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**Pearl River County School District**

Audited Financial Statements  
For the Year Ended June 30, 2022

**Fortenberry & Ballard, PC**  
Certified Public Accountants

# Pearl River County School District

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## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Pearl River County School District

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

***Opinions***

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

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

***Basis for Opinions***

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

***Emphasis-of-Matter***

As discussed in Note 1 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022.

***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

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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 Pearl River County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of the Pearl River County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pearl River County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pearl River County School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 22, 2024

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**FINANCIAL HIGHLIGHTS**

- Total net position for 2022 increased \$1,260,572, including a prior period adjustment of (\$2,796), which represents a 6% increase from fiscal year 2021. Total net position for 2021 decreased \$1,041,018, including a prior period adjustment of \$34,825, which represents a 5% decrease from fiscal year 2020.
- General revenues amounted to \$25,965,800 and \$26,150,213, or 79% and 77% 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 \$6,870,906, or 21% of total revenues for 2022, and \$7,689,617, or 23% of total revenues for 2021.
- The District had \$31,573,338 and \$34,915,673 in expenses for fiscal years 2022 and 2021; only \$6,870,906 for 2022 and \$7,689,617 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$25,965,800 for 2022 were adequate to provide for these programs. General revenues of \$26,150,213 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$24,973,636 in revenues and \$24,284,029 in expenditures for 2022, and \$25,383,451 in revenues and \$23,314,661 in expenditures for 2021. The General Fund's fund balance decreased by \$3,480,958 from 2021 to 2022, and increased by \$1,547,538, including a prior period adjustment of \$34,825, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$3,190,532 for 2022 and increased by \$4,193,385 for 2021. The increase for 2022 was due primarily to construction in progress and an increase in building improvements, mobile equipment, and furniture and equipment, net of the increase in accumulated depreciation.
- Long-term debt, including bond premiums, decreased by \$560,799 for 2022 and decreased by \$1,263,056 for 2021. The decrease for 2022 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$30,649 for 2022 and increased by \$8,705 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.

**PEARL RIVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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. The business-type activities of the District include early childhood development.

### **Fund Financial Statements**

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

**Governmental funds** – Most 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.

**Proprietary funds** – Proprietary funds of the District consist of an enterprise fund that is used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The District used an enterprise fund to account for its Early Childhood Development Center.

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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.



**PEARL RIVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$19,082,844 as of June 30, 2022.

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

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

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

	Governmental Activities			Business-type Activities		
	June 30, 2022	June 30, 2021	Percentage Change	June 30, 2022	June 30, 2021	Percentage Change
Current assets	\$ 10,296,302	\$ 9,288,262	10.85 %	\$ 1,886	\$ 3,043	(38.02)
Restricted assets	1,328,656	6,002,273	(77.86) %	-	-	N/A
Capital assets, net	34,010,017	30,819,485	10.35 %	-	-	N/A
<b>Total assets</b>	<b>45,634,975</b>	<b>46,110,020</b>	<b>(1.03) %</b>	<b>1,886</b>	<b>3,043</b>	<b>(38.02)</b>
<b>Deferred outflows of resources</b>	<b>7,161,380</b>	<b>7,175,124</b>	<b>(0.19) %</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
Current liabilities	2,162,533	3,453,182	(37.38) %	-	515	(100.00)
Long-term debt outstanding	21,190,590	21,751,389	(2.58) %	-	-	N/A
Net OPEB liability	2,031,741	2,341,698	(13.24) %	-	-	N/A
Net pension liability	34,606,767	45,382,343	(23.74) %	-	-	N/A
<b>Total liabilities</b>	<b>59,991,631</b>	<b>72,928,612</b>	<b>(17.74) %</b>	<b>-</b>	<b>515</b>	<b>(100.00)</b>
<b>Deferred inflows of resources</b>	<b>11,889,454</b>	<b>702,476</b>	<b>1,592.51 %</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Net position:</b>						
Net investment in capital assets	13,478,293	12,646,078	6.58 %	-	-	N/A
Restricted	2,261,902	1,800,499	25.63 %	1,886	2,528	(25.40)
Unrestricted	(34,824,925)	(34,792,521)	(0.09) %	-	-	N/A
<b>Total net position (Deficit)</b>	<b>\$ (19,084,730)</b>	<b>\$ (20,345,944)</b>	<b>6.20 %</b>	<b>\$ 1,886</b>	<b>\$ 2,528</b>	<b>(25.40)</b>

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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)	\$ (34,824,925)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>40,756,337</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 5,931,412</u>

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

- Increase in net capital assets in the amount of \$3,190,532.
- Additions to long-term debt for obligations under leases of \$8,603 and installment purchase loans of \$294,200.
- The principal retirement of \$1,116,072 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 \$32,836,706 and \$33,839,830, respectively. The total cost of all programs and services was \$31,573,338 for 2022 and \$34,915,673 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.

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 2  
Changes in Net Position**

	Governmental Activities				Business-type Activities			
	Year Ended	Year Ended			Year Ended	Year Ended		
	June 30, 2022	June 30, 2021	Percentage Change		June 30, 2022	June 30, 2021	Percentage Change	
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 573,918	\$ 512,386	12.01 %		\$ 43,540	\$ 44,150	(1.38) %	
Operating grants and contributions	6,253,448	7,133,081	(12.33) %		-	-	N/A	
General revenues:								
Property taxes	7,502,143	7,769,834	(3.45) %		-	-	N/A	
Grants and contributions not restricted	18,000,727	18,145,431	(0.80) %		-	-	N/A	
Investment earnings	5,969	9,056	(34.09) %		-	-	N/A	
Sixteenth section sources	59,433	171,556	(65.36) %		-	-	N/A	
Other	397,528	54,336	631.61 %		-	-	N/A	
<b>Total revenues</b>	<b>32,793,166</b>	<b>33,795,680</b>	<b>(2.97) %</b>		<b>43,540</b>	<b>44,150</b>	<b>(1.38) %</b>	
<b>Expenses:</b>								
Instruction	14,713,193	15,879,250	(7.34) %		-	-	N/A	
Support services	12,059,543	11,351,693	6.24 %		-	-	N/A	
Non-instructional	1,605,380	1,726,523	(7.02) %		-	-	N/A	
Sixteenth section	21,885	26,380	(17.04) %		-	-	N/A	
Pension expense	2,505,278	5,114,833	(51.02) %		-	-	N/A	
OPEB expense	(46,002)	97,310	(147.27) %		-	-	N/A	
Interest on long-term liabilities	669,879	678,062	(1.21) %		-	-	N/A	
Early Childhood Development	-	-	N/A		44,182	41,622	6.15 %	
<b>Total expenses</b>	<b>31,529,156</b>	<b>34,874,051</b>	<b>(9.59) %</b>		<b>44,182</b>	<b>41,622</b>	<b>6.15 %</b>	
<b>Increase (Decrease) in net position</b>	<b>1,264,010</b>	<b>(1,078,371)</b>	<b>217.21 %</b>		<b>(642)</b>	<b>2,528</b>	<b>(125.40) %</b>	
<b>Net Position (Deficit), July 1, as previously reported</b>	<b>(20,345,944)</b>	<b>(19,302,398)</b>	<b>(5.41) %</b>		<b>2,528</b>	<b>-</b>	<b>N/A</b>	
<b>Prior Period Adjustment</b>	<b>(2,796)</b>	<b>34,825</b>	<b>(108.03) %</b>		<b>-</b>	<b>-</b>	<b>N/A</b>	
<b>Net Position (Deficit), July 1, as restated</b>	<b>(20,348,740)</b>	<b>(19,267,573)</b>	<b>(5.61) %</b>		<b>2,528</b>	<b>-</b>	<b>N/A</b>	
<b>Net Position (Deficit), June 30</b>	<b>\$ (19,084,730)</b>	<b>\$ (20,345,944)</b>	<b>6.20 %</b>		<b>\$ 1,886</b>	<b>\$ 2,528</b>	<b>(25.40) %</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.

