



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

.

**South Tippah School District**  
Audited Financial Statements  
For the Year Ended June 30, 2022

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

# South Tippah School District

## TABLE OF CONTENTS

	PAGE #
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION .....	4
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	9
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position .....	22
Exhibit B - Statement of Activities .....	23
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet .....	24
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	25
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances .....	26
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	27
Notes to the Financial Statements .....	29
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund .....	65
Budgetary Comparison Schedule - School Food Service Fund .....	66
Budgetary Comparison Schedule - ESSER III Fund .....	67
Schedule of the District’s Proportionate Share of the Net Pension Liability .....	68
Schedule of District Contributions (PERS) .....	69
Schedule of the District’s Proportionate Share of the Net OPEB Liability .....	70
Schedule of District Contributions (OPEB) .....	71
Notes to the Required Supplementary Information .....	72
 SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards .....	78
Notes to the Schedule of Expenditures of Federal Awards .....	79
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds .....	80
 OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years .....	82
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years .....	83
 REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	85
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	87
 INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	
	91
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	94

## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
South Tippah 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 South Tippah School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Tippah 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 South Tippah School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis-of-Matter***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and

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 South Tippah 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 South Tippah 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 South Tippah 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 South Tippah 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 August 30, 2023, on our consideration of the South Tippah 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 South Tippah 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 South Tippah School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
August 30, 2023

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of South Tippah 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 \$1,858,986, including a prior period adjustment of (\$41,913), which represents a 10% increase from fiscal year 2021. Total net position for 2021 decreased \$1,361,007, including a prior period adjustment of \$18,717, which represents an 8% decrease from fiscal year 2020.
- General revenues amounted to \$21,802,460 and \$21,175,618, or 72% and 75% 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 \$8,608,480, or 28% of total revenues for 2022, and \$7,227,316, or 25% of total revenues for 2021.
- The District had \$28,510,041 and \$29,782,658 in expenses for fiscal years 2022 and 2021; only \$8,608,480 for 2022 and only \$7,227,316 for 2021 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$21,802,460 for 2022 were adequate and \$21,175,618 for 2021 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$22,138,039 in revenues and \$22,243,455 in expenditures for 2022, and \$20,998,338 in revenues and \$20,368,216 in expenditures for 2021. The General Fund's fund balance increased by \$191,493, which includes a prior period adjustments of \$173,343, from 2021 to 2022, and increased by \$652,826, including a prior period adjustment of \$18,717, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$631,169 for 2022 and decreased by \$248,415 for 2021. The increase for 2022 was due primarily to the additions to construction in progress, building improvements, mobile equipment, furniture and equipment and intangible right to use equipment during the year.
- Long-term debt decreased by \$75,807 for 2022 and increased by \$613,048 for 2021. This decrease for 2022 was due primarily to principal payments. The liability for compensated absences increased by \$5,111 for 2022 and decreased by \$10,501 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,

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

supplementary information, and other information.

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, 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 categorized as governmental.

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

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

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

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

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

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

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

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

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

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

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



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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,365,393 as of June 30, 2022.

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

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

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Current assets	\$ 7,064,380	6,358,194	11%
Restricted	1,788,494	1,971,300	(9)%
Capital assets, net	<u>20,063,981</u>	<u>19,432,812</u>	3%
<b>Total assets</b>	<u>28,916,855</u>	<u>27,762,306</u>	4%
 <b>Deferred outflows of resources</b>	 <u>6,785,500</u>	 <u>6,648,214</u>	 2%
 Current liabilities	 1,825,716	 1,699,390	 7%
Long-term debt outstanding	3,634,262	3,704,958	(2)%
Net OPEB liability	2,119,096	2,522,143	(16)%
Net pension liability	<u>33,351,169</u>	<u>44,161,574</u>	(24)%
<b>Total liabilities</b>	<u>40,930,243</u>	<u>52,088,065</u>	(21)%
 <b>Deferred inflows of resources</b>	 <u>11,137,505</u>	 <u>546,834</u>	 1,937%
 <b>Net position:</b>			
Net investment in capital assets	16,665,685	16,268,544	2%
Restricted	3,054,875	2,535,098	21%
Unrestricted	<u>(36,085,953)</u>	<u>(37,028,021)</u>	3%
<b>Total net position (deficit)</b>	<u><u>\$ (16,365,393)</u></u>	<u><u>(18,224,379)</u></u>	10%

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

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (36,085,953)
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>39,822,270</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 3,736,317</u>

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

- Increase in net capital assets in the amount of \$631,169.
- The principal retirement of \$246,355 of long-term debt.
- Issuance of an obligation of lease totaling \$4,913.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$30,410,940 and \$28,402,934, respectively. The total cost of all programs and services was \$28,510,041 for 2022 and \$29,782,658 for 2021.

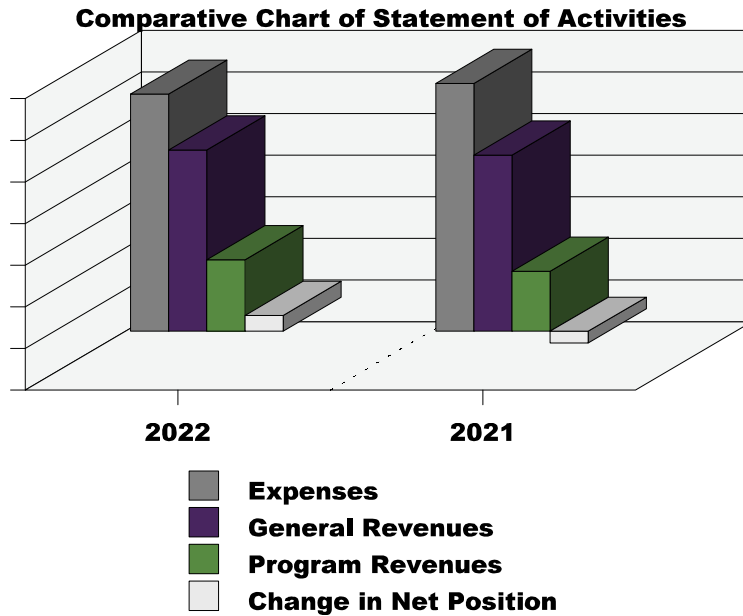
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

