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PERRY COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

PERRY COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

# King CPA, PLLC

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Mississippi Society of  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Perry County School District

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

#### ***Opinions***

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

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

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Perry 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 Perry 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 Perry 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 Perry 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 March 10, 2023 on our consideration of the Perry 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 Perry 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 Perry County School District's internal control over financial reporting and compliance.



**KING CPA, PLLC**  
Petal, Mississippi  
March 10, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS



## PERRY COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

The following discussion and analysis of Perry 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 \$1,526,140, including a prior period adjustment of \$45,709, which represents an 11% increase from fiscal year 2021. Total net position for 2021 decreased \$545,418, including a prior period adjustment of \$133,501, which represents a 4% decrease from fiscal year 2020.
- General revenues amounted to \$10,206,035 and \$9,573,752, or 67% and 73% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,128,745, or 33% of total revenues for 2022, and \$3,564,707, or 27% of total revenues for 2021.
- The District had \$13,854,349 and \$13,817,378 in expenses for fiscal years 2022 and 2021; only \$5,128,745 for 2022 and \$3,564,707 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$10,206,035 for 2022 were adequate to provide for these programs. General revenues of \$9,573,752 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$10,380,748 in revenues and \$9,108,401 in expenditures for 2022, and \$9,406,463 in revenues and \$8,465,448 in expenditures in 2021. The General Fund's fund balance increased by \$827,005 from 2021 to 2022, including a prior period adjustment of \$359, and increased by \$360,108 from 2020 to 2021, including a prior period adjustment of \$11,140.
- Capital assets, net of accumulated depreciation, decreased by \$57,837 for 2022 and decreased by \$256,624 for 2021. The decrease for 2022 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding compensated absences, decreased by \$34,157 for 2022 and decreased by \$207,106 for 2021. The decrease for 2022 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$25,946 for 2022 and decreased by \$13,038 for 2021.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over

## PERRY COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

#### **Fund Financial Statements**

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

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

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

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

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

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

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

Capital outlay spending results in capital assets on government-wide financial statements, but is

## PERRY COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

reported as expenditures on the governmental funds financial statements.

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

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

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

#### **Notes to the financial statements**

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

#### **Required Supplementary Information**

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

#### **Supplementary Information**

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

#### **Other Information**

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,820,489 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.

# PERRY COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

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

	June 30, 2022	June 30, 2021	Percentage Change
Current and other assets	\$ 4,474,143	\$ 3,238,693	38.15 %
Restricted assets	680,663	765,068	(11.03) %
Capital assets, net	<u>4,449,857</u>	<u>4,507,694</u>	<u>(1.28) %</u>
<b>Total assets</b>	<b><u>9,604,663</u></b>	<b><u>8,511,455</u></b>	<b><u>12.84 %</u></b>
Deferred outflow of resources	<u>3,306,528</u>	<u>3,184,381</u>	<u>3.84 %</u>
Current Liabilities	642,918	670,926	(4.17) %
Long-term debt outstanding	2,359,235	2,419,338	(2.48) %
Net OPEB liability	1,007,037	1,226,325	(17.88) %
Net pension liability	<u>15,527,292</u>	<u>20,358,528</u>	<u>(23.73) %</u>
<b>Total liabilities</b>	<b><u>19,536,482</u></b>	<b><u>24,675,117</u></b>	<b><u>(20.83) %</u></b>
Deferred inflow of resources	<u>5,195,198</u>	<u>367,348</u>	<u>1,314.24 %</u>
Net position:			
Net investment in capital assets:	2,751,083	3,057,255	(10.01) %
Restricted	2,521,023	2,089,388	20.66 %
Unrestricted	<u>(17,092,595)</u>	<u>(18,493,272)</u>	<u>7.57 %</u>
<b>Total net position</b>	<b><u>\$ (11,820,489)</u></b>	<b><u>\$ (13,346,629)</u></b>	<b><u>11.43 %</u></b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (17,092,595)
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>18,324,626</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 1,232,031</u>

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

- Decrease in net capital assets in the amount of \$57,837.
- Proceeds from the issuance of three mill notes of \$180,000 and installment purchases loans of \$46,657.
- The recognition of leases liability of \$80,175.
- The principal retirement of \$340,989 of long-term debt.

# PERRY COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$15,334,780 and \$13,138,459, respectively. The total cost of all programs and services was \$13,854,349 for 2022 and \$13,817,378 for 2021.

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

**Table 2**  
**Condensed Statement of Changes in Net Position**

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
<b>Program Revenues:</b>			
Charges for Services	\$ 344,664	\$ 178,338	93.26 %
Operating grants and contributions	4,784,081	3,386,369	41.27 %
<b>General Revenues:</b>			
Property Taxes	3,663,985	3,499,071	4.71 %
Grants and contributions not restricted	5,839,114	5,920,607	(1.38) %
Investment earnings	37,984	42,313	(10.23) %
Sixteenth section sources	417,242	99,137	320.87 %
Other	247,710	12,624	1,862.21 %
<b>Total Revenues</b>	<b>15,334,780</b>	<b>13,138,459</b>	<b>16.72 %</b>
<b>Expenses:</b>			
Instruction	6,509,282	6,353,301	2.46 %
Support Services	5,847,280	4,779,706	22.34 %
Non-instructional	554,841	451,186	22.97 %
Sixteenth section	9,155	59,325	(84.57) %
Pension expense	883,443	2,031,753	(56.52) %
OPEB expense	(53,349)	30,793	(273.25) %
Interest on long-term liabilities	103,697	111,314	(6.84) %
<b>Total Expenses</b>	<b>13,854,349</b>	<b>13,817,378</b>	<b>0.27 %</b>
<b>Increase(decrease) in net position</b>	<b>1,480,431</b>	<b>(678,919)</b>	<b>318.06 %</b>
<b>Net position, July 1, as previously reported</b>	<b>(13,346,629)</b>	<b>(12,801,211)</b>	<b>(4.26) %</b>
<b>Prior Period Adjustment</b>	<b>45,709</b>	<b>133,501</b>	<b>(65.76) %</b>
<b>Net position, July 1, as restated</b>	<b>(13,300,920)</b>	<b>(12,667,710)</b>	<b>(5.00) %</b>
<b>Net position, June 30</b>	<b>\$ (11,820,489)</b>	<b>\$ (13,346,629)</b>	<b>11.43 %</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

# PERRY COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	
Instruction	\$ 6,509,282	\$ 6,353,301	2.46 %
Support services	5,847,280	4,779,706	22.34 %
Non-instructional	554,841	451,186	22.97 %
Sixteenth section	9,155	59,325	(84.57) %
Pension Expense	883,443	2,031,753	(56.52) %
OPEB Expense	(53,349)	30,793	(273.25) %
Interest on long-term liabilities	103,697	111,314	(6.84) %
<b>Total Expenses</b>	<b>13,854,349</b>	<b>13,817,378</b>	<b>0.27 %</b>
	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	(4,095,048)	(4,549,699)	9.99 %
Support services	(4,069,617)	(3,566,092)	(14.12) %
Non-instructional	324,958	96,305	237.43 %
Sixteenth section	47,894	(59,325)	180.73 %
Pension Expense	(883,443)	(2,031,753)	56.52 %
OPEB Expense	53,349	(30,793)	273.25 %
Interest on long-term liabilities	(103,697)	(111,314)	6.84 %
<b>Total net (expense) revenue</b>	<b>(8,725,604)</b>	<b>(10,252,671)</b>	<b>14.89 %</b>

- Net cost of governmental activities (\$8,725,604 for 2022 and \$10,252,671 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$3,663,985 for 2022 and \$3,499,071 for 2021) and state and federal revenues (\$5,839,114 for 2022 and \$5,920,607 for 2021). In addition, there was \$417,242 and \$99,137 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$37,984 for 2022 and \$42,313 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.