**PEARL RIVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ 14,713,193	\$ 15,879,250	(7.34) %
Support services	12,059,543	11,351,693	6.24 %
Non-instructional	1,605,380	1,726,523	(7.02) %
Sixteenth section	21,885	26,380	(17.04) %
Pension Expense	2,505,278	5,114,833	(51.02) %
OPEB Expense	(46,002)	97,310	(147.27) %
Interest on long-term liabilities	669,879	678,062	(1.21) %
<b>Total expenses</b>	<b>\$ 31,529,156</b>	<b>\$ 34,874,051</b>	<b>(9.59) %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ (12,196,735)	\$ (12,184,269)	(0.10) %
Support services	(9,923,508)	(9,265,004)	(7.11) %
Non-instructional	569,493	137,274	314.86 %
Sixteenth section	(21,885)	(26,380)	17.04 %
Pension Expense	(2,505,278)	(5,114,833)	51.02 %
OPEB Expense	46,002	(97,310)	147.27 %
Interest on long-term liabilities	(669,879)	(678,062)	1.21 %
<b>Total net (expense) revenue</b>	<b>\$ (24,701,790)</b>	<b>\$ (27,228,584)</b>	<b>9.28 %</b>

- Net cost of governmental activities (\$24,701,790 for 2022 and \$27,228,584 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$7,502,143 for 2022 and \$7,769,834 for 2021) and state and federal revenues (\$18,000,727 for 2022 and \$18,145,431 for 2021). In addition, there was \$59,433 and \$171,556 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$5,969 for 2022 and \$9,056 for 2021.

**Business-type activities**

The following table presents the cost of activities related to the operation of the Early Childhood Development Center. The table also shows the net cost of activities (total cost less charges for services generated by the activities). The net cost presents the financial burden that was placed on the District for the operation of the Early Childhood Development Center.

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 4  
Net Cost of Business-type Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Early Childhood Development Center	\$ 44,182	\$ 41,622	6.15 %
<b>Total expenses</b>	<b>\$ 44,182</b>	<b>\$ 41,622</b>	<b>6.15 %</b>
	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Early Childhood Development Center	\$ (642)	\$ 2,528	(125.40) %
<b>Total net (expense) revenue</b>	<b>\$ (642)</b>	<b>\$ 2,528</b>	<b>(125.40) %</b>

- Net cost of business-type activities ((\$642) for 2022 and \$2,528 for 2021) was financed by charges for services, which includes tuition from individuals (\$43,540 for 2022 and \$44,150 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 \$9,105,433, a decrease of \$2,983,479, which includes a prior period adjustment of (\$2,796) and an increase in inventory of \$44,464. \$2,957,557, or 32% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$6,147,876, or 68% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$3,480,958. The fund balance of Other Governmental Funds showed an increase in the amount of \$463,097, which includes a prior period adjustment of (\$2,796) and an increase in inventory of \$44,464. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
GO Bond Construction Fund	\$	(2,949,765)
Capital Projects Fund	\$	2,984,147

**Proprietary funds.** The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

As the District completed the year, the proprietary fund reported a cash and cash equivalent balance of \$1,886 on the Statement of Net Position for the proprietary fund. Expenses related to the operation of the Early Childhood Development Center totaled \$44,182 and were funded by tuition paid by individuals in the amount of \$43,540.

**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 \$47,857,957, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$4,157,860 from 2021. Total accumulated depreciation as of June 30, 2022, was \$13,847,940, and total depreciation expense for the year was \$987,813, resulting in total net capital assets of \$34,010,017.

**Table 5  
Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 759,736	\$ 759,736	0.00 %
Construction in Progress	7,393,493	4,201,488	75.97 %
Buildings	7,959,777	7,921,848	0.48 %
Building improvements	15,772,534	16,055,253	(1.76) %
Improvements other than buildings	887,992	936,144	(5.14) %
Mobile equipment	1,010,966	639,810	58.01 %
Furniture and equipment	102,305	82,132	24.56 %
Leased property under capital leases	-	223,074	(100.00) %
Intangible assets	123,214	-	N/A %
<b>Total</b>	<b><u>\$ 34,010,017</u></b>	<b><u>\$ 30,819,485</u></b>	<b>10.35 %</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 \$21,190,590 in outstanding long-term debt, of which \$1,206,826 is due within one year. During the fiscal year, the District made principal payments totaling \$1,116,072 on outstanding long-term debt. The liability for compensated absences increased \$30,649 from the prior year.

**PEARL RIVER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 6  
Outstanding Long-Term Debt**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 16,725,000	\$ 17,355,000	(3.63) %
Premium on bonds	184,330	195,173	(5.56) %
Three mill notes payable	3,125,000	3,350,000	(6.72) %
Obligations under leases	124,238	-	N/A %
Obligations under energy efficiency loans	418,591	480,322	(12.85) %
Obligations under capital leases	-	185,181	(100.00) %
Installment purchase loans payable	397,069	-	N/A %
Compensated absences payable	216,362	185,713	16.50 %
<b>Total</b>	<u><u>\$ 21,190,590</u></u>	<u><u>\$ 21,751,389</u></u>	<b>(2.58) %</b>

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

## **CURRENT ISSUES**

The Pearl River County School District is financially stable. The District is proud of its community support of the public schools.

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

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

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Pearl River County School District, 7441 Highway 11, Carriere, MS 39426.