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

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

	<b>Year Ended June 30, 2022</b>	<b>Year Ended June 30, 2021</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 741,768	648,883	14%
Operating grants and contributions	7,866,712	6,578,433	20%
General Revenues:			
Property taxes	4,885,253	5,063,620	(4)%
Grants and contributions not restricted	16,712,767	15,974,588	5%
Unrestricted investment earnings	45,381	45,483	0%
Other	159,059	91,927	73%
<b>Total revenues</b>	<b>30,410,940</b>	<b>28,402,934</b>	<b>7%</b>
<b>Expenses:</b>			
Instruction	15,568,527	14,234,335	9%
Support services	9,172,037	9,286,643	(1)%
Non-instructional	1,744,471	1,428,453	22%
Pension expense	2,074,030	4,716,803	(56)%
OPEB expense	(101,291)	64,106	(258)%
Interest on long-term liabilities	52,267	52,318	0%
<b>Total expenses</b>	<b>28,510,041</b>	<b>29,782,658</b>	<b>(4)%</b>
<b>Increase (Decrease) in net position</b>	<b>1,900,899</b>	<b>(1,379,724)</b>	<b>238%</b>
<b>Net position (Deficit), July 1, as previously reported</b>	<b>(18,224,379)</b>	<b>(16,863,372)</b>	<b>(8)%</b>
<b>Prior period adjustment</b>	<b>(41,913)</b>	<b>18,717</b>	<b>(324)%</b>
<b>Net position (Deficit), July 1, as restated</b>	<b>(18,266,292)</b>	<b>(16,844,655)</b>	<b>(8)%</b>
<b>Net Position (Deficit), June 30</b>	<b>\$ (16,365,393)</b>	<b>(18,224,379)</b>	<b>10%</b>

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



### Governmental activities

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

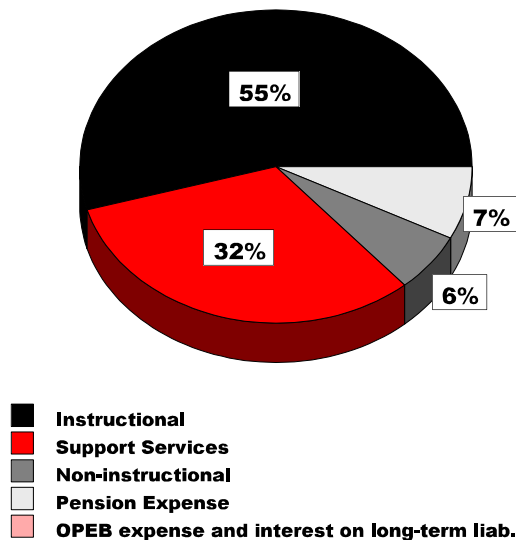
**Table 3**  
**Net Cost of Governmental Activities**

		<b>Total Expenses</b>		<b>Percentage Change</b>
		<b>2022</b>	<b>2021</b>	
Instruction	\$	15,568,527	14,234,335	9%
Support services		9,172,037	9,286,643	(1)%
Non-instructional		1,744,471	1,428,453	22%
Pension expense		2,074,030	4,716,803	(56)%
OPEB expense		(101,291)	64,106	(258)%
Interest on long-term liabilities		52,267	52,318	0%
<b>Total expenses</b>	<b>\$</b>	<b>28,510,041</b>	<b>29,782,658</b>	<b>(4)%</b>

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

	<b>Net (Expense) Revenue</b>		
	<b>2022</b>	<b>2021</b>	<b>Percentage Change</b>
Instruction	\$ (11,357,532)	(10,911,569)	(4)%
Support services	(7,140,570)	(7,122,350)	0%
Non-instructional	621,547	311,804	99%
Pension expense	(2,074,030)	(4,716,803)	56%
OPEB expense	101,291	(64,106)	258%
Interest on long-term liabilities	(52,267)	(52,318)	0%
<b>Total net (expense) revenue</b>	<b>\$ (19,901,561)</b>	<b>(22,555,342)</b>	<b>12%</b>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$19,901,561 for 2022 and \$22,555,342 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$4,885,253 for 2022 and \$5,063,620 for 2021) and state and federal revenues (\$16,712,767 for 2022 and \$15,974,588 for 2021).
- Investment earnings amounted to \$45,381 for 2022 and \$45,483 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.

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7,053,470, an increase of \$462,959, which includes prior period adjustment of \$173,343 and an increase in inventory of \$10,145. \$2,401,863 or 34% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been nonspendable, restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$4,651,607 or 66% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$191,493, which includes a prior period adjustment of \$173,343. The fund balance of Other Governmental Funds showed a decrease in the amount of \$442,760. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
School Food Service Fund	\$	587,134
ESSER III Fund		no increase or decrease
QSCB Fund	\$	127,092

## **BUDGETARY HIGHLIGHTS**

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

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2022, the District's total capital assets were \$34,808,175, including land, construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles, furniture and equipment and intangible right to use equipment. This amount represents an increase of \$1,283,499 from 2021. Total accumulated depreciation as of June 30, 2022, was \$14,744,194, and total depreciation expense for the year was \$862,406, resulting in total net capital assets of \$20,063,981.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 253,944	253,944	0%
Construction in progress	791,456	4,717	16679%
Buildings	13,231,519	13,588,077	(3)%
Building improvements	3,469,216	3,578,987	(3)%
Improvements other than buildings	919,674	979,825	(6)%
Mobile equipment	1,143,181	702,672	63%
Furniture and equipment	142,440	128,749	11%
Leased property under capital leases	0	195,841	(100)%
Intangible assets	112,551	0	N/A
<b>Total</b>	<b>\$ <u>20,063,981</u></b>	<b><u>19,432,812</u></b>	<b><u>3%</u></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 \$3,634,262 in outstanding long-term debt, of which \$262,061 is due within one year. The liability for compensated absences increased \$5,111 from the prior year.



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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,235,248	1,371,286	(10)%
Obligations under capital leases	0	160,965	(100)%
Obligations under leases	113,886	0	N/A
Installment purchases loans payable	107,310	0	N/A
Qualified school construction bonds payable	2,000,000	2,000,000	0%
Compensated absences payable	177,818	172,707	3%
<b>Total</b>	<u>\$ 3,634,262</u>	<u>3,704,958</u>	<u>(2)%</u>

Additional information on the District's long-term debt can be found in Note 6 included in this report.

## **CURRENT ISSUES**

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

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

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

Enrollment for the 2021 - 2022 year decreased by 11% to 2,249 students.

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

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the South Tippah School District, 402 Greenlee Avenue, Ripley, MS 38663.