## PERRY COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

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 \$4,407,410, an increase of \$1,050,611, which includes a prior period adjustment of \$45,709 and an increase in inventory of \$6,029. \$1,678,442, or 38% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,728,968, or 62% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$827,005, which includes a prior period adjustment of \$359. The fund balance of Other Governmental Funds showed an increase in the amount of \$222,701, which includes a prior period adjustment of \$45,350 and an increase in inventory of \$6,029. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Sixteenth Section Principal Fund	\$ 905

### BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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 \$10,356,024, including land, construction in progress, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$178,760 from 2021. Total accumulated depreciation as of June 30, 2022, was \$5,906,167, and total depreciation expense for the year was \$321,132, resulting in total net capital assets of \$4,449,857.

# PERRY COUNTY SCHOOL DISTRICT

## Management's Discussion and Analysis For Year Ended June 30, 2022

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

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	<b>Percentage Change</b>
Land	\$ 318,650	\$ 318,650	- %
Construction in Progress	137,783	-	N/A %
Buildings	2,933,898	3,042,166	(3.56) %
Building improvements	90,879	104,454	(13.00) %
Mobile equipment	891,501	943,599	(5.52) %
Furniture and equipment	19,112	35,081	(45.52) %
Leased property under capital leases	-	63,744	(100.00) %
Intangible assets	58,034	-	N/A
<b>Total</b>	<b>4,449,857</b>	<b>4,507,694</b>	<b>(1.28) %</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 \$2,359,235 in outstanding long-term debt, of which \$368,871 is due within one year. During the fiscal year, the District received proceeds from the issuance of three mill notes in the amount of \$180,000 and installment purchases loans payable in the amount of \$46,657. The District also had lease obligations totaling \$9,411 during the fiscal year. The District made principal payments totaling \$340,989 during the year. The liability for compensated absences decreased \$25,946 from the prior year.

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

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	<b>Percentage Change</b>
Three mill notes payable	\$ 1,655,000	\$ 1,652,000	0.18 %
Obligations under lease liabilities	59,223	-	N/A %
Obligations under capital leases	-	71,627	(100.00) %
Obligations under energy efficiency loans	389,639	431,208	(9.64) %
Installment purchase loans payable	42,816	-	N/A %
Qualified school construction bonds payable	121,000	147,000	(17.69) %
Compensated absences payable	91,557	117,503	(22.08) %
<b>Total</b>	<b>2,359,235</b>	<b>2,419,338</b>	<b>(2.48) %</b>

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

## CURRENT ISSUES

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



## PERRY COUNTY SCHOOL DISTRICT

### Management's Discussion and Analysis For Year Ended June 30, 2022

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 Perry County School District, P.O. Box 137, New Augusta, MS 39462.

## FINANCIAL STATEMENTS

**PERRY COUNTY SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 3,686,396
Due from other governments	627,404
Lease receivable	127,677
Inventories	32,666
Restricted assets	680,663
Capital assets, non-depreciable:	
Land	318,650
Construction in progress	137,783
Capital assets, net of accumulated depreciation:	
Buildings	2,933,898
Building improvements	90,879
Mobile equipment	891,501
Furniture and equipment	19,112
Intangible assets	58,034
Total Assets	<u>9,604,663</u>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows - advance refunding of debt	29,304
Deferred outflows - pensions	3,062,430
Deferred outflows - OPEB	214,794
Total Deferred Outflows of Resources	<u>3,306,528</u>
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	619,006
Unearned revenue	713
Interest payable on long-term liabilities	23,199
Long-term liabilities, due within one year:	
Leases payable	22,054
Capital related liabilities	239,816
Non-capital related liabilities	107,001
Net OPEB liability	40,878
Long-term liabilities, due beyond one year:	
Leases payable	37,169
Capital related liabilities	1,458,000
Non-capital related liabilities	495,195
Net pension liability	15,527,292
Net OPEB liability	966,159
Total Liabilities	<u>19,536,482</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	4,710,590
Deferred inflows - OPEB	356,931
Deferred inflows - leases	127,677
Total Deferred Inflows of Resources	<u>5,195,198</u>
 <b>Net Position</b>	
Net investment in capital assets	2,751,083
Restricted for:	
Expendable:	
School-based activities	722,520
Debt service	140,260
Forestry improvements	246,711
Unemployment benefits	31,914
Non-expendable:	
Sixteenth section	1,379,618
Unrestricted	(17,092,595)
Total Net Position (deficit)	<u>\$ (11,820,489)</u>

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

**PERRY COUNTY SCHOOL DISTRICT**

**Statement of Activities**

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

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 6,509,282	\$ 195,941	\$ 2,218,293	\$ -	\$ (4,095,048)
Support services	5,847,280	33,828	1,743,835	-	(4,069,617)
Non-instructional	554,841	57,846	821,953	-	324,958
Sixteenth section	9,155	57,049	-	-	47,894
Pension expense	883,443	-	-	-	(883,443)
OPEB expense	(53,349)	-	-	-	53,349
Interest on long-term liabilities	103,697	-	-	-	(103,697)
Total Governmental Activities	<u>\$ 13,854,349</u>	<u>\$ 344,664</u>	<u>\$ 4,784,081</u>	<u>\$ -</u>	<u>\$ (8,725,604)</u>

General Revenues:

Taxes:

General purpose levies

3,482,860

Debt purpose levies

181,125

Unrestricted grants and contributions:

State

5,449,747

Federal

389,367

Unrestricted investment earnings

37,984

Sixteenth section sources

417,242

Other

247,710

Total General Revenues

10,206,035

Change in Net Position

1,480,431

Net Position - Beginning, as previously reported

(13,346,629)

Prior Period Adjustments

45,709

Net Position - Beginning, as restated

(13,300,920)

Net Position (deficit) - Ending

\$ (11,820,489)