## FINANCIAL STATEMENTS



## PEARL RIVER COUNTY SCHOOL DISTRICT

Statement of Net Position  
June 30, 2022

## Exhibit A

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 8,670,587	\$ 1,886	\$ 8,672,473
Due from other governments	895,479	-	895,479
Lease receivable	582,566	-	582,566
Inventories	147,670	-	147,670
Restricted assets	1,328,656	-	1,328,656
Capital assets, non-depreciable:			
Land	759,736	-	759,736
Construction in progress	7,393,493	-	7,393,493
Capital assets, net of accumulated depreciation:			
Buildings	7,959,777	-	7,959,777
Building improvements	15,772,534	-	15,772,534
Improvements other than buildings	887,992	-	887,992
Mobile equipment	1,010,966	-	1,010,966
Furniture and equipment	102,305	-	102,305
Intangible assets	123,214	-	123,214
Total Assets	<u>45,634,975</u>	<u>1,886</u>	<u>45,636,861</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	6,518,214	-	6,518,214
Deferred outflows - OPEB	643,166	-	643,166
Total Deferred Outflows of Resources	<u>7,161,380</u>	<u>-</u>	<u>7,161,380</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,901,794	-	1,901,794
Unearned revenue	7,486	-	7,486
Interest payable on long-term liabilities	253,253	-	253,253
Long-term liabilities, due within one year:			
Leases payable	118,982	-	118,982
Capital related liabilities	1,077,026	-	1,077,026
Non-capital related liabilities	10,818	-	10,818
Net OPEB liability	79,339	-	79,339
Long-term liabilities, due beyond one year:			
Leases payable	5,256	-	5,256
Capital related liabilities	19,588,634	-	19,588,634
Capital related bond premiums	184,330	-	184,330
Non-capital related liabilities	205,544	-	205,544
Net pension liability	34,606,767	-	34,606,767
Net OPEB liability	1,952,402	-	1,952,402
Total Liabilities	<u>59,991,631</u>	<u>-</u>	<u>59,991,631</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	10,575,194	-	10,575,194
Deferred inflows - OPEB	704,015	-	704,015
Deferred inflows - leases	610,245	-	610,245
Total Deferred Inflows of Resources	<u>11,889,454</u>	<u>-</u>	<u>11,889,454</u>
<b>Net Position</b>			
Net investment in capital assets	13,478,293	-	13,478,293
Restricted for:			
Expendable:			
School-based activities	1,160,509	1,886	1,162,395
Debt service	540,202	-	540,202
Forestry improvements	115,481	-	115,481
Unemployment benefits	49,845	-	49,845
Non-expendable:			
Sixteenth section	395,865	-	395,865
Unrestricted	(34,824,925)	-	(34,824,925)
Total Net Position (deficit)	<u>\$ (19,084,730)</u>	<u>\$ 1,886</u>	<u>\$ (19,082,844)</u>

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

## PEARL RIVER COUNTY SCHOOL DISTRICT

Statement of Activities  
For the Year Ended June 30, 2022

## Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction	\$ 14,713,193	\$ 519,633	\$ 1,996,825	\$ (12,196,735)	\$ -	\$ (12,196,735)
Support services	12,059,543	9,691	2,126,344	(9,923,508)	-	(9,923,508)
Non-instructional	1,605,380	44,594	2,130,279	569,493	-	569,493
Sixteenth section	21,885	-	-	(21,885)	-	(21,885)
Pension expense	2,505,278	-	-	(2,505,278)	-	(2,505,278)
OPEB expense	(46,002)	-	-	46,002	-	46,002
Interest on long-term liabilities	669,879	-	-	(669,879)	-	(669,879)
Total Governmental Activities	31,529,156	573,918	6,253,448	(24,701,790)	-	(24,701,790)
Business-type Activities:						
Early Childhood Development Center	44,182	43,540	-	-	(642)	(642)
Total Business-type Activities	44,182	43,540	-	-	(642)	(642)
Total Primary Government	\$ 31,573,338	\$ 617,458	\$ 6,253,448	\$ (24,701,790)	\$ (642)	\$ (24,702,432)
General Revenues:						
Taxes:						
General purpose levies				6,054,834	-	6,054,834
Debt purpose levies				1,447,309	-	1,447,309
Unrestricted grants and contributions:						
State				17,325,483	-	17,325,483
Federal				675,244	-	675,244
Unrestricted investment earnings				5,969	-	5,969
Sixteenth section sources				59,433	-	59,433
Other				397,528	-	397,528
Total General Revenues				25,965,800	-	25,965,800
Change in Net Position				1,264,010	(642)	1,263,368
Net Position - Beginning, as previously reported				(20,345,944)	2,528	(20,343,416)
Prior Period Adjustments				(2,796)	-	(2,796)
Net Position - Beginning, as restated				(20,348,740)	2,528	(20,346,212)
Net Position (deficit) - Ending				\$ (19,084,730)	\$ 1,886	\$ (19,082,844)

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

**PEARL RIVER COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit C**

	Major Funds					
	General Fund	GO Bond Construction Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
<b>Assets</b>						
Cash and cash equivalents	\$ 3,377,109	\$ 932,791	\$ 2,984,147	\$ 2,705,196	\$	9,999,243
Due from other governments	349,076	-	-	546,403		895,479
Lease receivable	582,566	-	-	-		582,566
Due from other funds	853,443	-	-	4,966		858,409
Inventories	-	-	-	147,670		147,670
Total Assets	<u>\$ 5,162,194</u>	<u>\$ 932,791</u>	<u>\$ 2,984,147</u>	<u>\$ 3,404,235</u>	<u>\$</u>	<u>12,483,367</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,383,317	\$ 490,287	\$ -	\$ 28,190	\$	1,901,794
Due to other funds	4,966	-	-	853,443		858,409
Unavailable revenue	39	-	-	7,447		7,486
Total Liabilities	<u>1,388,322</u>	<u>490,287</u>	<u>-</u>	<u>889,080</u>		<u>2,767,689</u>
<b>Deferred Inflows of Resources</b>						
Leases	610,245	-	-	-		610,245
Total Deferred Inflows of Resources	<u>610,245</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>610,245</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	147,670		147,670
Permanent fund principal	-	-	-	395,865		395,865
<b>Restricted:</b>						
Debt service	-	-	-	793,455		793,455
Capital improvements	-	442,504	-	-		442,504
Forestry improvement purposes	-	-	-	115,481		115,481
Grant activities	-	-	-	1,012,839		1,012,839
Unemployment benefits	-	-	-	49,845		49,845
<b>Assigned:</b>						
Student activities	206,070	-	-	-		206,070
Capital improvements	-	-	2,984,147	-		2,984,147
<b>Unassigned</b>	<u>2,957,557</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>2,957,557</u>
Total Fund Balances	<u>3,163,627</u>	<u>442,504</u>	<u>2,984,147</u>	<u>2,515,155</u>		<u>9,105,433</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,162,194</u>	<u>\$ 932,791</u>	<u>\$ 2,984,147</u>	<u>\$ 3,404,235</u>	<u>\$</u>	<u>12,483,367</u>

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

## PEARL RIVER COUNTY SCHOOL DISTRICT

## Governmental Funds

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

Exhibit C-1

<b>Total fund balances for governmental funds</b>	<b>\$ 9,105,433</b>
---	---------------------

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

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	\$ 759,736	
Construction in progress	7,393,493	
Buildings	14,623,912	
Building improvements	18,122,411	
Improvements other than buildings	1,791,781	
Mobile equipment	3,975,091	
Furniture and equipment	950,266	
Intangible assets	241,267	
Accumulated depreciation	<u>(13,847,940)</u>	34,010,017

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

Net pension liability	(34,606,767)	
-----------------------	--------------	--

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	6,518,214	
Deferred inflows of resources related to pensions	<u>(10,575,194)</u>	(38,663,747)

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

Net OPEB liability	(2,031,741)	
--------------------	-------------	--

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	643,166	
Deferred inflows of resources related to OPEB	<u>(704,015)</u>	(2,092,590)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds	(16,725,000)	
Notes payable	(3,125,000)	
Loans payable	(815,660)	
Lease obligations	(124,238)	
Compensated absences	(216,362)	
Unamortized premiums	(184,330)	
Accrued interest payable	<u>(253,253)</u>	(21,443,843)