## FINANCIAL STATEMENTS

**SOUTH TIPPAH SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,097,336
Cash with fiscal agents	756
Due from other governments	1,915,102
Accrued interest receivable	10,017
Inventories	41,169
Restricted assets	1,788,494
Capital assets, non-depreciable:	
Land	253,944
Construction in progress	791,456
Capital assets, net of accumulated depreciation:	
Buildings	13,231,519
Building improvements	3,469,216
Improvements other than buildings	919,674
Mobile equipment	1,143,181
Furniture and equipment	142,440
Intangible assets	112,551
Total Assets	<u>28,916,855</u>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	6,308,517
Deferred outflows - OPEB	476,983
Total Deferred Outflows of Resources	<u>6,785,500</u>
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	1,759,989
Unearned revenue	39,415
Interest payable on long-term liabilities	26,312
Long-term liabilities, due within one year:	
Leases payable	58,925
Capital related liabilities	194,245
Non-capital related liabilities	8,891
Net OPEB liability	84,026
Long-term liabilities, due beyond one year:	
Leases payable	54,961
Capital related liabilities	3,148,313
Non-capital related liabilities	168,927
Net pension liability	33,351,169
Net OPEB liability	2,035,070
Total Liabilities	<u>40,930,243</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	10,402,156
Deferred inflows - OPEB	735,349
Total Deferred Inflows of Resources	<u>11,137,505</u>
 <b>Net Position</b>	
Net investment in capital assets	16,665,685
Restricted for:	
Expendable:	
School-based activities	1,140,785
Debt service	1,856,312
Unemployment benefits	57,778
Unrestricted	(36,085,953)
Total Net Position (Deficit)	<u>\$ (16,365,393)</u>

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

**SOUTH TIPPAH SCHOOL DISTRICT**

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

**Exhibit B**

for the Year Ended June 30, 2022

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 15,568,527	\$ 667,502	\$ 3,543,493	\$ (11,357,532)
Support services	9,172,037	17,018	2,014,449	(7,140,570)
Non-instructional	1,744,471	57,248	2,308,770	621,547
Pension expense	2,074,030	-	-	(2,074,030)
OPEB expense	(101,291)	-	-	101,291
Interest on long-term liabilities	52,267	-	-	(52,267)
Total Governmental Activities	\$ 28,510,041	\$ 741,768	\$ 7,866,712	\$ (19,901,561)
General Revenues:				
Taxes:				
General purpose levies				4,635,046
Debt purpose levies				250,207
Unrestricted grants and contributions:				
State				16,008,761
Federal				704,006
Unrestricted investment earnings				45,381
Other				159,059
Total General Revenues				21,802,460
Change in Net Position				1,900,899
Net Position (Deficit) - Beginning, as previously reported				(18,224,379)
Prior Period Adjustments				(41,913)
Net Position (Deficit) - Beginning, as restated				(18,266,292)
Net Position (Deficit) - Ending				\$ (16,365,393)

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

**SOUTH TIPPAAH SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit C**

	Major Funds					
	General Fund	School Food Service Fund	ESSER III Fund	QSCB Fund	Other Govenmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,568,732	1,066,454			520,298	\$ 5,155,484
Cash with fiscal agents	756			144,460		145,216
Investments				1,585,886		1,585,886
Due from other governments	862,946	55,948	437,943		558,265	1,915,102
Accrued interest receivable				10,017		10,017
Due from other funds	1,126,741				98,518	1,225,259
Inventories		41,169				41,169
Total assets	<u>\$ 5,559,175</u>	<u>\$ 1,163,571</u>	<u>\$ 437,943</u>	<u>\$ 1,740,363</u>	<u>\$ 1,177,081</u>	<u>\$ 10,078,133</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,706,766	5,001	11,069		37,153	\$ 1,759,989
Due to other funds	2,837	127,097	426,874		668,451	1,225,259
Unavailable revenue - federal programs					39,415	39,415
Total Liabilities	<u>1,709,603</u>	<u>132,098</u>	<u>437,943</u>	<u>-</u>	<u>745,019</u>	<u>3,024,663</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory		41,169				41,169
<b>Restricted:</b>						
Debt service				1,740,363	142,261	1,882,624
Capital projects					58,148	58,148
Grant activities		990,304			109,312	1,099,616
Unemployment benefits					57,778	57,778
<b>Assigned:</b>						
Capital improvements	1,041,853					1,041,853
School activites	405,856					405,856
Vocational center maintenance					33,464	33,464
Other purposes					31,099	31,099
<b>Unassigned</b>	<u>2,401,863</u>					<u>2,401,863</u>
Total Fund Balances	<u>3,849,572</u>	<u>1,031,473</u>	<u>-</u>	<u>1,740,363</u>	<u>432,062</u>	<u>7,053,470</u>
Total Liabilities and Fund Balances	<u>\$ 5,559,175</u>	<u>\$ 1,163,571</u>	<u>\$ 437,943</u>	<u>\$ 1,740,363</u>	<u>\$ 1,177,081</u>	<u>\$ 10,078,133</u>

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

**SOUTH TIPPAH 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** **\$ 7,053,470**

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	\$ 253,944	
Construction in progress	791,456	
Buildings	21,921,511	
Building improvements	4,553,631	
Improvements other than buildings	1,741,275	
Mobile equipment	4,020,924	
Furniture and equipment	1,354,886	
Intangible assets	170,548	
Accumulated depreciation	<u>(14,744,194)</u>	20,063,981

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 (33,351,169)

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

Deferred outflows of resources related to pensions	6,308,517	
Deferred inflows of resources related to pensions	<u>(10,402,156)</u>	(37,444,808)

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

Net OPEB liability (2,119,096)

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	476,983	
Deferred inflows of resources related to OPEB	<u>(735,349)</u>	(2,377,462)

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	(2,000,000)	
Notes payable	(1,235,248)	
Installment purchases loans payable	(107,310)	
Lease obligations	(113,886)	
Compensated absences	(177,818)	
Accrued interest payable	<u>(26,312)</u>	(3,660,574)

**Net Position of governmental activities** **\$ (16,365,393)**

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

**SOUTH TIPPAAH SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit D**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	School Food Service Fund	ESSER III Fund	QSCB Fund		
<b>Revenues:</b>						
Local sources	\$ 5,168,317	59,993		32,151	564,413	\$ 5,824,874
Intermediate sources	2,000	-			-	2,000
State sources	16,257,256	32,606			811,436	17,101,298
Federal sources	710,466	2,476,465	1,031,534		3,264,303	7,482,768
Total Revenues	22,138,039	2,569,064	1,031,534	32,151	4,640,152	30,410,940
<b>Expenditures:</b>						
Instruction	14,179,802	-	479,330		2,624,465	17,283,597
Support services	7,729,727	229,225	135,356		1,727,915	9,822,223
Noninstructional services	207,238	1,635,753	22,488		31,446	1,896,925
Facilities acquisition and construction	9,580		289,329		537,780	836,689
Debt service:						
Principal	110,112				136,243	246,355
Interest	6,996				45,810	52,806
Other				2,500		2,500
Total Expenditures	22,243,455	1,864,978	926,503	2,500	5,103,659	30,141,095
Excess (Deficiency) of Revenues over (under) Expenditures	(105,416)	704,086	105,031	29,651	(463,507)	269,845
<b>Other Financing Sources (Uses):</b>						
Leases issued					4,913	4,913
Payments QSCB held by escrow agent				97,441		97,441
Payment to QSCB debt escrow agent					(97,441)	(97,441)
Sale of transportation equipment	4,713					4,713
Operating transfers in	532,374		137,700		303,396	973,470
Operating transfers out	(413,521)	(127,097)	(242,731)		(190,121)	(973,470)
Total Other Financing Sources (Uses)	123,566	(127,097)	(105,031)	97,441	20,747	9,626
Net Change in Fund Balances	18,150	576,989	-	127,092	(442,760)	279,471
<b>Fund Balances:</b>						
July 1, 2021, as previously reported	3,658,079	444,339	-	1,613,271	874,822	6,590,511
Prior period adjustments	173,343			-		173,343
July 1, 2021, as restated	3,831,422	444,339	-	1,613,271	874,822	6,763,854
Increase (Decrease) in inventory		10,145				10,145
June 30, 2022	\$ 3,849,572	\$ 1,031,473	\$ -	\$ 1,740,363	\$ 432,062	\$ 7,053,470