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

**PERRY COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2022**

	Major Funds				
	General	Sixteenth	Other	Total	
	Fund	Section Principal	Governmental	Governmental	
	Fund	Fund	Funds	Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 2,545,640	\$ 651,702	\$ 1,169,717	\$	4,367,059
Due from other governments	91,841	-	535,563		627,404
Lease receivable	127,677	-	-		127,677
Due from other funds	516,458	-	2,788		519,246
Advance to other funds	-	727,916	-		727,916
Inventories	-	-	32,666		32,666
Total Assets	\$ 3,281,616	\$ 1,379,618	\$ 1,740,734	\$	6,401,968
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 589,008	\$ -	\$ 29,998	\$	619,006
Due to other funds	2,788	-	516,458		519,246
Advances from other funds	727,916	-	-		727,916
Unavailable revenue - federal programs	-	-	713		713
Total Liabilities	1,319,712	-	547,169		1,866,881
<b>Deferred Inflows of Resources</b>					
Leases	127,677	-	-		127,677
Total Deferred Inflows of Resources	127,677	-	-		127,677
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	-	-	32,666		32,666
Permanent fund principal	-	651,702	-		651,702
Advances	-	727,916	-		727,916
<b>Restricted:</b>					
Debt service	-	-	163,459		163,459
Capital projects	-	-	28,961		28,961
Forestry improvement purposes	-	-	246,711		246,711
Grant activities	-	-	509,854		509,854
Unemployment benefits	-	-	31,914		31,914
Bus purchases	-	-	180,000		180,000
<b>Assigned:</b>					
Activity funds	155,785	-	-		155,785
<b>Unassigned</b>					
	1,678,442	-	-		1,678,442
Total Fund Balances	1,834,227	1,379,618	1,193,565		4,407,410
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,281,616	\$ 1,379,618	\$ 1,740,734	\$	6,401,968

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

**PERRY COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 4,407,410

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	\$ 318,650	
Construction in progress	137,783	
Buildings	6,611,114	
Building improvements	339,372	
Mobile equipment	2,215,362	
Furniture and equipment	653,568	
Intangible right to use equipment	80,175	
Accumulated depreciation	<u>(5,906,167)</u>	4,449,857

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	(15,527,292)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	3,062,430	
Deferred inflows of resources related to pensions	<u>(4,710,590)</u>	(17,175,452)

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

Net OPEB liability	(1,007,037)	
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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	214,794	
Deferred inflows of resources related to OPEB	<u>(356,931)</u>	(1,149,174)

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:

Other bonds payable	(121,000)	
Notes and loans payable	(1,697,816)	
Energy efficiency lease obligations	(389,639)	
Lease obligations	(59,223)	
Compensated absences	(91,557)	
Unamortized charges	29,304	
Accrued interest payable	<u>(23,199)</u>	(2,353,130)

**Net Position of governmental activities**

**\$ (11,820,489)**

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

**PERRY COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

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

	Major Funds			
	General	Sixteenth Section Principal	Other Governmental	Total Governmental
	Fund	Fund	Funds	Funds
<b>Revenues:</b>				
Local sources	\$ 3,953,602	\$ -	\$ 212,848	\$ 4,166,450
State sources	5,629,155	-	617,641	6,246,796
Federal sources	383,060	-	3,995,703	4,378,763
Sixteenth section sources	414,931	35,135	58,877	508,943
Total Revenues	10,380,748	35,135	4,885,069	15,300,952
<b>Expenditures:</b>				
Instruction	4,741,725	-	2,570,015	7,311,740
Support services	4,184,381	-	1,861,470	6,045,851
Noninstructional services	-	-	623,067	623,067
Sixteenth section	-	-	9,155	9,155
Facilities acquisition and construction	-	-	137,783	137,783
Debt service:				
Principal	135,902	-	205,087	340,989
Interest	46,393	-	50,410	96,803
Total Expenditures	9,108,401	-	5,456,987	14,565,388
Excess (Deficiency) of Revenues over (under) Expenditures	1,272,347	35,135	(571,918)	735,564
<b>Other Financing Sources (Uses):</b>				
Loans and notes issued	46,657	-	180,000	226,657
Leases issued	9,411	-	-	9,411
Insurance recovery	33,828	-	-	33,828
Operating transfers in	271,414	-	904,030	1,175,444
Operating transfers out	(800,424)	(34,230)	(340,790)	(1,175,444)
Other financing uses	(6,587)	-	-	(6,587)
Total Other Financing Sources (Uses)	(445,701)	(34,230)	743,240	263,309
Net Change in Fund Balances	826,646	905	171,322	998,873
<b>Fund Balances:</b>				
July 1, 2021, as previously reported	1,007,222	1,378,713	970,864	3,356,799
Prior period adjustments	359	-	45,350	45,709
July 1, 2021, as restated	1,007,581	1,378,713	1,016,214	3,402,508
Increase (Decrease) in inventory	-	-	6,029	6,029
June 30, 2022	\$ 1,834,227	\$ 1,379,618	\$ 1,193,565	\$ 4,407,410

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

**PERRY 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** \$ 998,873

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	\$ 223,268	
Depreciation expense	<u>(321,132)</u>	(97,864)
  
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. (30,737)
  
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 and notes issued	(226,657)	
Leases issued	(9,411)	
Payments of debt principal	340,989	
Accrued interest payable	<u>765</u>	105,686
  
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	(883,443)	
Contributions subsequent to the measurement date	<u>1,276,998</u>	393,555
  
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	53,349	
Contributions subsequent to the measurement date	<u>33,253</u>	86,602
  
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	25,946	
Change in inventory	6,029	
Amortization of deferred charges, premiums and discounts	<u>(7,659)</u>	24,316

<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b><u>1,480,431</u></b>
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*The notes to the financial statements are an integral part of this statement.*



PERRY 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 5 member board to which each member is elected by the citizens of each defined county district.

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

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

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund – This is a permanent fund that accounts for the District's earnings from sixteenth section property and investments which are not available for use by the district except as provided for under state statute for loans from this account.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**D. Encumbrances**

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

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

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

**Cash and cash equivalents**

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

**Investments**

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

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

(\*\*) 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 district reports deferred outflows regarding the advanced refunding of debt, the cost-sharing pension plan, and the cost-sharing OPEB plan.

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 district reports deferred inflows regarding the cost-sharing pension plan, cost-sharing OPEB plan, and leases receivable.

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

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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 its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

10. Long-term Liabilities and Bond Discounts/Premiums

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

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

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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.

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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.

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

14. Related Parties

The School District has entered into contracts for services with a nonprofit organization in which the Director of Federal Programs is the Executive Director. The dollar amount of these transactions for the year ending June 30, 2022 is \$4,035.

15. Accounting Standards Update

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

**Note 2 – Cash and Cash Equivalents**

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$4,367,059.