**Net Position of governmental activities****\$ (19,084,730)**

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

## PEARL RIVER COUNTY SCHOOL DISTRICT

## Governmental Funds

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

Exhibit D

	Major Funds			Other	Total
	General	GO Bond	Capital	Governmental	Governmental
	Fund	Construction	Projects	Funds	Funds
	Fund	Fund	Fund		
<b>Revenues:</b>					
Local sources	\$ 6,956,717	\$ 2,340	\$ -	\$ 1,509,127	\$ 8,468,184
State sources	17,786,472	-	-	493,694	18,280,166
Federal sources	170,748	-	-	5,803,908	5,974,656
Sixteenth section sources	59,699	-	-	770	60,469
Total Revenues	24,973,636	2,340	-	7,807,499	32,783,475
<b>Expenditures:</b>					
Instruction	13,899,313	-	134,554	2,129,884	16,163,751
Support services	9,839,440	-	292,299	2,666,113	12,797,852
Noninstructional services	-	-	-	1,761,104	1,761,104
Sixteenth section	17,474	-	-	4,411	21,885
Facilities acquisition and construction	239,900	2,952,105	389,000	-	3,581,005
Debt service:					
Principal	261,072	-	-	855,000	1,116,072
Interest	26,830	-	-	650,198	677,028
Other	-	-	-	2,000	2,000
Total Expenditures	24,284,029	2,952,105	815,853	8,068,710	36,120,697
Excess (Deficiency) of Revenues over (under) Expenditures	689,607	(2,949,765)	(815,853)	(261,211)	(3,337,222)
<b>Other Financing Sources (Uses):</b>					
Loans issued	294,200	-	-	-	294,200
Leases issued	8,603	-	-	-	8,603
Insurance recovery	9,691	-	-	-	9,691
Operating transfers in	-	-	3,800,000	846,096	4,646,096
Operating transfers out	(4,482,640)	-	-	(163,456)	(4,646,096)
Other financing uses	(419)	-	-	-	(419)
Total Other Financing Sources (Uses)	(4,170,565)	-	3,800,000	682,640	312,075
Net Change in Fund Balances	(3,480,958)	(2,949,765)	2,984,147	421,429	(3,025,147)
<b>Fund Balances:</b>					
July 1, 2021, as previously reported	6,644,585	3,392,269	-	2,052,058	12,088,912
Prior period adjustments	-	-	-	(2,796)	(2,796)
July 1, 2021, as restated	6,644,585	3,392,269	-	2,049,262	12,086,116
Increase (Decrease) in inventory	-	-	-	44,464	44,464
June 30, 2022	\$ 3,163,627	\$ 442,504	\$ 2,984,147	\$ 2,515,155	\$ 9,105,433

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

**PEARL RIVER COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ (3,025,147)

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

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

Capital outlay	\$ 3,945,888	
Depreciation expense	(987,813)	2,958,075

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (207)

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

Loans issued	(294,200)	
Leases issued	(8,603)	
Payments of debt principal	1,116,072	
Accrued interest payable	(1,694)	811,575

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

Pension expense	(2,505,278)	
Contributions subsequent to the measurement date	2,891,365	386,087

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

OPEB expense	46,002	
Contributions subsequent to the measurement date	62,967	108,969

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

Change in compensated absences	(30,649)	
Change in inventory	44,464	
Amortization of deferred charges, premiums and discounts	10,843	24,658

<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b>1,264,010</b>

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

## PEARL RIVER COUNTY SCHOOL DISTRICT

## Proprietary Fund

Statement of Net Position  
June 30, 2022

## Exhibit E

	Business-type Activities - Enterprise Fund	Early Childhood Development Center
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 1,886	
Total Assets	1,886	
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	-	
Total Liabilities	-	
<b>Net Position</b>		
Restricted for Early Childhood Development	1,886	
Total Net Position	\$ 1,886	

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

**PEARL RIVER COUNTY SCHOOL DISTRICT**

**Proprietary Fund**

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2022**

**Exhibit F**

	Business-type Activities Enterprise Fund
	<u>Early Childhood Development Center</u>
<b>Operating Revenues:</b>	
Charges for services - tuition	\$ 43,540
Total Operating Revenues	<u>43,540</u>
<b>Operating Expenses:</b>	
Instruction	<u>44,182</u>
Total Operating Expenses	<u>44,182</u>
Change in net position	<u>(642)</u>
Net Position - Beginning	<u>2,528</u>
Net Position - Ending	<u><u>\$ 1,886</u></u>

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



**PEARL RIVER COUNTY SCHOOL DISTRICT**

**Proprietary Fund**

**Statement of Cash Flows**

**Exhibit G**

**For the Year Ended June 30, 2022**

	Business-type Activities - Enterprise Fund
	<hr/>
	Early Childhood Development Center
	<hr/>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 43,540
Payments to employees	(38,930)
Payments for claims	(5,767)
Net Cash Provided (Used) by Operating Activities	<hr/> \$ (1,157) <hr/>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (1,157)
 Cash and Cash Equivalents at Beginning of Year	 3,043
Cash and Cash Equivalents at End of Year	<hr/> \$ 1,886 <hr/>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (642)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Decrease in accounts payable	(515)
Total Adjustments	(515)
Net Cash Provided (Used) by Operating Activities	<hr/> \$ (1,157) <hr/>

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

**Pearl River County School District**

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

## **Pearl River County School District**

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

### **Note 1 - Summary of Significant Accounting Policies**

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

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

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

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

The District reports the following major Enterprise Fund - The Early Childhood Development Center is a fund used to account for monies from fees collected and used for the Early Childhood Development Center.

#### **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:

## Pearl River County School District

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

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.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary 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.

G.O. Bond Construction Fund – This is a capital projects fund used to account for construction financed by the series 2018 general obligation bonds.

Capital Projects Fund - This is a capital projects fund that accounts for the acquisition, construction, or renovation of major capital facilities.

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

The school district reports the following major enterprise fund:

## Pearl River County School District

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

Early Childhood Development Center - This fund is used to account for monies from fees collected and used for the Early Childhood Development Center.

Additionally, the Pearl River County 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 Project 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.

#### PROPRIETARY FUNDS

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the school district has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

### **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.

## **Pearl River County School District**

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

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are 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.

## Pearl River County School District

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

## Pearl River County School District

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

#### Investments

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

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

Investments for the district are reported at fair market value.

#### 2. Receivables and payables

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

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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



## Pearl River County School District

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

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

#### 5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bonds 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 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:

## Pearl River County School District

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

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

- \* Intangible assets for the district represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

#### 7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has three deferred inflow items which are presented as deferred inflow for pensions, deferred inflow for leases and deferred inflow for OPEB.

See Note 12 for further details.

## Pearl River County School District

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

#### 8. Compensated Absences

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

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

#### 9. Leases

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

The school district uses 4.00% to calculate the present value of lease payments when the school district is the lessor in leases involving 16<sup>th</sup> Section lands. See Note 6 for details.

#### 10. Long-term Liabilities and Bond Discounts/Premiums

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

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

## Pearl River County School District

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

#### 11. Pensions

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

#### 12. Postemployment Benefits Other Than Pensions (OPEB)

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

#### 13. Fund Balances

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

Governmental fund balance is classified as 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.

## Pearl River County School District

### Notes to the Financial Statements For the 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 the approval of the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

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

*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 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 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.

The goal of the District is to maintain an unassigned fund balance in the General Fund of not less than 7% of revenues.