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

**SOUTH TIPPAH 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**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 279,471</b>	
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 1,493,726	
Depreciation expense	<u>(862,406)</u>	631,320
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.		(19,474)
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:		
Leases issued	(4,913)	
Payments of debt principal	246,355	
Accrued interest payable	<u>3,039</u>	244,481
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(2,074,030)	
Contributions subsequent to the measurement date	<u>2,666,485</u>	592,455
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	101,291	
Contributions subsequent to the measurement date	<u>66,321</u>	167,612
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	(5,111)	
Change in inventory	<u>10,145</u>	5,034
<b>Change in Net Position of governmental activities</b>	<b>\$ <u>1,900,899</u></b>	

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



**South Tippah School District**

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

## **South Tippah School District**

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

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

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

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

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

For financial reporting purposes, South Tippah 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.

## South Tippah School District

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

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

School Food Service Fund - This fund accounts for the federal and state revenue received and expenditures incurred related to the food service operation.

ESSER III Fund - This is a special revenue fund that accounts for Elementary and Secondary School Emergency Relief Program funds for COVID-19, authorized by the CARES Act..

QSCB Fund - This is a debt retirement fund that accounts for the payments of the Qualified School Construction Bonds when the bonds and the interest becomes due.

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

## South Tippah School District

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

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.

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures

## South Tippah School District

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

are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

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

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

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

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

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

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

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

#### **D. Encumbrances**

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts.

## South Tippah School District

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

However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

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

###### Cash and cash equivalents

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

###### Investments

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

## South Tippah School District

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

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 Bonds sinking funds. The unexpended note proceeds of long-term debt is classified as restricted assets.

#### 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 governmental column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

## South Tippah School District

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

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.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reported \$6,308,517 regarding the cost-sharing pension plan deferred outflows. The School District also reported \$476,983 regarding the cost-sharing OPEB plan deferred outflow.

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 and so will not be



## South Tippah School District

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

recognized as an inflow of resources (revenue) until then. The School District reported \$10,402,156 for deferred inflows regarding the cost-sharing pension plan. The School District also reported \$735,349 for deferred inflows regarding the cost-sharing OPEB plan.

See Note 14 for further details.

#### 8. Compensated Absences

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

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

#### 9. Leases

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

#### 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

## South Tippah School District

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

costs are reported as expenditures. See Note 6 for details.

#### 11. Pensions

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

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

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

#### 13. Fund Balances

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

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

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

## South Tippah School District

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

*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. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved 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 policy adopted by the school district.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the General Fund at fiscal-year end of not less than 7% of district maintenance revenues or expenditures.

## **South Tippah School District**

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

#### **14. Accounting Standards Update**

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

#### **Note 2 - Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments**

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

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment

## South Tippah School District

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

income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

#### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$5,155,484.

*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 \$6,393,769 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$145,216.

#### Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AAA	1 to 3 years	\$ <u>1,585,886</u>

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

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

## South Tippah School District

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

U.S. Government Securities of \$1,585,886 are valued using quoted market prices (Level 1 inputs)

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

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

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

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

### 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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Food Service Fund	\$ 127,097
	ESSER III Fund	426,874
	Other Governmental Funds	572,770
Other Governmental Funds	General Fund	2,837
	Other Governmental Funds	95,681
Total		\$ <u>1,225,259</u>

Inter-fund receivables and payables consist primarily of loans from the General Fund to various special revenue funds to cover cash deficits in pooled bank accounts.

## South Tippah School District

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

### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	School Food Service Fund	\$ 127,097
	ESSER III Fund	242,731
	Other Governmental Funds	162,546
ESSER III Fund	General Fund	137,700
Other Governmental Funds	General Fund	275,821
	Other Governmental Funds	27,575
Total		\$ 973,470

Inter-fund transfers were made for budgetary purposes and for the payment of indirect costs.

### Note 4 - Restricted Assets

The restricted assets represent the cash with fiscal agents and investment balances, totaling \$144,460 and \$1,585,886, respectively, in the QSCB Retirement Fund.

The restricted assets represent the unexpended note proceeds in the form of cash balance of \$58,148 of the Three Mill Notes Fund.

## South Tippah School District

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

#### Note 5 - Capital Assets

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

	Balance 7-1-2021	Additions	Decreases	Adjustments	Balance 6-30-2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 253,944				253,944
Construction in progress	4,717	786,739			791,456
Total non-depreciable capital assets	258,661	786,739	0	0	1,045,400
<u>Depreciable capital assets:</u>					
Buildings	21,901,794			19,717	21,921,511
Building improvements	4,503,681	49,950			4,553,631
Improvements other than buildings	1,741,274			1	1,741,275
Mobile equipment	3,517,247	426,238	190,836	268,275	4,020,924
Furniture and equipment	1,333,744	60,251	39,109		1,354,886
Leased property under capital leases	268,275			(268,275)	0
Intangible right to use equipment		170,548			170,548
Total depreciable capital assets	33,266,015	706,987	229,945	19,718	33,762,775
<u>Less accumulated depreciation for:</u>					
Buildings	8,313,717	375,880		395	8,689,992
Building improvements	924,694	159,721			1,084,415
Improvements other than buildings	761,449	60,152			821,601
Mobile equipment	2,814,575	162,487	171,753	72,434	2,877,743
Furniture and equipment	1,204,995	46,169	38,718		1,212,446
Leased property under capital leases	72,434			(72,434)	0
Intangible right to use equipment		57,997			57,997
Total accumulated depreciation	14,091,864	862,406	210,471	395	14,744,194
Total depreciable capital assets, net	19,174,151	(155,419)	19,474	19,323	19,018,581
Governmental activities capital assets, net	\$ 19,432,812	631,320	19,474	19,323	20,063,981

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

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 214,663
Support services	633,752
Non-instructional	13,991
Total depreciation expense	\$ 862,406



## South Tippah School District

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

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

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
Pine Grove High School Addition Project	\$ 480,899	0
Ripley Middle School Classrooms	289,329	1,030,380
Event Center HVAC Project	2,345	30,655
FFA Goat Barn	18,883	1,000
Total	<u>\$ 791,456</u>	<u>1,062,035</u>

Construction projects included in governmental activities are funded with the ESSER II and ARP ESSER Funds.

