



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.

WEBSTER COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2022

WEBSTER COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	47
Budgetary Comparison Schedule – General Fund	48
Budgetary Comparison Schedule – ESSER II Fund	49
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of the District Contributions (PERS)	51
Schedule of the District's Proportionate Share of the Net OPEB Liability	52
Schedule of District Contributions (OPEB)	53
Notes to the Required Supplementary Information	54
SUPPLEMENTARY INFORMATION	58
Schedule of Expenditures of Federal Awards	59
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	61
OTHER INFORMATION	62
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	63
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	64
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	65
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>	66
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	68
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	70
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	72
AUDITEE'S CORRECTIVE ACTION PLAN	77

INDEPENDENT AUDITOR'S REPORT



346 Sundial Road  
Madison, MS 39110  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpapllc.com](mailto:barrymckenzie@mckenziecpapllc.com)

## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Webster County School District

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

#### ***Qualified and Unmodified Opinions***

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

#### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
ESSER II Fund	Unmodified
Limited Tax 2016 Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

#### **Qualified Opinion on Governmental Activities**

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Governmental Activities of Webster County School District as of June 30, 2022, and the changes in the financial position thereof for the year ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Unmodified Opinions on the General Fund, ESSER II Fund, Limited Tax 2016 Fund, and the Aggregate Remaining Fund Information**

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

#### **Basis for Qualified and Unmodified Opinions**

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

### *Matter Giving Rise to Qualified Opinion on the Governmental Activities*

The Webster County School District did not properly reconcile and verify the entries in the accounting software and the related presentation on the financial statements of the Capital Assets that have a material effect on assets for governmental activities. Due to the unreconciled and misstated amounts in this matter with the Webster County School District's records, we were unable to satisfy ourselves as to the fair presentation of the capital assets.

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB), be presented to supplement the basic financial statements. Such information is the responsibility of

management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, on our consideration of the Webster County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Webster County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC  
Madison, Mississippi  
April 15, 2024

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".

## MANAGEMENT'S DISCUSSION AND ANALYSIS



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

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

## FINANCIAL HIGHLIGHTS

- Total net position for 2022 increased \$2,590,442, including a prior period adjustment of \$49,694, which represents a 66% increase from fiscal year 2021. Total net position for 2021 decreased \$951,769, including a prior period adjustment of (\$87,681), which represents a 32% decrease from fiscal year 2020.
- General revenues amounted to \$13,829,048 and \$13,429,991, or 69% and 71% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,180,417, or 31% of total revenues for 2022, and \$5,354,929, or 29% of total revenues for 2021.
- The District had \$17,468,717 and \$19,649,008 in expenses for fiscal years 2022 and 2021; only \$6,180,417 for 2022 and \$5,354,929 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$13,829,048 for 2022 were adequate to provide for these programs and \$13,429,991 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$14,391,786 in revenues and \$13,798,698 in expenditures for 2022, and \$13,587,850 in revenues and \$13,292,066 in expenditures for 2021. The General Fund's fund balance increased by \$79,928, including a prior period adjustment of \$60,891, from 2021 to 2022, and decreased by \$246,646, which includes a prior period adjustment of (\$57,752), from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$1,520,059, including a prior period adjustment of \$24,244, for 2022 and decreased by \$65,051 for 2021. The increase for 2022 was due primarily to the additions to construction in progress, building improvements, improvements other than buildings, and furniture and equipment.
- Long-term debt, including compensated absences, decreased by \$79,855, including a prior period adjustment of \$29,655, for 2022 and increased by \$37,828 for 2021. The decrease for 2022 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$23,644 for 2022 and increased by \$22,649 for 2021.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

Bond and note proceeds result in liabilities on government-wide financial statements, but are

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded Assets and deferred outflows of resources by \$1,333,008 as of June 30, 2022.