#### 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

## **Pearl River County School District**

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

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 districts' 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 and proprietary funds was \$9,999,243 and \$1,886, respectively.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$10,951,601 was exposed to custodial credit risk.

## Pearl River County School District

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

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 853,443
Other Governmental Funds	General Fund	4,966
Total		<u>\$ 858,409</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

#### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 3,800,000
Other Governmental Funds	General Fund	682,640
	Other Governmental Funds	163,456
Total		<u>\$ 4,646,096</u>

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

### Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$395,865, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent cash balance, totaling \$932,791, of the unspent general obligation bond proceeds.

# Pearl River County School District

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

### Note 5 - Capital Assets

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

	Balance 7-1-2021	Additions	Deletions	Adjustments	Balance 6-30-2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 759,736				759,736
Construction in progress	4,201,488	3,192,005			7,393,493
Total non-depreciable capital assets	4,961,224	3,192,005	0	0	8,153,229
<u>Depreciable capital assets:</u>					
Buildings	14,623,912				14,623,912
Building improvements	17,733,411	389,000			18,122,411
Improvements other than buildings	1,791,781				1,791,781
Mobile equipment	3,404,592	294,200		276,299	3,975,091
Furniture and equipment	909,777	62,080	20,692	(899)	950,266
Leased property under capital leases	275,400			(275,400)	0
Intangible right to use equipment		8,603		232,664	241,267
Total depreciable capital assets	38,738,873	753,883	20,692	232,664	39,704,728
<u>Less accumulated depreciation for:</u>					
Buildings	6,702,064	270,636		(308,565)	6,664,135
Building improvements	1,678,158	363,154		308,565	2,349,877
Improvements other than buildings	855,637	48,152			903,789
Mobile equipment	2,764,782	147,017		52,326	2,964,125
Furniture and equipment	827,645	40,801	20,485		847,961
Leased property under capital leases	52,326			(52,326)	0
Intangible right to use equipment		118,053			118,053
Total accumulated depreciation	12,880,612	987,813	20,485	0	13,847,940
Total depreciable capital assets, net	25,858,261	(233,930)	207	232,664	25,856,788
Governmental activities capital assets, net	\$ 30,819,485	2,958,075	207	232,664	34,010,017
Total capital assets, net excluding intangible right to use assets					33,886,803
Intangible right to use assets, net					123,214
Total capital assets, net as reported in the statement of net position					\$ 34,010,017

Adjustments were made to properly present capital assets at fiscal year end.

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 619,670
Support services	333,220
Non-instructional	34,923
Total depreciation expense	\$ 987,813



## Pearl River County School District

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

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

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
Solar Canopy Installation	\$ 239,900	11,995
Pearl River Central High School	7,153,593	654,001
Total	<u>\$ 7,393,493</u>	<u>665,996</u>

Construction projects included in governmental activities are funded with District Maintenance Fund and GO Bond Construction 2018 Fund.

### Note 6 - Leases

#### As Lessor:

#### Sixteenth Section Lands

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

The school district uses the rate of 4% interest to calculate the present value of sixteenth section lease rental payments. The school district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the school district.

The school district, acting as lessor, has entered into 118 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are for a term that corresponds with state law in accordance with the type of lease executed. The school district has included in its financial statements at year end the net present value of future lease payments as a lease receivable and as deferred inflows of resources.

In fiscal year 2022, the school district recognized \$59,434 in revenue related to Sixteenth section land leases.

# Pearl River County School District

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

### Note 7 - Long-term liabilities

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

	Balance 7-1-2021	Additions	Reductions	Adjustments	Balance 6-30-2022	Amounts due within one year
A. General obligation refunding bonds payable	\$ 17,355,000		630,000		16,725,000	670,000
B. Three mill notes payable	3,350,000		225,000		3,125,000	230,000
C. Obligations under leases		8,603	117,029	232,664	124,238	118,982
D. Obligations under capital leases	185,181			(185,181)	0	
E. Obligations under energy efficiency loans	480,322		61,731		418,591	63,628
F. Installment purchases loans payable		294,200	82,312	185,181	397,069	113,398
G. Compensated absences payable	185,713	30,649			216,362	10,818
Total	\$ 21,556,216	333,452	1,116,072	232,664	21,006,260	1,206,826
Bond premium	195,173		10,843		184,330	
	\$ 21,751,389	333,452	1,126,915	232,664	21,190,590	1,206,826

Adjustments were made to correctly present long-term debt due to the implementation of GASB 87.

#### A. General obligation refunding 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 bond, Series 2018	3.0 - 4.0%	08-21-18	08-01-38	\$ 18,500,000	16,725,000

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 670,000	564,388	1,234,388
2024	705,000	536,888	1,241,888
2025	745,000	507,888	1,252,888
2026	790,000	477,188	1,267,188
2027	835,000	444,688	1,279,688
2028 - 2032	4,585,000	1,729,788	6,314,788
2033 - 2037	5,690,000	934,564	6,624,564
2038 - 2039	2,705,000	94,163	2,799,163
Total	\$ 16,725,000	5,289,555	22,014,555

## Pearl River County School District

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

This debt will be retired from the GO Bond Debt Service Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2022, the amount of outstanding bonded indebtedness was equal to 12% of property assessments as of October 1, 2021.

#### **B. Three mill notes payable**

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax note, Series 2020	1.5 - 2.25%	05-26-20	04-01-35	\$ <u>3,900,000</u>	<u>3,125,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 230,000	56,435	286,435
2024	235,000	52,985	287,985
2025	235,000	49,460	284,460
2026	235,000	45,935	280,935
2027	240,000	42,410	282,410
2028 - 2032	1,205,000	150,370	1,355,370
2033 - 2035	<u>745,000</u>	<u>33,020</u>	<u>778,020</u>
Total	\$ <u>3,125,000</u>	<u>430,615</u>	<u>3,555,615</u>

This debt will be retired from the Three Mill Note Retirement Fund.

#### **C. Obligations under leases**

The school district has entered into the following lease agreements as lessee.

# Pearl River County School District

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Postage Machine Lease	2.00%	07-01-21	06-30-26	\$ 8,603	6,939
Copier Lease	2.00%	07-01-21	06-30-23	232,664	117,299
Total				<u>\$ 241,267</u>	<u>124,238</u>

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

### 1. Postage Machine Lease:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,683	123	1,806
2024	1,717	89	1,806
2025	1,752	55	1,807
2026	1,787	19	1,806
Total	<u>\$ 6,939</u>	<u>286</u>	<u>7,225</u>

This debt will be retired from the District Maintenance Fund.

### 2. Copier Lease:

Year Ending June 30	Principal	Interest	Total
2023	\$ <u>117,299</u>	<u>1,275</u>	<u>118,574</u>

This debt will be retired from the District Maintenance Fund.

Total lease payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 118,982	1,398	120,380
2024	1,717	89	1,806
2025	1,752	55	1,807
2026	1,787	19	1,806
Total	<u>\$ 124,238</u>	<u>1,561</u>	<u>125,799</u>

## Pearl River County School District

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

#### **D. Obligations under capital leases**

As a result of the implementation of GASB 87, leases that were formerly classified as capital leases, where ownership of the asset conveys to the lessee at maturity, are no longer considered leases. These agreements are now considered financed purchases. As such, we have reclassified the beginning obligations under capital leases to installment purchase loans payable.