## Note 6 - Long-term liabilities

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

	Balance 7-1-2021	Additions	Reductions	Adjustments	Balance 6-30-2022	Amounts due within one year
A. Three mill notes payable	\$ 1,371,286		136,038		1,235,248	140,590
B. Obligations under capital leases	160,965			(160,965)	0	
C. Obligations under leases		4,913	56,662	165,635	113,886	58,925
D. Installment purchases loans payable			53,655	160,965	107,310	53,655
E. Qualified school construction bonds payable	2,000,000				2,000,000	
F. Compensated absences payable	172,707	5,111			177,818	8,891
Total	<u>\$ 3,704,958</u>	<u>10,024</u>	<u>246,355</u>	<u>165,635</u>	<u>3,634,262</u>	<u>262,061</u>

Adjustments were made to correctly present leases due to the implementation of GASB 87.

### A. Three Mill Notes Payable

Debt currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note, Series 2019	3.75%	03-27-19	03-27-29	\$ 750,000	553,248
Limited Tax Note, Series 2020	3.00%	07-23-20	07-23-30	750,000	682,000
Total				<u>\$ 1,500,000</u>	<u>1,235,248</u>

## South Tippah School District

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

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

1. Limited tax note, Series 2019:

Year Ending June 30	Principal	Interest	Total
2023	\$ 70,590	20,747	91,337
2024	73,187	18,149	91,336
2025	75,982	15,355	91,337
2026	78,831	12,506	91,337
2027	81,787	9,550	91,337
2028 - 2029	172,871	9,802	182,673
Total	<u>\$ 553,248</u>	<u>86,109</u>	<u>639,357</u>

This debt will be retired from the Three Mill Notes FY19 Debt Service Fund.

2. Limited tax note, series 2020

Year Ending June 30	Principal	Interest	Total
2023	\$ 70,000	20,460	90,460
2024	71,000	18,360	89,360
2025	71,000	16,230	87,230
2026	74,000	14,100	88,100
2027	76,000	11,880	87,880
2028 - 2031	320,000	24,120	344,120
Total	<u>\$ 682,000</u>	<u>105,150</u>	<u>787,150</u>

This debt will be retired from the Three Mill Notes FY20 Debt Service Fund.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 140,590	41,207	181,797
2024	144,187	36,509	180,696
2025	146,982	31,585	178,567
2026	152,831	26,606	179,437
2027	157,787	21,430	179,217
2028 - 2031	492,871	33,922	526,793
Total	<u>\$ 1,235,248</u>	<u>191,259</u>	<u>1,426,507</u>

## South Tippah School District

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

#### B. Obligations under capital leases

As a result of the implementation of GASB 87, leases that were formally 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 purchases loans payable.

#### C. Obligations under leases

The school district has entered into lease agreements as lessee:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Lease - Copier	3.00%	08-01-19	07-31-23	\$ 17,593	9,262
Lease - Copier	3.00%	07-01-20	06-30-24	27,526	18,578
Lease - Copier	3.00%	07-01-20	06-30-24	55,052	37,155
Lease - Copier	3.00%	07-01-20	06-30-24	65,463	44,182
Lease - Copier	3.00%	05-01-22	04-30-26	4,913	4,709
Total				\$ <u>170,547</u>	<u>113,886</u>

##### 1. Lease Copier - \$17,593

Year Ending June 30	Principal	Interest	Total
2023	\$ 8,539	161	8,700
2024	<u>723</u>	<u>2</u>	<u>725</u>
Total	\$ <u>9,262</u>	<u>163</u>	<u>9,425</u>

This debt will be retired from the District Maintenance Fund.

##### 2. Lease Copier - \$27,526

Year Ending June 30	Principal	Interest	Total
2023	\$ 9,150	432	9,582
2024	<u>9,428</u>	<u>154</u>	<u>9,582</u>
Total	\$ <u>18,578</u>	<u>586</u>	<u>19,164</u>

This debt will be retired from the District Maintenance Fund.

## South Tippah School District

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

#### 3. Lease Copier - \$55,052

Year Ending June 30	Principal	Interest	Total
2023	\$ 18,299	864	19,163
2024	18,856	308	19,164
Total	\$ <u>37,155</u>	<u>1,172</u>	<u>38,327</u>

This debt will be retired from the District Maintenance Fund.

#### 4. Lease Copier - \$65,463

Year Ending June 30	Principal	Interest	Total
2023	\$ 21,760	1,028	22,788
2024	22,422	366	22,788
Total	\$ <u>44,182</u>	<u>1,394</u>	<u>45,576</u>

This debt will be retired from the District Maintenance Fund.

#### 5. Lease Copier - \$4,913

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,177	126	1,303
2024	1,212	90	1,302
2025	1,249	53	1,302
2026	1,071	15	1,086
Total	\$ <u>4,709</u>	<u>284</u>	<u>4,993</u>

This debt will be retired from the Tippah Career and Technology Center (TCTC) Maintenance Fund.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 58,925	2,611	61,536
2024	52,641	920	53,561
2025	1,249	53	1,302
2026	1,071	15	1,086
Total	\$ <u>113,886</u>	<u>3,599</u>	<u>117,485</u>

## South Tippah School District

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

#### **D. Installment purchases loans payable**

The school district has entered into an agreement for financing the acquisition of 3 buses at a cost of \$268,275. Property under this installment purchase agreement is composed of the following:

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Buses	2.00%	10-23-18	10-23-23	\$ <u>268,275</u>	<u>107,310</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 53,655	2,146	55,801
2024	<u>53,655</u>	<u>1,073</u>	<u>54,728</u>
Total	\$ <u>107,310</u>	<u>3,219</u>	<u>110,529</u>

The school district uses the straight-line method of amortization for the loan payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

This debt will be retired from the General Fund.

#### **E. Qualified school constructions 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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2009	0.00%	09-15-09	09-15-23	\$ <u>2,000,000</u>	<u>2,000,000</u>

The Qualified School Construction Bond (QSCB) was issued at a nominal interest rate. Investors receive federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows the state and local governments to borrow without incurring interest costs.

## **South Tippah School District**

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

### **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 7 - Other Commitments**

Commitments under construction contracts are described in Note 5.