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

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

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

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Current assets	\$ 7,425,710	\$ 5,759,635	28.93 %
Restricted assets	1,121,325	1,021,208	9.80 %
Capital assets, net	18,497,788	16,977,729	8.95 %
<b>Total assets</b>	<b><u>27,044,823</u></b>	<b><u>23,758,572</u></b>	<b>13.83 %</b>
 <b>Deferred outflows of resources</b>	 <b><u>5,479,764</u></b>	 <b><u>4,878,918</u></b>	 <b>12.32 %</b>
 Current liabilities	 1,809,115	 1,146,808	 57.75 %
Long-term debt outstanding	2,073,013	2,152,868	(3.71) %
Net OPEB liability	1,374,124	1,549,258	(11.30) %
Net pension liability	21,325,954	26,925,627	(20.80) %
<b>Total liabilities</b>	<b><u>26,582,206</u></b>	<b><u>31,774,561</u></b>	<b>(16.34) %</b>
 <b>Deferred inflows of resources</b>	 <b><u>7,275,389</u></b>	 <b><u>786,379</u></b>	 <b>825.18 %</b>
 <b>Net position:</b>			
Net investment in capital assets	16,601,348	15,024,729	10.49 %
Restricted	2,747,554	1,656,119	65.90 %
Unrestricted	(20,681,910)	(20,604,298)	(0.38) %
<b>Total net position (deficit)</b>	<b><u>\$ (1,333,008)</u></b>	<b><u>\$ (3,923,450)</u></b>	<b>66.02 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (20,681,910)
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	24,172,294
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 3,490,384</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 \$1,520,059.
- The principal retirement of \$109,510 of long-term debt.

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

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$20,009,465 and \$18,784,920, respectively. The total cost of all programs and services was \$17,468,717 for 2022 and \$19,649,008 for 2021.

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

**Table 2  
Changes in Net Position**

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change	
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 793,030	\$ 559,071	41.85	%
Operating grants and contributions	5,387,387	4,395,572	22.56	%
Capital grants and contributions		400,286	(100.00)	%
General revenues:				
Property taxes	3,081,877	3,175,716	(2.95)	%
Grants and contributions not restricted	10,238,146	9,874,342	3.68	%
Investment earnings	56,304	60,379	(6.75)	%
Sixteenth section	279,043	169,399	64.73	%
Other	173,678	150,155	15.67	%
<b>Total revenues</b>	<b>20,009,465</b>	<b>18,784,920</b>	<b>6.52</b>	<b>%</b>
<b>Expenses:</b>				
Instruction	9,240,243	10,467,137	(11.72)	%
Support services	5,463,251	5,312,925	2.83	%
Non-instructional	1,114,612	978,201	13.95	%
Sixteenth section	304	16,820	(98.19)	%
Pension expense	1,603,586	2,738,417	(41.44)	%
OPEB expense	(52,581)	37,454	(240.39)	%
Interest on long-term liabilities	99,302	98,054	1.27	%
<b>Total expenses</b>	<b>17,468,717</b>	<b>19,649,008</b>	<b>(11.10)</b>	<b>%</b>
<b>Increase (Decrease) in net position</b>	<b>2,540,748</b>	<b>(864,088)</b>	<b>394.04</b>	<b>%</b>
<b>Net Position (Deficit), July 1, as previously reported</b>	<b>(3,923,450)</b>	<b>(2,971,681)</b>	<b>(32.03)</b>	<b>%</b>
<b>Prior Period Adjustment</b>	<b>49,694</b>	<b>(87,681)</b>	<b>156.68</b>	<b>%</b>
<b>Net Position (Deficit), July 1, as restated</b>	<b>(3,873,756)</b>	<b>(3,059,362)</b>	<b>(26.62)</b>	<b>%</b>
<b>Net Position (Deficit), June 30</b>	<b>\$ (1,333,008)</b>	<b>\$ (3,923,450)</b>	<b>66.02</b>	<b>%</b>