#### **E. Obligations under energy efficiency loans**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency loan	3.03%	08-16-13	08-16-28	\$ 908,351	418,591

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 63,628	11,805	75,433
2024	65,581	9,851	75,432
2025	67,598	7,834	75,432
2026	69,674	5,758	75,432
2027	71,634	3,798	75,432
2028 - 2029	80,476	1,246	81,722
Total	\$ 418,591	40,292	458,883

This debt will be retired from the District Maintenance Fund.

An energy efficiency loan agreement dated December 10, 2012, was executed by and between the school district and Schneider Electric Buildings Americas, Inc.

The agreement authorized the borrowing of \$908,351 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the District Maintenance Fund and not exceed fifteen (15) years.

The school district entered into this energy efficiency loan agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

## Pearl River County School District

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

Upon written notice to Schneider Electric Buildings Americas, Inc., the school district has the option of repaying the total amount due as set forth by the agreement.

#### **F. Installment purchases loans payable**

The school district has entered into several installment purchases agreements as listed below. Property under these installment purchases agreements are composed of the following:

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School buses	3.99%	11-01-19	11-01-24	\$ 275,400	130,733
School buses	2.39%	01-13-22	12-13-26	294,200	266,336
				<u>\$ 569,600</u>	<u>397,069</u>

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

#### 1. School buses \$275,400:

Year Ending June 30	Principal	Interest	Total
2023	\$ 56,660	4,188	60,848
2024	58,963	1,885	60,848
2025	15,110	101	15,211
Total	<u>\$ 130,733</u>	<u>6,174</u>	<u>136,907</u>

This debt will be retired from the District Maintenance Fund.

## Pearl River County School District

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

#### 2. School buses \$294,200:

Year Ending June 30	Principal	Interest	Total
2023	\$ 56,738	5,747	62,485
2024	58,109	4,376	62,485
2025	59,513	2,971	62,484
2026	60,951	1,533	62,484
2027	31,025	217	31,242
Total	\$ 266,336	14,844	281,180

This debt will be retired from the District Maintenance Fund.

Total installment purchases loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 113,398	9,935	123,333
2024	117,072	6,261	123,333
2025	74,623	3,072	77,695
2026	60,951	1,533	62,484
2027	31,025	217	31,242
Total	\$ 397,069	21,018	418,087

#### G. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972).

Compensated absences will be paid from the fund from which the employees' salaries were paid.

### Note 8 - Defined Benefit Pension Plan

#### General Information about the Pension Plan

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

## Pearl River County School District

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

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 \$2,891,365, \$2,708,806, and \$2,716,132, 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 \$34,606,767 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



## Pearl River County School District

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

contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2022 net pension liability was 0.234139 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.000288 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 \$2,505,278. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 553,657	\$
Net difference between projected and actual earnings on pension plan investments		10,425,540
Changes of assumptions	107,206	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,965,986	149,654
District contributions subsequent to the measurement date	2,891,365	
Total	\$ <u>6,518,214</u>	\$ <u>10,575,194</u>

\$2,891,365 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	(1,101,003)
2024	(1,093,654)
2025	(1,647,968)
2026	(3,105,720)
Total	\$ <u>(6,948,345)</u>

*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:

## Pearl River County School District

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

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-estimates 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%
Global Equity	12.00%	4.80%
Fixed Income	20.00%	-0.25%
Real Estate	10.00%	3.75%
Private Equity	8.00%	6.00%
Cash Equivalents	1.00%	-1.00%
Total	100%	

## Pearl River County School District

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

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ <u>49,011,296</u>	\$ <u>34,606,767</u>	\$ <u>22,736,290</u>

*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/>.

## Pearl River County School District

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

#### *Benefits provided.*

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

#### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$62,967 for the year ended June 30, 2022.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2022, the District reported a liability of \$2,031,741 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

## Pearl River County School District

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

utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2021, the District's proportion was 0.31564357 percent. This was an increase of 0.01473461 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 (\$46,002). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,210	635,299
Changes in assumptions	329,055	68,716
Net difference between projected and actual earnings on OPEB plan investments	95	
Changes in proportion and differences between District contributions and proportionate share of contributions	248,839	
District contributions subsequent to the measurement date	62,967	
Total	<u>\$ 643,166</u>	<u>704,015</u>

\$62,967 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### Year Ending June 30:

2023	\$ (23,010)
2024	(17,539)
2025	(12,891)
2026	(40,096)
2027	(30,280)
Total	<u>\$ (123,816)</u>

## Pearl River County School District

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

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

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

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

The demographic actuarial assumptions used in the June 30, 2021 valuation were based on the results of an 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%.

## Pearl River County School District

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

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

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyer 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%)	Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$	2,248,847	2,031,741	1,846,625

*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	\$	1,881,917	2,031,741	2,201,292

*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 - 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.

## **Pearl River County School District**

Notes to the Financial Statements  
For the 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 - Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$34,824,925) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$2,891,365 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$3,626,849 balance of deferred outflow of resources, 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 (\$34,824,925) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$10,575,194 balance of deferred inflow of resources, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$34,824,925) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$62,967 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$580,199 balance of deferred outflow of resources, 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 (\$34,824,925) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$704,015 balance of deferred inflow of resources at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.



## Pearl River County School District

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

### Note 13 - Prior Period Adjustment

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

#### Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct a negative payable.	(\$ 2,796)
Adjustments were made to properly present capital assets at fiscal year end.	232,664
Adjustments were made to properly present long-term debt due to implementation of GASB 87.	(232,664)
Total	<u>\$ 2,796</u>

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

Other Governmental Funds	To correct a negative payable.	<u>(\$2,796)</u>
--------------------------	--------------------------------	------------------

### Note 14 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

### Note 15 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated June 14, 2010 creating the Center for Alternative Education. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Pearl River County School District and the Poplarville Special Municipal Separate School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Pearl River County School District has been designated as the lead school district for the Center for Alternative Education, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Center for Alternative Education.

## Pearl River County School District

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

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

##### Revenues

###### State sources:

Interest	\$	265,619
Total State sources		<u>265,619</u>

###### Federal sources

Mississippi Adequate Education Program		
Vocational Salary Reimbursement		38,008
Total State Sources		<u>38,008</u>
Total Revenues		<u>303,627</u>

##### Expenditures

Salaries	567,974
Employee benefits	186,458
Purchased professional and technical services	4,441
Purchased property services	16,363
Other purchased services	3,026
Supplies	48,897
Property	7,485
Other	<u>4,850</u>
Total Expenditures	<u>839,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(535,867)</u>

##### Other Financing Sources/Uses:

Transfers in	<u>535,867</u>
Total Other Financing Sources/Uses	<u>535,867</u>
Net Change in Fund Balance	<u>0</u>

##### Fund Balance:

July 1, 2021	<u>0</u>
June 30, 2022	\$ <u><u>0</u></u>

### Note 16 - Insurance Loss Recoveries

The Pearl River County School District received \$9,691 in insurance loss recoveries related to vehicle repair damage during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to the support services.

### Note 17 - Other Commitments

Commitments under construction contracts are described in Note 5.