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

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

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

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

## South Tippah School District

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021, and 2020, were \$2,666,485, \$2,610,524, and \$2,643,072, 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 \$33,351,169 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 0.225644 percent, which was based on a measurement date of June 30, 2021. This was a decrease of 0.002477 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$2,074,030. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## South Tippah School District

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 535,809	\$
Net difference between projected and actual earnings on pension plan investments		9,861,265
Changes of assumptions	104,024	
Changes in proportion and differences between District contributions and proportionate share of contributions	3,002,199	540,891
District contributions subsequent to the measurement date	2,666,485	
Total	<u>\$ 6,308,517</u>	<u>\$ 10,402,156</u>

\$2,666,485 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ (953,821)
2024	(1,134,149)
2025	(1,679,111)
2026	(2,993,043)
Total	<u>\$ (6,760,124)</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



## South Tippah School District

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

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	1.00	(1.00)
Total	<u>100%</u>	

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

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

## South Tippah School District

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ <u>47,233,075</u>	\$ <u>33,351,169</u>	\$ <u>21,911,375</u>

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

#### Note 9 - Other Postemployment Benefits (OPEB)

##### General Information about the OPEB Plan

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

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

## South Tippah School District

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

under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

#### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$66,321 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$2,119,096 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 0.32921472 percent. This was an increase of 0.00511852 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 (\$101,291). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

## South Tippah School District

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,305	\$ 662,614
Changes of assumptions	343,203	71,670
Net difference between projected and actual earnings on OPEB plan investments	99	
Changes in proportion and differences between District contributions and proportionate share of contributions	65,055	1,065
District contributions subsequent to the measurement date	66,321	
Total	<u>\$ 476,983</u>	<u>\$ 735,349</u>

\$66,321 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2023	\$ (77,311)
2024	(73,042)
2025	(56,793)
2026	(73,067)
2027	(44,474)
Total	<u>\$ (324,687)</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:

## South Tippah School District

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

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

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

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

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

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

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

## South Tippah School District

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

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

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

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 2,345,536	\$ 2,119,096	\$ 1,926,021

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,962,831	\$ 2,119,096	\$ 2,295,937

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

## Note 10 - Risk Management

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

### Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers'

## **South Tippah School District**

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

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

#### **Note 11 - Contingencies**

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

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

#### **Note 12 - 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.

## South Tippah School District

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

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.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$1,730,346. The amount accumulated in the sinking fund at the end of the fourteen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2023	\$	145,000
2024		145,000
Total	\$	290,000

### Note 13 - Prior Period Adjustments

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

#### Exhibit B - Statement of Activities

<u>Explanation(s)</u>		Amount
To clear out payables from prior year.	\$	46,460
To adjust prior year assets and liabilities.		(38,752)
To implement GASB 87 standards.		165,635
Adjustments were made to properly present capital assets at fiscal year end.		19,323
To adjust prior year prepaid items.		(68,944)
Adjustments were made to correctly present leases due to the implementation of GASB 87.		(165,635)
Total	\$	(41,913)



## South Tippah School District

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

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

Fund	Explanation	Amount
General Fund	To clear out payables from prior year.	\$ 46,460
General Fund	To adjust prior year assets and liabilities.	(38,752)
General Fund	Adjustments were made to correctly present leases due to the implementation of GASB 87.	165,635
Total		<u>\$ 173,343</u>

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

The unrestricted net position amount of (\$36,085,953) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,666,485 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 \$3,642,032 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$36,085,953) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$10,402,156 balance of deferred inflow of resources related to pensions, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$36,085,953) 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 \$66,321 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 \$410,662 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$36,085,953) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$735,349 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

## **South Tippah School District**

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

### **Note 15 - Alternative School Consortium**

The school district entered into an Alternative School Agreement dated March 20, 1996 and revised October 1999, creating the New Albany, South Tippah, Union County Behavioral Management School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the New Albany School District, the South Tippah School District and the Union County School District.

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

The New Albany Public School District, has been designated as the lead school district for the New Albany, South Tippah, Union County Behavioral Management School, and the operations of the consortium are included in its financial statements.

### **Note 16 - Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated August 24, 1981, creating the North and South Tippah County Vocational-Technical Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and was approved by the Mississippi Department of Education. The center includes the North Tippah School District and the South Tippah School District. The name of the center has been changed to the Tippah Career and Technology Center.

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

The South Tippah School District has been designated as the fiscal agent for the Tippah Career and Technology Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures, and Changes in Fund Balance is presented to detail the financial activity of the Tippah Career and Technology Center.

## South Tippah School District

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

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

##### Revenues

###### Local sources:

Taxes	\$	313,457
Interest		618
Total Local sources		<u>314,075</u>

###### State sources

Mississippi Adequate Education Program	184,308
Vocational Salary Reimbursement	<u>241,732</u>
Total State Sources	<u>426,040</u>
Total Revenues	<u>740,115</u>

##### Expenditures

Salaries	522,080
Employee benefits	181,081
Purchased professional and technical services	53,470
Other purchased services	48,363
Supplies	15,957
Property	16,834
Other	375
Total Expenditures	<u>838,160</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>(98,045)</u>
---	-----------------

##### Other Financing Sources/Uses:

Transfers out	<u>(90,224)</u>
Total Other Financing Sources/Uses	<u>(90,224)</u>
Net Change in Fund Balance	<u>(188,269)</u>

##### Fund Balance:

July 1, 2021	<u>221,735</u>
June 30, 2022	<u>\$ <u>33,466</u></u>

## Note 17 - Other Matters

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

## **South Tippah School District**

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

### **Note 18 - 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 South Tippah School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent event has occurred requiring disclosure in the notes to the financial statement:

On August 23, 2023, the school board approved of the purchase of three regular route buses and one special needs bus for a total quoted price of \$508,870. The buses will be purchased with a three mill loan in the amount of \$1.2 million that's expected to be funded in September of 2023.

## REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH TIPPAH 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	\$ 6,814,644	5,168,317	\$ 5,168,317	\$ (1,646,327)	\$ -
Intermediate sources	-	2,000	2,000	2,000	-
State sources	16,066,994	16,257,256	16,257,256	190,262	-
Federal sources	232,000	710,466	710,466	478,466	-
Total Revenues	23,113,638	22,138,039	22,138,039	(975,599)	-
<b>Expenditures:</b>					
Instruction	13,810,365	14,179,802	14,179,802	(369,437)	-
Support services	8,269,796	7,624,326	7,729,727	645,470	(105,401)
Noninstructional services	432,700	207,238	207,238	225,462	-
Facilities acquisition and construction		9,580	9,580	(9,580)	-
Debt service:					
Principal	57,947	56,874	110,112	1,073	(53,238)
Interest	-		6,996	-	(6,996)
Total Expenditures	22,570,808	22,077,820	22,243,455	492,988	(165,635)
Excess (Deficiency) of Revenues over (under) Expenditures	542,830	60,219	(105,416)	(482,611)	(165,635)
<b>Other Financing Sources (Uses):</b>					
Sale of transportation equipment		4,713	4,713	4,713	-
Operating transfers in	254,013	1,439,695	532,374	1,185,682	(907,321)
Operating transfers out	(254,013)	(1,481,992)	(413,521)	(1,227,979)	1,068,471
Total Other Financing Sources (Uses)	-	(37,584)	123,566	(37,584)	161,150
Net Change in Fund Balances	542,830	22,635	18,150	(520,195)	(4,485)
<b>Fund Balances:</b>					
July 1, 2021, as previously reported	3,675,905	3,675,905	3,658,079	-	(17,826)
Prior period adjustments		46,460	173,343	46,460	126,883
July 1, 2021, as restated	3,675,905	3,722,365	3,831,422	46,460	109,057
June 30, 2022	\$ 4,218,735	\$ 3,745,000	\$ 3,849,572	\$ (473,735)	\$ 104,572