**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 \$4,621,475 was exposed to custodial credit risk.

### 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	\$ 516,458
Other governmental funds	General Fund	2,788
Total		<u>\$ 519,246</u>

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end.

#### B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 727,916
Total		<u>\$ 727,916</u>

Sixteenth section principal loans payable

**Note:** The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2022 is 4% percent.



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

Year Ending June 30	Principal	Interest	Total
2023	126,832	29,117	155,949
2024	131,905	24,043	155,948
2025	137,181	18,768	155,949
2026	139,272	13,279	152,551
2027	60,077	7,573	67,650
2028-2032	132,649	11,979	144,628
Total	\$ 727,916	\$ 104,759	\$ 832,675

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 800,424
16th Section Principal Fund	General Fund	34,230
Other governmental funds	Other governmental funds	103,606
Other governmental funds	General Fund	237,184
Total		<u>\$ 1,175,444</u>

The transfers were primarily to move unrestricted general fund monies to finance various programs accounted for in other funds and the transfer earnings from the Sixteenth Section Principal Fund.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, totaling \$651,702 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. Restricted assets also include \$28,961 that is restricted for capital projects.

**Note 5 – Capital Assets**

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

The term depreciation includes amortization of intangible assets.

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	Balance 7/1/2021	Increases	Decreases	Adjustments	Balance 6/30/2022
<b>Governmental Activities:</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 318,650	\$	\$	\$	318,650
Construction in progress		137,783			137,783
Total non-depreciable capital assets	318,650	137,783	-	-	456,433
<b>Depreciable capital assets:</b>					
Buildings	6,611,114				6,611,114
Building improvements	339,372				339,372
Mobile equipment	2,170,290	70,158	102,822	77,736	2,215,362
Furniture and equipment	660,102	5,916	12,450		653,568
Leased property under capital leases	77,736			(77,736)	-
Intangible right to use equipment		9,411		70,764	80,175
Total depreciable capital assets	9,858,614	85,485	115,272	70,764	9,899,591
<b>Less accumulated depreciation for:</b>					
Buildings	3,568,948	108,268			3,677,216
Building improvements	234,918	13,575			248,493
Mobile equipment	1,226,691	155,387	72,209	13,992	1,323,861
Furniture and equipment	625,021	21,761	12,326		634,456
Leased property under capital leases	13,992			(13,992)	-
Intangible right to use equipment		22,141			22,141
Total accumulated depreciation	5,669,570	321,132	84,535	-	5,906,167
Total depreciable capital assets, net	4,189,044	(235,647)	30,737	70,764	3,993,424
Governmental activities capital assets, net	\$ 4,507,694	\$ (97,864)	\$ 30,737	\$ 70,764	\$ 4,449,857

Total capital assets, net excluding intangible right to use assets	4,391,823
Intangible right to use assets, net	58,034
Total capital assets, net as reported in the statement of net position	4,449,857

The reclassifications above for leases property under capital leases are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. See note 6 for further details.

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 126,293
Support services	184,310
Non-instructional	10,529
Total depreciation expense - Governmental activities	\$ 321,132

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

<b>Governmental Activities:</b>	Spent to June 30, 2022	Remaining Commitment
HVAC Upgrade	\$ 137,783	\$ 2,239,054
Total construction in progress	<u>137,783</u>	<u>2,239,054</u>

Construction projects included in governmental activities are funded with Fund 2598 – ARP ESSER.

## Note 6 – Leases

### As Lessee:

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

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

The school district generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception.

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

The following is a summary of changes in lease assets and liabilities:

<b><u>Lease Assets</u></b>	Balance 7/1/2021	Additions	Amortization	Balance 6/30/2022
Copier and Printer Lease	\$ -	\$ 80,175	\$ (22,141)	\$ 58,034
Total	<u>\$ -</u>	<u>\$ 80,175</u>	<u>\$ (22,141)</u>	<u>\$ 58,034</u>

See Note 5 for further details regarding intangible right to use equipment, which represents leased assets.

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**Copier and Printer Lease:**

<u>Lease Liabilities</u>	Balance 7/1/2021	Additions	Amortization	Balance 6/30/2022
Copier and Printer Lease	\$ -	\$ 80,175	\$ (20,952)	\$ 59,223
Total	\$ -	\$ 80,175	\$ (20,952)	\$ 59,223

The district has entered into various leases of copiers and printers from RJ Young, Novatech Inc., and Ricoh USA, Inc. Each lease has its own fixed lease payment and term. The lease agreements can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

Description	Discount Rate	Term	Issue Date	Maturity Date	Monthly Payment	Amount Outstanding
Copier and Printer Lease	5.00%	60 Months	1/17/2019	1/16/2024	\$ 261	\$ 4,518
Copier and Printer Lease	5.00%	48 Months	7/1/2019	6/30/2023	54	630
Copier and Printer Lease	5.00%	48 Months	8/1/2020	7/31/2024	196	4,635
Copier and Printer Lease	5.00%	48 Months	10/28/2020	10/27/2024	398	9,788
Copier and Printer Lease	5.00%	48 Months	11/1/2020	10/31/2024	423	11,158
Copier and Printer Lease	5.00%	60 Months	6/23/2021	6/22/2026	495	21,109
Copier and Printer Lease	5.00%	48 Months	8/24/2021	8/23/2025	216	7,385
					<u>\$ 2,043</u>	<u>\$ 59,223</u>

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

Year Ending June 30	Principal	Interest	Total Payment
2023	22,054	2,464	24,518
2024	20,939	1,363	22,302
2025	10,701	519	11,220
2026	5,529	135	5,664
Total	<u>\$ 59,223</u>	<u>\$ 4,481</u>	<u>\$ 63,704</u>

**As Lessor:**

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-25 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of the lease.

For the year ending June 30, 2022, the district recognized \$91,463 in revenue related to its sixteenth section lease receivables.

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

Year Ending June 30	Principal	Interest	Total Payment
2023	60,585	5,107	65,692
2024	54,005	2,684	56,689
2025	3,042	523	3,565
2026	1,763	402	2,165
2027	339	331	670
2028 - 2032	1,908	1,442	3,350
2033 - 2037	2,321	1,029	3,350
2038 - 2042	2,504	526	3,030
2043 - 2047	1,210	141	1,351
Total	<u>\$ 127,677</u>	<u>\$ 12,185</u>	<u>\$ 139,862</u>

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Reclassifications	Balance 6/30/2022	Amounts due within one year
A. Three mill notes payable	\$ 1,652,000	180,000	177,000		\$ 1,655,000	\$ 197,000
B. Obligations under capital leases	71,627			(71,627)	-	
C. Obligations under energy efficiency loans	431,208		41,569		389,639	42,423
D. Installment purchases loans payable		46,657	75,468	71,627	42,816	42,816
E. Qualified school construction bonds payable	147,000		26,000		121,000	60,000
F. Compensated absences payable	117,503		25,946		91,557	4,578
Total	<u>\$ 2,419,338</u>	<u>\$ 226,657</u>	<u>\$ 345,983</u>	<u>-</u>	<u>\$ 2,300,012</u>	<u>\$ 346,817</u>