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

**Governmental activities**

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

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

	<b>Total Expenses</b>		<b>Percentage</b>
	<b>2022</b>	<b>2021</b>	<b>Change</b>
Instruction	\$ 9,240,243	\$ 10,467,137	(11.72) %
Support services	5,463,251	5,312,925	2.83 %
Non-instructional	1,114,612	978,201	13.95 %
Sixteenth section	304	16,820	(98.19) %
Pension Expense	1,603,586	2,738,417	(41.44) %
OPEB Expense	(52,581)	37,454	(240.39) %
Interest on long-term liabilities	99,302	98,054	1.27 %
<b>Total expenses</b>	<b>\$ 17,468,717</b>	<b>\$ 19,649,008</b>	<b>(11.10) %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage</b>
	<b>2022</b>	<b>2021</b>	<b>Change</b>
Instruction	\$ (6,505,332)	\$ (7,542,584)	13.75 %
Support services	(3,598,961)	(4,227,352)	14.86 %
Non-instructional	432,059	275,547	56.80 %
Sixteenth section	34,241	(9,956)	443.92 %
Pension Expense	(1,603,586)	(2,738,417)	41.44 %
OPEB Expense	52,581	(37,454)	240.39 %
Interest on long-term liabilities	(99,302)	(13,863)	(616.31) %
<b>Total net (expense) revenue</b>	<b>\$ (11,288,300)</b>	<b>\$ (14,294,079)</b>	<b>21.03 %</b>

- Net cost of governmental activities (\$11,288,300 for 2022 and \$14,294,079 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$3,081,877 for 2022 and \$3,175,716 for 2021) and state and federal revenues (\$10,238,146 for 2022 and \$9,874,342 for 2021). In addition, there was \$279,043 and \$169,399 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$56,304 for 2022 and \$60,379 for 2021.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6,454,762, an increase of \$785,512, which includes a prior period adjustment of \$59,989 and an increase in inventory of \$10,597. \$3,661,721, or 57% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$2,793,041, or 43% is either non-spendable, 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 \$79,928, which includes a prior period adjustment of \$60,891. The fund balance of Other Governmental Funds showed a decrease in the amount of \$407,397, which includes a prior period adjustment of (\$1,103,137) and an increase in inventory of \$10,597. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
ESSER II Fund	no increase or decrease
Limited Tax 2016 Fund	\$ 1,112,981

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2022, the District's total capital assets were \$29,437,851, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment and intangible assets. This amount represents an increase of \$2,114,020 from 2021. Total accumulated depreciation as of June 30, 2022, was \$10,940,063, and total depreciation expense for the year was \$735,651, resulting in total net capital assets of \$18,497,788.

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

	June 30, 2022	June 30, 2021	Percentage Change
Land	\$ 225,028	\$ 225,028	- %
Construction in Progress	916,469		N/A
Buildings	13,135,097	13,447,681	(2.32) %
Building improvements	2,339,138	1,134,509	106.18 %
Improvements other than buildings	880,099	769,495	14.37 %
Mobile equipment	877,716	1,022,832	(14.19) %
Furniture and equipment	105,834	378,184	(72.02) %
Intangible assets	18,407		N/A
<b>Total</b>	<b>\$ 18,497,788</b>	<b>\$ 16,977,729</b>	8.95 %

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

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

**Debt Administration.** At June 30, 2022, the District had \$2,073,013 in outstanding long-term debt, of which \$93,48 is due within one year. During the fiscal year, the District made principal payments totaling \$85,866 on outstanding long-term debt. The liability for compensated absences decreased \$23,644 from the prior year.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Shortfall notes payable	\$ 10,292	\$ 15,179	(32.20) %
Three mill notes payable	383,000	453,000	(15.45) %
Lease obligations payable	18,676		N/A
Qualified school construction bonds payable	1,500,000	1,500,000	0.00 %
Compensated absences payable	161,045	184,689	(12.80) %
<b>Total</b>	<b><u>\$ 2,073,013</u></b>	<b><u>\$ 2,152,868</u></b>	<b><u>(3.71) %</u></b>

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

## CURRENT ISSUES

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

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

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Webster County School District, 107 West Main Street, Webster County, MS 38824.