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

**SOUTH TIPPAH SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**School Food Service 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	\$ 286,650	\$ 59,993	\$ 59,993	\$ (226,657)	\$ -
State sources	29,000	32,606	32,606	3,606	-
Federal sources	1,441,500	2,476,465	2,476,465	1,034,965	-
Total Revenues	1,757,150	2,569,064	2,569,064	811,914	-
<b>Expenditures:</b>					
Support services	219,484	229,306	229,225	(9,822)	81
Noninstructional services	1,462,895	1,673,577	1,635,753	(210,682)	37,824
Total Expenditures	1,682,379	1,902,883	1,864,978	(220,504)	37,905
Excess (Deficiency) of Revenues over (under) Expenditures	74,771	666,181	704,086	591,410	37,905
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	-	(127,097)	(127,097)	(127,097)	-
Total Other Financing Sources (Uses)	-	(127,097)	(127,097)	(127,097)	-
Net Change in Fund Balances	74,771	539,084	576,989	464,313	37,905
Fund Balances:					
July 1, 2021	444,339	444,339	444,339	-	-
Increase (Decrease) in inventory	-	10,145	10,145	10,145	-
June 30, 2022	\$ 519,110	\$ 993,568	\$ 1,031,473	\$ 474,458	\$ 37,905

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

**SOUTH TIPPAAH SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 5,632,290	\$ 5,723,819	\$ 1,031,534	\$ 91,529	\$ (4,692,285)
Total Revenues	5,632,290	5,723,819	1,031,534	91,529	(4,692,285)
<b>Expenditures:</b>					
Instruction	1,919,741	1,613,919	479,330	305,822	1,134,589
Support services	50,000	218,551	135,356	(168,551)	83,195
Noninstructional services	-	65,000	22,488	(65,000)	42,512
Facilities acquisition and construction	3,454,275	1,513,680	289,329	1,940,595	1,224,351
Total Expenditures	5,424,016	3,411,150	926,503	2,012,866	2,484,647
Excess (Deficiency) of Revenues over (under) Expenditures	208,274	2,312,669	105,031	2,104,395	(2,207,638)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-		137,700	-	137,700
Operating transfers out	(208,274)	(400,634)	(242,731)	(192,360)	157,903
Total Other Financing Sources (Uses)	(208,274)	(400,634)	(105,031)	(192,360)	295,603
Net Change in Fund Balances	-	1,912,035	-	1,912,035	(1,912,035)
Fund Balances:					
July 1, 2021				-	-
June 30, 2022	\$ -	\$ 1,912,035	\$ -	\$ 1,912,035	\$ (1,912,035)

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



**South Tippah School District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.225644%	0.228121%	0.222449%	0.218708%	0.216599%	0.216317%	0.208027%	0.203408%
District's proportionate share of the net pension liability	\$ 33,351,169	44,161,574	39,133,168	36,377,638	36,006,105	38,639,618	32,156,872	24,690,007
District's covered payroll	15,003,011	15,190,069	13,113,707	13,966,603	13,894,921	13,838,324	12,996,343	12,429,257
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**South Tippah School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,666,485	2,610,524	2,643,072	2,281,785	2,199,740	2,188,450	2,179,536	2,046,924
Contributions in relation to the contractually required contribution	2,666,485	2,610,524	2,643,072	2,281,785	2,199,740	2,188,450	2,179,536	2,046,924
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-
District's covered payroll	15,324,626	15,003,011	15,190,069	14,487,524	13,966,603	13,894,921	13,838,324	12,996,343
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**South Tippah School District**

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

## OPEB

## Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.32921472%	0.32409620%	0.32428654%	0.32200323%	0.32041112%
District's proportionate share of the net OPEB liability	\$ 2,119,096	2,522,143	2,751,704	2,490,856	2,513,974
District's covered - employee payroll	15,651,520	15,619,350	14,850,462	14,563,987	14,395,190
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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).

**South Tippah School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	
Actuarially determined contribution	\$ 66,321	85,174	100,583	110,297	107,174	**
Contributions in relation to the actuarially determined contribution	66,321	85,174	100,583	110,297	107,174	**
Contribution deficiency (excess)	\$ -	-	-	-	-	
District's covered - employee payroll	15,324,626	15,003,011	14,004,425	14,979,385	14,565,531	
Contributions as a percentage of covered - employee payroll	0.43%	0.57%	0.72%	0.74%	0.74%	

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 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 reports.

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

## South Tippah School District

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

#### Budgetary Comparison Schedules

##### (1) Basis of Presentation

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

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

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

#### Pension Schedules

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

###### 2015:

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

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

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

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

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

###### 2016:

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

###### 2017:

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

## South Tippah School District

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

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 females 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%.

## South Tippah School District

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

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.

## South Tippah School District

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

#### 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 deductions and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

#### 2021:

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

### (3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*

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

Actuarial cost method

Entry age

Amortization method

Level dollar



## South Tippah School District

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

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

## SUPPLEMENTARY INFORMATION

**SOUTH TIPPAH SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	225MS326N1099	10.553	\$ 662,350
National School Lunch Program	225MS326N1099	10.555	1,773,113
Summer Food Service Program for Children	225MS326N1099	10.559	41,002
Total Child Nutrition Cluster			2,476,465
Total passed-through the Mississippi Department of Education			2,476,465
<b>Total U.S. Department of Agriculture</b>			<b>2,476,465</b>
<b><u>U. S. Department of Transportation</u></b>			
Passed-through the Mississippi Department of Transportation:			
Highway Planning and Construction	N/A	20.205	8,050
Total passed-through the Mississippi Department of Transportation			8,050
<b>Total U.S. Department of Transportation</b>			<b>8,050</b>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	H126A200034	84.126	94,351
Total passed-through the Mississippi Department of Rehabilitation Services			94,351
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A210024	84.010	948,615
Career and Technical Education - Basic Grants to States	V048A210024	84.048	26,554
Rural Education	S358B210024	84.358	68,164
English Language Acquisition Grants	S365A210024	84.365A	22,959
Supporting Effective Instruction State Grants	S367A210023	84.367A	119,483
School Improvement Grant	S377A160025	84.377A	11,260
Student Support and Academic Enrichment Program	S424A210025	84.424A	42,707
Subtotal			1,239,742
Special Education Cluster:			
Special Education - Grants to States	H027A210108	84.027	739,717
COVID-19 - IDEA, Part B ARP Grant	H027X210108	84.027X	128,116
Special Education - Preschool Grants	H173A210113	84.173	18,195
COVID-19 - IDEA, Part B Preschool ARP Grant	H173X210113	84.173X	11,336
Total Special Education Cluster			897,364
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D210031	84.425D	1,068,581
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U210031	84.425U	1,169,234
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			2,237,815
Total passed-through the Mississippi Department of Education			4,374,921
<b>Total U.S. Department of Education</b>			<b>4,469,272</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1905MS5ADM	93.778	10,700
Total passed-through the Mississippi Department of Education			10,700
<b>Total U.S. Department of Health and Human Services</b>			<b>10,700</b>
<b><u>Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	04-19-04MSDI00	96.001	322
Total passed-through the Mississippi Department of Rehabilitation Services			322
<b>Total Social Security Administration</b>			<b>322</b>
Total for All Federal Awards			\$ 6,964,809

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

## South Tippah School District

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

#### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$157,176 are included in the National School Lunch Program.