## **Pearl River County School District**

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

### **Note 18 - Juvenile Detention Center**

The school district was required to participate in the Rankin County Juvenile Detention Center. This consortium was created pursuant to the provisions of Section 43-21-321, Mississippi Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Bay St. Louis-Waveland School District, Copiah County School District, Covington County School District, Enterprise School District, Forest Municipal School District, Hancock County School District, Hazlehurst City School District, Lauderdale County School District, Lawrence County School District, Leake County School District, Meridian Public School District, Neshoba County School District, Newton Municipal School District, Newton County School District, Pearl Public School District, Pearl River County School District, Philadelphia Public School District, Picayune School District, Poplarville Special Municipal Separate School District, Quitman School District, Rankin County School District, Scott County School District, Simpson County School District, Smith County School District, Stone County School District, and the Union Public School District.

### **Note 19 - 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 Pearl River County School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On August 17, 2022, the school district was awarded a contract for baseball/softball concession and restrooms to Charles Wayne Martin in the amount of \$264,030. They were also awarded a contract for a cheer/dance facility to MitchCo in the amount of \$675,500.

On September 8, 2022, the board approved renovation of the Elementary Building H at an estimated cost of \$200,000.

On September 29, 2022, the board approved a bid from John C. Lee Enterprises LLC for baseball field improvements in the amount of \$979,509.

On September 9, 2023, the school board approved of a bid to purchase student chromebooks from Archangel Tablets, LLC in the amount of \$1 million.

On December 14, 2023, the board approved the amendment of the fiscal year 2024 budget the following items: \$60,000 for unanticipated legal fees and \$15,000 for unanticipated audit fees.

## REQUIRED SUPPLEMENTARY INFORMATION

## PEARL RIVER COUNTY SCHOOL DISTRICT

## Required Supplementary Information

## Budgetary Comparison Schedule

## General Fund

For the Year Ended June 30, 2022

				Variances	
				Positive (Negative)	
	Budgeted Amounts		Actual (GAAP Basis)	Original to Final	Final to Actual
Original	Final				
<b>Revenues:</b>					
Local sources	\$ 6,423,000	\$ 6,956,717	\$ 6,956,717	\$ 533,717	\$ -
State sources	17,720,676	17,786,472	17,786,472	65,796	-
Federal sources	172,500	170,748	170,748	(1,752)	-
Sixteenth section sources	67,200	87,378	59,699	20,178	(27,679)
Total Revenues	24,383,376	25,001,315	24,973,636	617,939	(27,679)
<b>Expenditures:</b>					
Instruction	14,252,904	13,899,313	13,899,313	353,591	-
Support services	9,443,948	9,951,216	9,839,440	(507,268)	111,776
Sixteenth section	34,100	17,474	17,474	16,626	-
Facilities acquisition and construction	-	227,905	239,900	(227,905)	(11,995)
Debt service:					
Principal	60,000	149,273	261,072	(89,273)	(111,799)
Interest	16,000	24,535	26,830	(8,535)	(2,295)
Total Expenditures	23,806,952	24,269,716	24,284,029	(462,764)	(14,313)
Excess (Deficiency) of Revenues					
over (under) Expenditures	576,424	731,599	689,607	155,175	(41,992)
<b>Other Financing Sources (Uses):</b>					
Loans issued	-	294,200	294,200	294,200	-
Leases issued	-	-	8,603	-	8,603
Insurance recovery	-	9,691	9,691	9,691	-
Operating transfers in	3,821,256	3,391,517	-	(429,739)	(3,391,517)
Operating transfers out	(4,535,466)	(7,874,157)	(4,482,640)	(3,338,691)	3,391,517
Other financing uses	-	(419)	(419)	(419)	-
Total Other Financing Sources (Uses)	(714,210)	(4,179,168)	(4,170,565)	(3,464,958)	8,603
Net Change in Fund Balances	(137,786)	(3,447,569)	(3,480,958)	(3,309,783)	(33,389)
Fund Balances:					
July 1, 2021	6,696,984	6,644,585	6,644,585	(52,399)	-
June 30, 2022	\$ 6,559,198	\$ 3,197,016	\$ 3,163,627	\$ (3,362,182)	\$ (33,389)

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

**Pearl River County School District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.234139%	0.234427%	0.229257%	0.231231%	0.215597%	0.214949%	0.222069%	0.197575%
District's proportionate share of the net pension liability	\$ 34,606,767	45,382,343	40,330,830	38,460,585	35,839,539	38,395,259	34,327,488	23,981,987
District's covered payroll	15,567,856	15,609,960	14,930,914	14,766,286	13,830,673	13,750,825	13,873,632	12,072,883
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Pearl River County School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,891,365	2,708,806	2,716,132	2,351,619	2,325,690	2,178,331	2,165,755	2,185,097
Contributions in relation to the contractually required contribution	2,891,365	2,708,806	2,716,132	2,351,619	2,325,690	2,178,331	2,165,755	2,185,097
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered payroll	16,617,040	15,567,856	15,609,960	14,930,914	14,766,286	13,830,673	13,750,825	13,873,632
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Pearl River County School District**

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

## OPEB

## Last 10 Fiscal Years\*

		2022	2021	2020	2019	2018
District's proportion of the net OPEB liability		0.31564357%	0.30090896%	0.29053488%	0.28555992%	0.26570857%
District's proportionate share of the net OPEB liability	\$	2,031,741	2,341,698	2,465,308	2,208,949	2,084,773
District's covered - employee payroll		15,567,856	15,609,960	14,930,914	14,766,286	11,937,555
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll		13.05%	15.00%	16.51%	14.96%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability		0.1619%	0.1331%	0.1198%	0.1291%	0.0000%

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 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.



**Pearl River County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 62,967	81,663	93,387	98,817	88,877
Contributions in relation to the actuarially determined contribution	62,967	81,663	93,387	98,817	88,877
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered - employee payroll	16,617,040	15,567,856	15,609,960	14,930,914	9,757,136
Contributions as a percentage of covered - employee payroll	0.3789%	0.5246%	0.5983%	0.6618%	0.9109%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/18, 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).

## Pearl River County School District

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2022

### Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund 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%.

## Pearl River County School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

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%.

#### 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%.

## Pearl River County School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

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%.

#### (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.

## Pearl River County School District

### Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

#### 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

#### 2020:

The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductions 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 calculation 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:

## Pearl River County School District

Notes to the Required Supplementary Information (Continued)  
For the Year Ended June 30, 2022

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	
Pre-Medicare	7.00%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

## SUPPLEMENTARY INFORMATION

**Pearl River County School District**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

**Schedule 1**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	225MS326N1099	10.555	\$ 2,248,322
Total Child Nutrition Cluster			2,248,322
Total passed-through the Mississippi Department of Education			2,248,322
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<b>2,248,322</b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Direct Program:			
Reserve Officers' Training Corps	N/A	12.357	53,606
<b>TOTAL U. S. DEPARTMENT OF DEFENSE</b>			<b>53,606</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct Program:			
Public Safety Partnership and Community Policing Grants	N/A	16.710	586,372
STOP School Violence	N/A	16.839	26,874
<b>TOTAL U. S. DEPARTMENT OF JUSTICE</b>			<b>613,246</b>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A210024	84.010	836,930
Career and Technical Education - Basic Grants to States	V048A210024	84.048	38,008
Safe and Drug- Free Schools and Communities	S424A210025	84.186	44,691
Rural Education	S38B210024	84.358	6,006
Supporting Effective Instruction State Grants	S367A210023	84.367	149,974
School Improvement Grants	S377A160025	84.377	21,911
Student Support and Academic Enrichment Program	S424A200025	84.424	28,489
Subtotal			1,126,009
Special Education Cluster:			
Special Education - Grants to States	H027A210108	84.027	722,036
Special Education - Preschool Grants	H173A210113	84.173	32,072
Total Special Education Cluster			754,108
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	627,425
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U200031	84.425U	708,442
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,335,867
Total passed-through the Mississippi Department of Education			3,215,984
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<b>3,215,984</b>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>			<b>\$ 6,131,158</b>

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



## Pearl River County School District

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

#### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the 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 presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The school district did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$146,965 are included in the National School Lunch Program.

