%	15.00%	14.36%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 44,866	55,191	65,464	72,611	69,816
Contributions in relation to the actuarially determined contribution	44,866	55,191	65,464	72,611	69,816
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 12,964,075	12,471,500	12,226,128	12,349,397	10,842,965
Contributions as a percentage of covered employee payroll	0.35%	0.44%	0.54%	0.59%	0.64%

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

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



PASS CHRISTIAN PUBLIC 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 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%.

PASS CHRISTIAN PUBLIC 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%.

PASS CHRISTIAN PUBLIC 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

PASS CHRISTIAN PUBLIC 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%

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## SUPPLEMENTARY INFORMATION

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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program - seamless summer option	10.555	225MS326N1099	\$ 1,290,257
COVID -19 - Emergency operational cost reimbursement program	10.555	225MS326N1099	28,570
Total child nutrition cluster			1,318,827
Child and adult care food program	10.558	215MS326N1099	3,762
Total passed-through Mississippi Department of Education			1,322,589
<b>Total U.S. Department of Agriculture</b>			1,322,589
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A210024	912,519
Supporting effective instruction - state grants	84.367	S367A200023	63,899
Student support and academic enrichment program	84.424	S424A200025	956
Total			977,374
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) I	84.425D	S425D200031	8,760
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	968,182
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425D210031	842,194
COVID-19 - CTE ESSER Grant	84.425D	S425D200031	9,237
COVID-19 - PreK ESSER Grant	84.425D	S425D200031	5,924
COVID-19 - ARP ESSER - Elementary Education & Reading - HQIM	84.425U	S425U210031	5,039
COVID 19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	S425C200031	54,285
Total education stabilization funds			1,893,621
Special education cluster:			
Special education - grants to states	84.027A	H027A210108	527,430
Special education - preschool grants	84.173A	H173A210113	31,626
COVID-19 - IDEA ARP	84.027X	H027X210108	2,393
Total special education cluster			561,449
Total passed-through Mississippi Department of Education			3,432,444
<b>Total U.S. Department of Education</b>			3,432,444
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	2205MS5ADM	30,450
Total passed-through Mississippi Department of Education			30,450
<b>Total U.S. Department of Health and Human Services</b>			30,450
Total for All Federal Awards			4,785,483

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



PASS CHRISTIAN PUBLIC SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2022

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$86,465 are included in the national school lunch program - seamless summer option.

(5) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$66,000 from its Supporting Effective Instruction - State Grants ALN# 84.367 and \$46,000 from Student Support and Academic Enrichment Program ALN# 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies ALN# 84.010. These amounts are reflected in the expenditures of Title I - Grants to Local Educational Agencies.

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

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
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	\$ 18,574,617	13,891,029	1,017,541	1,382,181	2,283,866
Other	9,269,601	2,185,630	256,619	52,152	6,775,200
Total	<u>27,844,218</u>	<u>16,076,659</u>	<u>1,274,160</u>	<u>1,434,333</u>	<u>9,059,066</u>
Total number of students	<u>1,825</u>				
Cost per student	<u>\$ 15,257</u>	<u>8,809</u>	<u>698</u>	<u>786</u>	<u>4,964</u>

Notes to the schedule.

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

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

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

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

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

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

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## OTHER INFORMATION

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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

	UNAUDITED			
	2022	2021*	2020*	2019*
Revenues				
Local sources	\$ 11,672,354	11,258,258	10,910,899	10,376,587
State sources	10,131,318	9,579,928	9,445,526	9,002,325
Federal sources	52,050	41,814	27,904	72,906
Sixteenth section sources	23,178	24,811	28,849	16,330
Total Revenues	<u>21,878,900</u>	<u>20,904,811</u>	<u>20,413,178</u>	<u>19,468,148</u>
Expenditures				
Instruction	12,008,829	10,630,257	10,711,254	10,272,349
Support services	9,567,206	8,923,829	8,807,516	8,715,955
Noninstructional services	34,441	0	0	0
Sixteenth section	0	1,237	1,105	1,396
Facilities acquisition and construction	96,081	0	0	0
Total Expenditures	<u>21,706,557</u>	<u>19,555,323</u>	<u>19,519,875</u>	<u>18,989,700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>172,343</u>	<u>1,349,488</u>	<u>893,303</u>	<u>478,448</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	283,909	1,048	0	4,395
Sale of transportation equipment	0	1	0	0
Sale of other property	0	1	3,200	1,332
Operating transfers in	916,355	51,030	2,973	8,589
Operating transfers out	(210,092)	(293,304)	(276,818)	(342,828)
Total Other Financing Sources (Uses)	<u>990,172</u>	<u>(241,224)</u>	<u>(270,645)</u>	<u>(328,512)</u>
Net Change in Fund Balances	<u>1,162,515</u>	<u>1,108,264</u>	<u>622,658</u>	<u>149,936</u>
Fund Balances:				
Beginning of period, as previously reported	7,231,742	6,072,125	5,441,932	5,291,996
Prior period adjustments	<u>(46,331)</u>	<u>51,353</u>	<u>7,535</u>	<u>0</u>
Beginning of period, as restated	<u>7,185,411</u>	<u>6,123,478</u>	<u>5,449,467</u>	<u>5,291,996</u>
End of period	<u>\$ 8,347,926</u>	<u>7,231,742</u>	<u>6,072,125</u>	<u>5,441,932</u>

\* Source - Prior year audit reports.

PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

	UNAUDITED			
	2022	2021*	2020*	2019*
Revenues				
Local sources	\$ 12,816,567	12,448,850	12,189,395	11,900,250
Intermediate sources	8,000	0	0	0
State sources	10,331,331	9,935,246	9,947,522	9,417,552
Federal sources	5,104,203	3,588,327	2,714,036	2,378,621
Sixteenth section sources	27,481	27,370	31,156	17,085
Total Revenues	<u>28,287,582</u>	<u>25,999,793</u>	<u>24,882,109</u>	<u>23,713,508</u>
Expenditures				
Instruction	13,430,127	12,508,081	12,422,387	11,518,155
Support services	12,095,821	10,571,270	10,320,942	10,533,841
Noninstructional services	1,234,508	998,380	977,511	1,064,208
Sixteenth section	2,240	1,237	2,185	1,396
Facilities acquisition and construction	123,961	0	2,035,612	2,881,585
Debt service				
Principal	741,000	751,000	715,000	880,000
Interest	214,911	232,036	245,031	263,412
Other	1,650	1,600	1,600	1,600
Total Expenditures	<u>27,844,218</u>	<u>25,063,604</u>	<u>26,720,268</u>	<u>27,144,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>443,364</u>	<u>936,189</u>	<u>(1,838,159)</u>	<u>(3,430,689)</u>
Other Financing Sources (Uses)				
Proceeds of loans	0	0	195,000	195,000
Insurance loss recoveries	283,909	1,048	0	4,395
Sale of transportation equipment	0	1	0	0
Sale of other property	0	1	3,200	1,332
Operating transfers in	1,559,826	539,416	279,791	680,151
Operating transfers out	(1,559,826)	(539,416)	(279,791)	(680,151)
Total Other Financing Sources (Uses)	<u>283,909</u>	<u>1,050</u>	<u>198,200</u>	<u>200,727</u>
Net Change in Fund Balances	<u>727,273</u>	<u>937,239</u>	<u>(1,639,959)</u>	<u>(3,229,962)</u>
Fund Balances:				
Beginning of period, as previously reported	13,627,950	12,647,738	14,255,754	17,496,481
Prior period adjustments	<u>(58,099)</u>	<u>49,715</u>	<u>7,535</u>	<u>3,231</u>
Beginning of period, as restated	<u>13,569,851</u>	<u>12,697,453</u>	<u>14,263,289</u>	<u>17,499,712</u>
Increase (Decrease) in reserve for inventory	<u>17,288</u>	<u>(6,742)</u>	<u>24,408</u>	<u>(13,996)</u>
End of period	<u>\$ 14,314,412</u>	<u>13,627,950</u>	<u>12,647,738</u>	<u>14,255,754</u>

\* Source - Prior year audit reports.

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



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

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

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Pass Christian Public School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pass Christian Public School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Pass Christian Public School District's basic financial statements, and have issued my report thereon dated March 22, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

As part of obtaining reasonable assurance about whether Pass Christian Public School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*St. Clair CPA, PLLC*

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Pass Christian Public School District

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

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

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

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

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

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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## ***Responsibilities of Management for Compliance***

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

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

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pass Christian Public School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pass Christian School District's compliance with the requirements of each major federal program as a whole.

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

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

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

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

*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.

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

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

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

March 22, 2023

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS



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PASS CHRISTIAN PUBLIC SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

**Financial Statements:**

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

**Federal Awards:**

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None Reported |
| 5. Type of auditor's report issued on compliance for major programs:                                  | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7. Federal program identified as major program:   |               |

Assistance Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition Cluster
84.425D	COVID-19 – Education Stabilization Fund (ESSER) I
84.425D	COVID-19 – Education Stabilization Fund (ESSER) II
84.425U	COVID-19 – Education Stabilization Fund (ESSER) ARP III
84.425D	COVID-19 – CTE ESSER Grant
84.425D	COVID-19 – Prek ESSER Grant
84.425U	COVID-19 – ARP ESSER – Elementary Education & Reading – HQIM
84.425C	COVID-19 – Governor's Emergency Education Relief (GEER) Fund

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

Section II: Financial Statement Findings

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

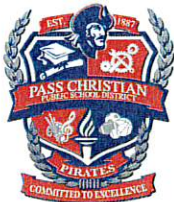
Section III: Federal Award Findings and Questioned Costs

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

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## SUMMARY OF PRIOR YEAR AUDIT FINDINGS

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# Pass Christian School District

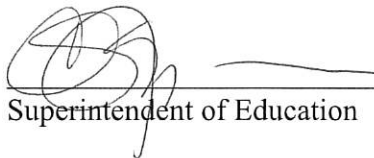
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## SUMMARY OF PRIOR YEAR AUDIT FINDINGS

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

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

Sincerely,



Superintendent of Education

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