(5) The pass-through entity identifying number for Assistance Listing Number 20.205 was not available.

**SOUTH TIPPAAH SCHOOL DISTRICT**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	21,350,940	16,593,491	1,040,618	1,384,695	2,332,136
Other	8,790,155	3,306,438	238,201	65,046	5,180,470
Total \$	<u>30,141,095</u>	<u>19,899,929</u>	<u>1,278,819</u>	<u>1,449,741</u>	<u>7,512,606</u>
Total number of students *	<u>2,249</u>				
Cost per student \$	<u>13,402</u>	<u>8,848</u>	<u>569</u>	<u>645</u>	<u>3,340</u>

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

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

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

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

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

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

## OTHER INFORMATION

**SOUTH TIPPAH SCHOOL DISTRICT**

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

## General Fund

## Last Four Years

**"UNAUDITED"**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 5,168,317	5,179,325	5,059,288	5,137,051
Intermediate sources	2,000	-	-	-
State sources	16,257,256	15,675,310	15,860,876	15,072,150
Federal sources	710,466	143,703	73,858	276,070
Total Revenues	<u>22,138,039</u>	<u>20,998,338</u>	<u>20,994,022</u>	<u>20,485,271</u>
<b>Expenditures:</b>				
Instruction	14,179,802	12,884,069	13,412,790	12,741,407
Support services	7,729,727	7,338,655	7,449,582	7,913,726
Noninstructional services	207,238	140,775	283,641	348,806
Facilities acquisition and construction	9,580	4,717	-	37,218
Debt Service:				
Principal	110,112	-	53,655	-
Interest	6,996	-	5,366	-
Total Expenditures	<u>22,243,455</u>	<u>20,368,216</u>	<u>21,205,034</u>	<u>21,041,157</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(105,416)</u>	<u>630,122</u>	<u>(211,012)</u>	<u>(555,886)</u>
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	-	-	-	268,275
Insurance recovery	-	2,948	-	-
Sale of transportation equipment	4,713	-	-	3,454
Sale of other property	-	-	2,354	-
Operating transfers in	532,374	118,211	709	522
Operating transfers out	(413,521)	(117,172)	(28,936)	(370,028)
Total Other Financing Sources (Uses)	<u>123,566</u>	<u>3,987</u>	<u>(25,873)</u>	<u>(97,777)</u>
Net Change in Fund Balances	18,150	634,109	(236,885)	(653,663)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,658,079	3,005,253	3,242,519	3,896,182
Prior period adjustment	173,343	18,717	(381)	-
Beginning of period, as restated	<u>3,831,422</u>	<u>3,023,970</u>	<u>3,242,138</u>	<u>3,896,182</u>
End of period	<u>\$ 3,849,572</u>	<u>3,658,079</u>	<u>3,005,253</u>	<u>3,242,519</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**SOUTH TIPPAH SCHOOL DISTRICT**

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

"UNAUDITED"

## All Governmental Funds

## Last Four Years

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 5,824,874	5,846,965	5,753,366	5,982,795
Intermediate sources	2,000	-	-	-
State sources	17,101,298	16,910,887	16,912,675	16,068,796
Federal sources	7,482,768	5,642,134	3,493,304	3,639,137
Total Revenues	<u>30,410,940</u>	<u>28,399,986</u>	<u>26,159,345</u>	<u>25,690,728</u>
<b>Expenditures:</b>				
Instruction	17,283,597	15,884,347	15,783,718	14,910,885
Support services	9,822,223	9,529,094	8,662,886	9,173,008
Noninstructional services	1,896,925	1,526,893	1,694,421	1,812,251
Facilities acquisition and construction	836,689	488,580	514,102	3,430,280
Debt service:				
Principal	246,355	136,952	134,162	193,705
Interest	52,806	30,405	34,269	4,576
Other	2,500	2,500	2,500	2,500
Total Expenditures	<u>30,141,095</u>	<u>27,598,771</u>	<u>26,826,058</u>	<u>29,527,205</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>269,845</u>	<u>801,215</u>	<u>(666,713)</u>	<u>(3,836,477)</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	750,000	-	750,000
Capital leases issued	-	-	-	268,275
Leases issued	4,913	-	-	-
Insurance recovery	-	2,948	-	2,070,927
Payment held by QSCB escrow agent	97,441	116,194	116,880	130,847
Payment to QSCB escrow agent	(97,441)	(116,194)	(116,880)	(130,847)
Sale of transportation equipment	4,713	-	-	3,454
Sale of other property	-	-	2,905	-
Operating transfers in	973,470	408,297	306,360	394,527
Operating transfers out	(973,470)	(408,297)	(306,360)	(394,527)
Total Other Financing Sources (Uses)	<u>9,626</u>	<u>752,948</u>	<u>2,905</u>	<u>3,092,656</u>
Net Change in Fund Balances	279,471	1,554,163	(663,808)	(743,821)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	6,590,511	5,064,876	5,678,610	6,414,939
Prior period adjustments	173,343	18,717	(1,213)	-
Beginning of period, as restated	<u>6,763,854</u>	<u>5,083,593</u>	<u>5,677,397</u>	<u>6,414,939</u>
Increase (Decrease) in inventory	10,145	(47,245)	51,287	7,492
End of period	<u>\$ 7,053,470</u>	<u>6,590,511</u>	<u>5,064,876</u>	<u>5,678,610</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
South Tippah 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 South Tippah School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the South Tippah School District's basic financial statements, and have issued our report thereon dated August 30, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
August 30, 2023

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
South Tippah School District

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

**Opinion on Each Major Federal Program**

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

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
August 30, 2023

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
South Tippah School District

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

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.



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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
August 30, 2023

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## South Tippah School District

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

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

##### Financial Statements:

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

##### Federal Awards:

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
--------------------------------	------------------------------------

84.010	Title I Grants to Local Educational Agencies
84.425D*	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U*	COVID-19 -American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)

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

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in

accordance with 2 CFR 200.511(b). No.

## Section II: Financial Statements Findings

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

## Section III: Federal Awards Findings and Questioned Costs

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