**PEARL RIVER COUNTY SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2022

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	22,629,291	16,882,464	1,308,723	1,717,359	2,720,745
Other	13,491,406	2,863,145	250,635	79,886	10,297,740
Total \$	<u>36,120,697</u>	<u>19,745,609</u>	<u>1,559,358</u>	<u>1,797,245</u>	<u>13,018,485</u>
Total number of students *	<u>3,238</u>				
Cost per student \$	<u>11,155</u>	<u>6,098</u>	<u>481</u>	<u>555</u>	<u>4,021</u>

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

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

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

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

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

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

## OTHER INFORMATION

**PEARL RIVER COUNTY SCHOOL DISTRICT**

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

## General Fund

## Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 6,956,717	6,829,077	6,468,947	6,377,237
State sources	17,786,472	17,885,901	17,477,396	16,490,483
Federal sources	170,748	496,870	110,109	125,694
Sixteenth section sources	59,699	171,603	73,970	70,149
Total Revenues	<u>24,973,636</u>	<u>25,383,451</u>	<u>24,130,422</u>	<u>23,063,563</u>
<b>Expenditures:</b>				
Instruction	13,899,313	13,711,808	13,786,877	13,127,038
Support services	9,839,440	9,313,881	9,895,081	9,289,722
Noninstructional services		136,046	15,678	31,067
Sixteenth section	17,474	16,646		
Facilities acquisition and construction	239,900			
Debt service:				
Principal	261,072	112,213	96,002	56,374
Interest	26,830	24,067	25,067	19,059
Total Expenditures	<u>24,284,029</u>	<u>23,314,661</u>	<u>23,818,705</u>	<u>22,523,260</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>689,607</u>	<u>2,068,790</u>	<u>311,717</u>	<u>540,303</u>
<b>Other Financing Sources (Uses):</b>				
Loans issued	294,200			
Leases issued	8,603		275,400	
Insurance recovery	9,691		50,232	
Operating transfers in				6,222
Operating transfers out	(4,482,640)	(552,378)	(537,749)	(620,185)
Other financing uses	(419)	(3,699)		(15,035)
Total Other Financing Sources (Uses)	<u>(4,170,565)</u>	<u>(556,077)</u>	<u>(212,117)</u>	<u>(628,998)</u>
Net Change in Fund Balances	(3,480,958)	1,512,713	99,600	(88,695)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	6,644,585	5,097,047	4,997,447	5,086,142
Prior period adjustment		34,825		
Beginning of period, as restated	<u>6,644,585</u>	<u>5,131,872</u>	<u>4,997,447</u>	<u>5,086,142</u>
End of period	<u>\$ 3,163,627</u>	<u>6,644,585</u>	<u>5,097,047</u>	<u>4,997,447</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**PEARL RIVER COUNTY SCHOOL DISTRICT**

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

## All Governmental Funds

## Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 8,468,184	8,331,062	7,991,970	8,113,204
State sources	18,280,166	18,575,814	18,214,932	17,094,221
Federal sources	5,974,656	6,702,700	3,162,799	3,122,052
Sixteenth section sources	60,469	189,803	80,724	81,634
Total Revenues	32,783,475	33,799,379	29,450,425	28,411,111
<b>Expenditures:</b>				
Instruction	16,163,751	17,067,433	15,191,593	14,585,220
Support services	12,797,852	11,737,174	11,445,245	10,799,485
Noninstructional services	1,761,104	1,749,420	1,561,574	1,536,180
Sixteenth section	21,885	26,380	25,453	41,959
Facilities acquisition and construction	3,581,005	5,360,412	11,345,114	2,748,127
Debt service:				
Principal	1,116,072	1,252,213	651,002	56,374
Interest	677,028	696,327	662,755	307,409
Other	2,000	2,000	2,000	92,273
Total Expenditures	36,120,697	37,891,359	40,884,736	30,167,027
Excess (Deficiency) of Revenues over (under) Expenditures	(3,337,222)	(4,091,980)	(11,434,311)	(1,755,916)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued			3,900,000	18,500,000
Loans issued	294,200			
Premium on debt issuance				216,859
Leases issued	8,603		275,400	
Insurance recovery	9,691		50,232	
Operating transfers in	4,646,096	1,783,620	536,231	1,044,378
Other financing sources				15,000
Operating transfers out	(4,646,096)	(1,783,620)	(537,749)	(1,044,378)
Other financing uses	(419)	(3,699)		(15,035)
Total Other Financing Sources (Uses)	312,075	(3,699)	4,224,114	18,716,824
Net Change in Fund Balances	(3,025,147)	(4,095,679)	(7,210,197)	16,960,908
<b>Fund Balances:</b>				
Beginning of period, as previously reported	12,088,912	16,167,943	23,333,038	6,372,729
Fund reclassification		34,825		
Prior period adjustment	(2,796)			
Beginning of period, as restated	12,086,116	16,202,768	23,333,038	6,372,729
Increase (decrease) in inventory	44,464	(18,177)	45,102	(599)
End of period	\$ 9,105,433	12,088,912	16,167,943	23,333,038

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Pearl River County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pearl River County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pearl River County School District's basic financial statements, and have issued our report thereon dated January 22, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
January 22, 2024

Certified Public Accountants



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Pearl River County School District

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

**Opinion on Each Major Federal Program**

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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## **Responsibilities of Management for Compliance**

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 22, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Pearl River County School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pearl River County School District as of and for the year ended June 30, 2022, which collectively comprise Pearl River County School District's basic financial statements and have issued our report thereon dated January 22, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

## **Finding 1**

### Criteria:

Section 37-57-105, Mississippi Code Annotated (1972) states, “the school district is required to advertise the notice of tax increase annually in the local paper”.

### Condition:

The school district submitted the notice of tax increase for the fiscal year end 2020-2021 instead of 2021-2022.

### Cause:

The client overlooked the wording of the advertisement that was sent to the local paper.

### Effect:

The notice of tax increase sent to the local paper advertised for fiscal year 2020-2021 instead of 2021-2022.

### Recommendation:

The school district should ensure the notice of tax increase ad sent to the local paper for advertisement is accurate and published for the correct fiscal year end.

### Response:

The District will put procedures in place to prevent this issue in the future.

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

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 22, 2024

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Pearl River County School District**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

**Section I: Summary of Auditor's Results**

**Financial Statements:**

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
10.555	National School Lunch Program
*84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
*84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP III)

\* These two programs were audited as one major program - Education Stabilization Fund.



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

## Section II: Financial Statements Findings

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

## Section III: Federal Awards Findings and Questioned Costs

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