**A. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Issued	Outstanding
1. Limited Tax Note, Series 2016	2.49%	2/16/2016	4/1/2027	\$ 1,975,000	\$ 897,000
2. Limited Tax Note, Series 2019	2.97%	7/11/2019	7/11/2029	425,000	373,000
3. Limited Tax Note, Series 2020	2.23%	6/30/2020	6/30/2030	250,000	205,000
4. Limited Tax Note, Series 2022	3.07%	3/15/2022	3/15/2032	180,000	180,000
Total				<u>\$ 2,830,000</u>	<u>\$ 1,655,000</u>

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

1. Three mill notes payable issue of 02/16/2016:

Year Ending June 30	Principal	Interest	Total
2023	\$ 127,000	\$ 22,335	\$ 149,335
2024	185,000	19,173	204,173
2025	190,000	14,567	204,567
2026	195,000	9,836	204,836
2027	200,000	4,980	204,980
Total	<u>\$ 897,000</u>	<u>\$ 70,891</u>	<u>\$ 967,891</u>

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

2. Three mill notes payable issue of 07/11/2019:

Year Ending June 30	Principal	Interest	Total
2023	\$ 31,000	\$ 11,153	\$ 42,153
2024	33,000	10,226	43,226
2025	41,000	9,239	50,239
2026	43,000	8,013	51,013
2027	47,000	6,728	53,728
2028-2030	178,000	11,153	189,153
Total	<u>\$ 373,000</u>	<u>\$ 56,512</u>	<u>\$ 429,512</u>

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

3. Three mill notes payable issue of 06/30/2020:

Year Ending June 30	Principal	Interest	Total
2023	\$ 25,000	\$ 4,572	\$ 29,572
2024	25,000	4,014	29,014
2025	25,000	3,457	28,457
2026	25,000	2,899	27,899
2027	25,000	2,364	27,364
2028-2030	80,000	3,657	83,657
Total	<u>\$ 205,000</u>	<u>\$ 20,963</u>	<u>\$ 225,963</u>

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

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4. Three mill notes payable issue of 03/15/2022:

June 30	Principal	Interest	Total
2023	\$ 14,000	\$ 5,526	\$ 19,526
2024	15,000	5,096	20,096
2025	15,000	4,636	19,636
2026	15,000	4,175	19,175
2027	15,000	3,715	18,715
2028-2032	106,000	9,947	115,947
Total	<u>\$ 180,000</u>	<u>\$ 33,095</u>	<u>\$ 213,095</u>

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

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 197,000	\$ 43,586	\$ 240,586
2024	258,000	38,509	296,509
2025	271,000	31,899	302,899
2026	278,000	24,923	302,923
2027	287,000	17,787	304,787
2028-2032	364,000	24,757	388,757
Total	<u>\$ 1,655,000</u>	<u>\$ 181,461</u>	<u>\$ 1,836,461</u>

**B. 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.

**C. Obligations under energy efficiency loans**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Conservation	2.04%	10/21/2015	10/21/2030	\$ 620,500	\$ 389,636
Total				<u>\$ 620,500</u>	<u>\$ 389,636</u>

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

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Year Ending June 30	Principal	Interest	Total
2023	42,423	7,745	50,168
2024	43,294	6,874	50,168
2025	44,183	5,985	50,168
2026	45,091	4,477	49,568
2027	46,016	4,152	50,168
2028-2031	168,629	6,961	175,590
Total	\$ 389,636	\$ 36,194	\$ 425,830

This debt will be retired from the District Maintenance Fund.

An energy efficiency loan agreement dated 10/21/2015, was executed by and between the district and U.S. Bancorp Government Leasing and Finance, Inc.

The agreement authorized the borrowing of \$620,500 for the purchase of energy efficiency equipment, machinery, supplies, building modification, and other energy saving items. Payments shall be made from the district maintenance fund and not exceed fifteen (15) years.

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

Upon written notice to U.S. Bancorp Government Leasing and Finance, the District has the option of repaying the total amount due as set forth by the agreement.

**D. Installment purchases loans payable**

The school district has entered into an installment agreement for financing the acquisition of a truck at a cost of \$46,657. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2022 Ram 3500	4.00%	5/18/2022	5/20/2023	\$ 46,657	\$ 42,816
Total				\$ 46,657	\$ 42,816

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

Year Ending June 30	Principal	Interest	Total
2023	42,816	491	43,307
Total	\$ 42,816	\$ 491	\$ 43,307

This debt will be retired from the District Maintenance Fund.

**E. Qualified school construction bonds payable**

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:



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**Notes to the Financial Statements**  
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Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School construction Bonds, Series 2011	5.15%	9/16/2011	12/1/2023	\$ 400,000	\$ 121,000
Total				<u>\$ 400,000</u>	<u>\$ 121,000</u>

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

1. Qualified school construction bonds payable issue of 9/16/2011.

Year Ending June 30	Principal	Interest	Total
2023	60,000	6,232	66,232
2024	61,000	3,142	64,142
Total	<u>\$ 121,000</u>	<u>\$ 9,374</u>	<u>\$ 130,374</u>

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

**F. Compensated absences payable**

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

**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

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

service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

**Contributions.** PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to

PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$1,276,998, \$1,215,383 and \$1,218,456, 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 \$15,527,292 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2022 net pension liability was 0.105053 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.000111 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 \$883,443. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 248,394	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,679,051
Changes of assumptions	1,192,813	-
Changes in proportion and differences between District contributions and proportionate share of contributions	344,225	31,539
District contributions subsequent to the measurement date	1,276,998	-
Total	\$ <u>3,062,430</u>	\$ <u>4,710,590</u>

\$1,276,998 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:

PERRY COUNTY SCHOOL DISTRICT  
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For the Year Ended June 30, 2022

Year Ending June 30:	
2023	\$ (367,287)
2024	(425,750)
2025	(738,652)
2026	(1,393,469)
	<u>\$ (2,925,158)</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:

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

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

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

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

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

*Discount rate.* The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at

PERRY COUNTY SCHOOL DISTRICT  
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For the Year Ended June 30, 2022

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

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

	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
District's Proportionate share of the net pension liability	\$ 21,990,286	15,527,292	10,201,271

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

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

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

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

### *Benefits provided.*

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

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

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 \$33,253 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$1,007,037 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2021, the District's proportion was 0.15644942 percent. This was a decrease of 0.00113382 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 (\$53,349). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,095	\$ 314,887
Changes of assumptions	163,097	34,059
Net difference between projected and actual earnings on OPEB plan investments	47	
Changes in proportion and differences between District contributions and proportionate share of contributions	17,302	7,985
District contributions subsequent to the measurement date	33,253	-
Total \$	<u>214,794</u>	<u>\$ 356,931</u>

\$33,253 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:

PERRY COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
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Year Ending June 30:	
2023	\$ (41,953)
2024	(39,594)
2025	(30,459)
2026	(37,762)
2027	(25,622)
	<u>(175,390)</u>

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

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

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

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

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

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

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

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

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

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

	1% Decrease 1.13%	Discount Rate 2.13%	1% Increase 3.13%
Net OPEB Liability	\$ 1,114,646	\$ 1,007,037	\$ 915,284

*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	\$ 932,776	\$ 1,007,037	\$ 1,091,075

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

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

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

### Exhibit B - Statement of Activities

Explanation	Amount
1. To correct prior year deferred revenue related to Innovative Approach to Literacy Special Revenue Fund	\$ 45,709
Total	<u>\$ 45,709</u>

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

Explanation	Amount
1. To correct prior year deferred revenue related to Innovative Approach to Literacy Special Revenue Fund	\$ 45,709
Total	<u>\$ 45,709</u>

## **Note 11 – Contingencies**

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

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

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

**Note 12 – Risk Management**

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

**Note 13 – Qualified School Construction Bonds**

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2022, the subsidy payments amounted to \$7,571.

**Note 14 – Budget**

Total expenditures in the General Fund exceeded the final budget by \$126,371. This is not in violation of state law since the excesses resulted from auditor's adjustments.

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

The unrestricted net position amount of (\$17,092,595) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,276,998 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$1,785,432 balance of deferred outflow of resources related to pensions, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$17,092,595) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,710,590 balance of deferred inflow of resources related to pensions, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$17,092,595) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$33,253 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$181,541 balance of deferred outflow of resources related to OPEB, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.



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

The unrestricted net position amount of \$(17,092,595) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$356,931 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

**Note 16 - 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 Perry County School District evaluated the activity of the district through March 10, 2023 (the date the financial statements were available to be issued), and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

**PERRY COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,546,584	\$ 3,953,602	\$ 3,953,602	\$ 407,018	\$ -
State sources	5,639,910	5,629,095	5,629,155	(10,815)	60
Federal sources	133,000	330,140	383,060	197,140	52,920
Sixteenth section sources	232,800	414,931	414,931	182,131	-
Total Revenues	9,552,294	10,327,768	10,380,748	775,474	52,980
<b>Expenditures:</b>					
Instruction	4,894,426	4,741,725	4,741,725	152,701	-
Support services	3,701,094	4,144,004	4,184,381	(442,910)	(40,377)
Debt service:					
Principal	163,523	117,038	135,902	46,485	(18,864)
Interest	42,594	43,304	46,393	(710)	(3,089)
Total Expenditures	8,801,637	9,046,071	9,108,401	(244,434)	(62,330)
Excess (Deficiency) of Revenues over (under) Expenditures	750,657	1,281,697	1,272,347	531,040	(9,350)
<b>Other Financing Sources (Uses):</b>					
Loans and notes issued	-	46,657	46,657	46,657	-
Leases issued	-	-	9,411	-	9,411
Insurance recovery	-	33,828	33,828	33,828	-
Operating transfers in	1,535,280	1,723,981	271,414	188,701	(1,452,567)
Operating transfers out	(2,108,958)	(2,252,991)	(800,424)	(144,033)	1,452,567
Other financing uses	-	(6,587)	(6,587)	(6,587)	-
Total Other Financing Sources (Uses)	(573,678)	(455,112)	(445,701)	118,566	9,411
Net Change in Fund Balances	176,979	826,585	826,646	649,606	61
<b>Fund Balances:</b>					
July 1, 2021, as previously reported	-	1,007,959	1,007,222	1,007,959	(737)
Prior period adjustments	-	(378)	359	(378)	737
July 1, 2021, as restated	-	1,007,581	1,007,581	1,007,581	-
June 30, 2022	\$ 176,979	\$ 1,834,166	\$ 1,834,227	\$ 1,657,187	\$ 61

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

**Perry County School District**  
**Required Supplementary Information**

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

**PERS**

**Last 10 Fiscal Years\***

		<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	%	0.105053%	0.105164%	0.100771%	0.100864%	0.103102%	0.103016%	0.105472%	0.102177%
District's proportionate share of the net pension liability	\$	15,527,292	20,358,528	17,727,607	16,776,680	17,139,052	18,401,230	16,303,891	12,402,417
District's covered payroll	\$	6,984,960	7,002,621	6,562,933	6,441,124	6,614,025	6,590,165	6,589,295	6,243,556
District's proportionate share of the net pension liability as a percentage of its covered payroll		222.296090%	290.727276%	270.117129%	260.462000%	259.131930%	279.222594%	247.429971%	198.643480%
Plan fiduciary net position as a percentage of the total pension liability		70.4374%	58.9735%	61.5884%	62.5351%	61.4901%	57.4677%	61.7040%	67.2077%

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 06/30 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.

**Perry County School District**  
**Required Supplementary Information**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,276,998	1,215,383	1,218,456	1,033,662	1,014,477	1,041,709	1,037,951	1,037,814
Contributions in relation to the contractually required contribution	1,276,998	1,215,383	1,218,456	1,033,662	1,014,477	1,041,709	1,037,951	1,037,814
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,339,069	6,984,960	7,002,621	6,562,933	6,441,124	6,614,025	6,590,165	6,589,295
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.

**Perry County School District**  
**Required Supplementary Information**

**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**OPEB**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
District's proportion of the net OPEB liability	% 0.15644942%	0.15758324%	0.15627995%	0.15520211%	0.15527276%
District's proportionate share of the net OPEB liability	\$ 1,007,037	1,226,325	1,326,099	1,200,566	1,218,284
District's covered - employee payroll	\$ 7,437,915	7,594,497	7,156,725	7,019,686	6,614,025
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	13.54%	16.15%	18.53%	17.10%	18.42%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 06/30 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.

**Perry County School District**  
**Required Supplementary Information**

**Schedule of District Contributions**  
**OPEB**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 33,253	40,476	48,906	53,154	51,937
Contributions in relation to the actuarially determined contribution	33,253	40,476	48,906	53,154	51,937
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered - employee payroll	7,339,069	6,984,960	7,002,621	6,562,933	6,441,124
Contributions as a percentage of covered - employee payroll	0.45%	0.58%	0.70%	0.81%	0.81%

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).

## **Notes to Required Supplementary Information**

### **Budgetary Comparison Schedule**

#### **(1) Basis of Presentation**

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

#### **(2) Budget Amendments and Revisions**

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

### **Pension Schedules**

#### **(1) *Changes of assumptions***

##### **2015:**

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

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

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

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

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

##### **2016:**

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

##### **2017:**

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

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

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

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



#### 2019:

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

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

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

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

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

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

#### 2021:

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

## SUPPLEMENTARY INFORMATION

**PERRY COUNTY SCHOOL DISTRICT**

**Supplementary Information**

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

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	205MS326N1099	\$ 73,666
Subtotal			73,666
COVID-19 - Summer food service program for children	10.559	205MS326N1099	608,293
Total Summer food service program for children			608,293
Total child nutrition cluster			681,959
State Administrative Expenses for Child Nutrition	10.560	205MS907N2533	2,366
Total passed-through Mississippi Department of Education			684,325
Passed-through Perry County Board of Supervisors:			
Schools and Roads - Grants to States	10.665	N/A	302,416
Total passed-through Perry County Board of Supervisors			302,416
<b>Total U.S. Department of Agriculture</b>			<b>986,741</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	52,920
<b>Total Federal Communications Commission</b>			<b>52,920</b>
<b><u>U.S. Department of Education</u></b>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	H126A210024	308
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210024	629,330
Career and Technical Education - Basic Grants to States	84.048	V048A210024	31,100
Twenty-first century community learning centers	84.287	S287C210024	468,295
Rural Education	84.358	S358B200024	29,655
Supporting Effective Instruction State Grants	84.367	S367A210023	77,650
Student Support and Academic Enrichment	84.424	S424A210025	47,441
Subtotal			1,283,471
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	31,489
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	939,703
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	540,706
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,511,898
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A210108	261,466
Special Education - Preschool Grants	84.173	H173A210113	8,921
Total Special Education Cluster			270,387
Total passed-through Mississippi Department of Education			3,065,756
<b>Total U.S. Department of Education</b>			<b>3,066,064</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medicaid Cluster:			
Medical Assistance Program	93.778	2105MS5ADM	27,416
Total Medicaid cluster			27,416
Total pass-through Mississippi Department of Health and Human Services			27,416
<b>Total U.S. Department of Health and Human Services</b>			<b>27,416</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed-through Mississippi Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially declared disasters)	97.036	N/A	8,750
Total passed-through Mississippi Emergency Management Agency			8,750
<b>Total U.S. Department of Homeland Security</b>			<b>8,750</b>
<b>Total for All Federal Awards</b>			<b>\$ 4,141,891</b>

The accompanying notes are an integral part of this schedule.

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

PERRY COUNTY SCHOOL DISTRICT

Supplementary Information

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 10,293,795	\$ 7,706,721	\$ 610,760	\$ 818,438	\$ 1,157,876
Other	4,271,593	1,120,916	213,018	48,857	2,888,802
Total	<u>\$ 14,565,388</u>	<u>\$ 8,827,637</u>	<u>\$ 823,778</u>	<u>\$ 867,295</u>	<u>\$ 4,046,678</u>
Total number of students *	<u>953</u>				
Cost per student	<u>\$ 15,284</u>	<u>\$ 9,263</u>	<u>\$ 864</u>	<u>\$ 910</u>	<u>\$ 4,246</u>

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

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

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

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

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

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

## OTHER INFORMATION



**PERRY COUNTY SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 3,953,602	\$ 3,439,651	\$ 3,336,136	\$ 3,212,478
State sources	5,629,155	5,557,399	5,707,740	5,383,927
Federal sources	383,060	317,931	354,462	340,397
Sixteenth section sources	414,931	91,482	452,990	144,672
Total Revenues	<u>10,380,748</u>	<u>9,406,463</u>	<u>9,851,328</u>	<u>9,081,474</u>
<b>Expenditures:</b>				
Instruction	4,741,725	4,713,784	5,111,910	4,647,256
Support services	4,184,381	3,655,306	3,531,084	3,695,933
Sixteenth section	-	-	-	-
Debt service:				
Principal	135,902	46,842	39,913	39,110
Interest	46,393	49,516	55,403	60,778
Total Expenditures	<u>9,108,401</u>	<u>8,465,448</u>	<u>8,738,310</u>	<u>8,443,077</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,272,347</u>	<u>941,015</u>	<u>1,113,018</u>	<u>638,397</u>
<b>Other Financing Sources (Uses):</b>				
Loans and notes issued	46,657	-	-	-
Leases issued	9,411	77,736	-	-
Insurance recovery	33,828	6,490	-	7,000
Sale of transportation equipment	271,414	2,653	2,545	2,829
Operating transfers in	(800,424)	58,876	70,968	68,975
Operating transfers out	(6,587)	(737,802)	(782,427)	(717,756)
Total Other Financing Sources (Uses)	<u>(445,701)</u>	<u>(592,047)</u>	<u>(708,914)</u>	<u>(638,952)</u>
 Net Change in Fund Balances	 <u>826,646</u>	 <u>348,968</u>	 <u>404,104</u>	 <u>(555)</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	1,007,222	647,114	243,010	241,970
Prior period adjustments	359	11,140	-	1,595
Beginning of period, as restated	<u>1,007,581</u>	<u>658,254</u>	<u>243,010</u>	<u>243,565</u>
 End of Period	 <u>\$ 1,834,227</u>	 <u>\$ 1,007,222</u>	 <u>\$ 647,114</u>	 <u>\$ 243,010</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**PERRY COUNTY SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 4,166,450	3,683,581	\$ 3,605,228	\$ 3,534,283
State sources	6,246,796	6,338,169	6,470,620	6,082,540
Federal sources	4,378,763	2,971,828	2,270,723	2,427,796
Sixteenth section sources	508,943	138,391	569,083	202,205
Total Revenues	<u>15,300,952</u>	<u>13,131,969</u>	<u>12,915,654</u>	<u>12,246,824</u>
<b>Expenditures:</b>				
Instruction	7,311,740	7,115,237	7,145,053	6,469,635
Support services	6,045,851	4,991,338	4,854,204	4,636,616
Noninstructional services	623,067	497,635	630,763	727,634
Sixteenth section	9,155	59,325	22,600	36,948
Facilities acquisition and construction	137,783	-	-	-
Debt service:				
Principal	340,989	284,842	221,913	222,110
Interest	96,803	106,436	98,835	108,917
Total Expenditures	<u>14,565,388</u>	<u>13,054,813</u>	<u>12,973,368</u>	<u>12,201,860</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>735,564</u>	<u>77,156</u>	<u>(57,714)</u>	<u>44,964</u>
<b>Other Financing Sources (Uses):</b>				
Loans and notes issued	226,657	-	675,000	-
Leases issued	9,411	77,736	-	
Insurance recovery	33,828	6,490	-	7,000
Sale of transportation equipment	-	2,653	2,545	2,829
Operating transfers in	1,175,444	841,678	967,333	786,731
Operating transfers out	(1,175,444)	(841,678)	(967,333)	(786,731)
Other financing uses	(6,587)	-	-	-
Total Other Financing Sources (Uses)	<u>263,309</u>	<u>86,879</u>	<u>677,545</u>	<u>9,829</u>
Net Change in Fund Balances	<u>998,873</u>	<u>164,035</u>	<u>619,831</u>	<u>54,793</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,356,799	3,054,172	2,430,585	2,368,725
Prior period adjustments	45,709	145,896	-	1,784
Beginning of period, as restated	<u>3,402,508</u>	<u>3,200,068</u>	<u>2,430,585</u>	<u>2,370,509</u>
Increase (Decrease) in reserve for inventory	<u>6,029</u>	<u>(7,304)</u>	<u>3,756</u>	<u>5,283</u>
End of Period	<u>\$ 4,407,410</u>	<u>\$ 3,356,799</u>	<u>\$ 3,054,172</u>	<u>\$ 2,430,585</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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Accountants

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Mississippi Society of  
Certified Public Accountants

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

Superintendent and School Board  
Perry County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Perry County School District's basic financial statements and have issued our report thereon dated March 10, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

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

As part of obtaining reasonable assurance about whether Perry 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.

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

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

### **Purpose of this Report**

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



KING CPA, PLLC  
Petal, Mississippi  
March 10, 2023

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

Superintendent and School Board  
Perry County School District

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

We have audited Perry County School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Perry County School District's major federal programs for the year ended June 30, 2022. Perry 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, Perry County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

We are required to be independent of Perry 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 Perry County School District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Perry 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 Perry County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 judgement made by a reasonable user of the report on compliance about Perry County School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Perry 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 Perry 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 Perry County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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

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

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

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

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

**KING CPA, PLLC**  
Petal, Mississippi  
March 10, 2023



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

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

Superintendent and School Board  
Perry County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry County School District as of and for the year ended June 30, 2022, which collectively comprise Perry County School District's basic financial statements and have issued our report thereon dated March 10, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of 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

Condition: The federal program's director was allowed to supervise their spouse, a licensed employee of the district, on the ESSER after school program.

Recommendation: The district should familiarize itself with MS Code Section 25-4-105(1).

Response: The School District concurs with the finding and understands now that a public servant is prohibited from hiring or supervising his or her spouse.

## Finding #2

Condition: The school district contracted with a nonprofit organization for its Student Support and Academic Enrichment program using Title IV funds. It was later determined that the federal programs director was the Executive Director of the Organization.

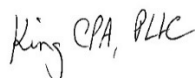
Recommendation: The district should familiarize itself with MS Code Section 25-4-105(1).

Response: The School District concurs with the finding and has established procedures to prevent future issues.

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 insure that corrective action has been taken.

The Perry 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.



**KING CPA, PLLC**  
Petal, Mississippi  
March 10, 2023

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PERRY 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?            | Yes        |
| 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?   | No  |
| 5.  | Type of auditor's report issued on compliance for major programs:  | Unmodified  |
| 6.  | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | Yes   |
| 7.  | Identification of major programs:  |   |
|     | <u>Assistance Listing Number(s)</u>  | <u>Name of Federal Program or Cluster</u>                   |
|     | 84.425D  | Elementary & Secondary School Emergency Relief Fund I       |
|     | 84.425D  | Elementary & Secondary School Emergency Relief Fund II      |
|     | 84.425U  | Elementary & Secondary School Emergency Relief Fund ARP III |
| 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 which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes   |

PERRY COUNTY SCHOOL DISTRICT

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

Section II: Financial Statement Findings

Finding 2022-001 Significant Deficiency

Criteria: The school district should accurately account for all revenues and expenditures of the school district.

Condition: E-rate discounts on the telephone invoices were not appropriately recorded as federal revenues and expenditures.

Cause: The district improperly recorded total E-rate discounts.

Effect: The district's federal revenues and expenditures did not account for all of the E-rate program.

Recommendation: E-rate discounts on the utility invoices should be recorded as federal revenues and corresponding expenditures should be recorded as utilities.

Response: See Correction Action Plan

Finding 2022-002 Significant Deficiency

Criteria: The district's accounting system budget should reconcile to the federal programs budget.

Condition: The district's accounting system budget did not agree with the federal programs budget.

Cause: There are no segregation of duties related to the federal programs budget process. The federal programs director is responsible for maintaining the federal programs budget and that it reconciles to the accounting system budget.

Effect: The district maintenance fund had to reimburse a federal program because the district was unable to request reimbursement on functions/objects that were not approved by federal programs budget.

Recommendation: A process should be put in place to ensure that all federal program budgets including any amendments should be reflected in the district's accounting system budget.

Response: See Correction Action Plan

Section III: Federal Award Findings and Questioned Costs

*Finding considered Noncompliance that is not considered Material –*

**Finding 2022-003 Compliance**

**84.425U COVID-19 – Elementary & Secondary School Emergency Relief Fund ARP III**

Criteria: Per 2 CFR section 200.313(d)(1)), property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property.

Condition: Our testing of equipment and real property management identified a large number of camera and vape sensors purchased that were not included in federal programs inventory.

Cause: The school district did not realize that the cameras and vape sensors belonged to the district.

Effect: The equipment was not included in federal programs inventory as required by 2 CFR 200.

PERRY COUNTY SCHOOL DISTRICT

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

Questioned Costs: None

Recommendation: We recommend that all equipment purchased with federal funds be accounted for.

View of Responsible Officials: The views of district administration are outlined in the Auditee's Correction Plan.

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



# Perry County School District

P. O. Box 137

100-B 8<sup>th</sup> Ave

New Augusta, MS 39462

Phone: 601.964.3211

Fax: 601-964-8204



**Dr. Titus M. Hines**  
**Superintendent of Education**

As required by 2 CFR 200, Subpart F, Section 511(c) of Uniform Guidance, the Perry County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2022:

**Finding**

2022-001

**Corrective Action Details:**

a. Name of contact person responsible for corrective action

Name: Kimberly Parker

Phone Number: 601-964-3211

b. Corrective Action Planned:

The district will implement additional procedures in order to appropriately record E-Rate Discounts and Revenues.

c. Anticipated Completion Date:

Immediately

**Finding**

2022-002

**Corrective Action Details:**

a. Name of contact person responsible for corrective action

Name: Kimberly Parker

Phone Number: 601-964-3211

b. Corrective Action Planned:

The district will establish additional segregation of duties between the federal programs director and the business manager in order to ensure the district's accounting system budget reconciles to the federal programs budget.

c. Anticipated Completion Date:

Immediately

Finding

2022-003

Corrective Action Details:

a. Name of contact person responsible for corrective action

Name: Kimberly Parker

Phone Number: 601-964-3211

b. Corrective Action Planned:

The district will strengthen internal controls over equipment purchases under federal awards to ensure all equipment is appropriately accounted for within the federal programs inventory.

c. Anticipated Completion Date:

Immediately

**Perry County School District**  
**P.O. Box 137**  
**New Augusta, Mississippi 39462**

As required by Uniform Guidance, the Perry County School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2022:

<u>Finding</u>	<u>Status</u>
2021-001	Corrected as of January 2022