## FINANCIAL STATEMENTS

**WEBSTER COUNTY SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,900,386
Due from other governments	1,154,897
Accrued interest receivable	2,320
Other receivables, net	6,103
Lease receivable	286,405
Inventories	75,599
Restricted assets	1,121,325
Capital assets, non-depreciable:	
Land	225,028
Construction in progress	916,469
Capital assets, net of accumulated depreciation:	
Buildings	13,135,097
Building improvements	2,339,138
Improvements other than buildings	880,099
Mobile equipment	877,716
Furniture and equipment	105,834
Intangible assets	18,407
Total Assets	<u>27,044,823</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	5,070,042
Deferred outflows - OPEB	409,722
Total Deferred Outflows of Resources	<u>5,479,764</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,760,495
Unearned revenue	3,133
Interest payable on long-term liabilities	45,487
Long-term liabilities, due within one year:	
Lease payable	8,349
Capital related liabilities	72,000
Non-capital related liabilities	13,109
Net OPEB liability	53,422
Long-term liabilities, due beyond one year:	
Lease payable	10,327
Capital related liabilities	1,811,000
Non-capital related liabilities	158,228
Net pension liability	21,325,954
Net OPEB liability	1,320,702
Total Liabilities	<u>26,582,206</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	6,459,875
Deferred inflows - OPEB	492,104
Deferred inflows - leases	323,410
Total Deferred Inflows of Resources	<u>7,275,389</u>
<b>Net Position</b>	
Net investment in capital assets	16,601,348
Restricted for:	
Expendable:	
School-based activities	1,294,164
Debt service	1,280,960
Forestry improvements	118,731
Unemployment benefits	41,887
Non-expendable:	
Sixteenth section	11,812
Unrestricted	(20,681,910)
Total Net Position (deficit)	<u>\$ (1,333,008)</u>

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

**WEBSTER COUNTY SCHOOL DISTRICT**

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

**Exhibit B**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 9,240,243	\$ 624,514	\$ 2,110,397	-	\$ (6,505,332)
Support services	5,463,251	39,793	1,824,497	-	(3,598,961)
Non-instructional	1,114,612	94,178	1,452,493	-	432,059
Sixteenth section	304	34,545	-	-	34,241
Pension expense	1,603,586	-	-	-	(1,603,586)
OPEB expense	(52,581)	-	-	-	52,581
Interest on long-term liabilities	99,302	-	-	-	(99,302)
Total Governmental Activities	\$ 17,468,717	\$ 793,030	\$ 5,387,387	-	\$ (11,288,300)

General Revenues:

Taxes:

General purpose levies 2,989,415

Debt purpose levies 92,462

Unrestricted grants and contributions:

State 9,815,306

Federal 422,840

Unrestricted investment earnings 56,304

Sixteenth section sources 279,043

Other 173,678

Total General Revenues 13,829,048

Change in Net Position 2,540,748

Net Position (deficit) - Beginning, as previously reported (3,923,450)

Prior Period Adjustments 49,694

Net Position (deficit) - Beginning, as restated (3,873,756)

Net Position (deficit) - Ending \$ (1,333,008)

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

**WEBSTER COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit C**

	Major Funds			Other	Total
	General	ESSER II	Limited Tax	Governmental	Governmental
	Fund	Fund	2016 Fund	Funds	Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 4,636,602	\$	\$	\$ 1,274,448	\$ 5,911,050
Cash with fiscal agents	-		112,161		112,161
Investments			998,500		998,500
Due from other governments	258,019	545,416		346,227	1,149,662
Accrued interest receivable			2,320		2,320
Other receivables, net	6,103				6,103
Lease receivable	286,405				286,405
Due from other funds	254,106			139,501	393,607
Inventories				75,599	75,599
Total assets	\$ 5,441,235	\$ 545,416	\$ 1,112,981	\$ 1,835,775	\$ 8,935,407
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,062,628	\$ 528,021	\$	\$ 169,846	\$ 1,760,495
Due to other funds	22,068	17,395		354,144	393,607
Unavailable revenue - federal programs				3,133	3,133
Total Liabilities	1,084,696	545,416	-	527,123	2,157,235
<b>Deferred Inflows Resources</b>					
Leases	323,410				323,410
Total deferred inflows of resources	323,410	-	-	-	323,410
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory				75,599	75,599
Permanent fund principal				11,812	11,812
<b>Restricted:</b>					
Debt service			1,112,981	213,466	1,326,447
Forestry improvement purposes				118,731	118,731
Grant activities				847,157	847,157
Unemployment benefits				41,887	41,887
<b>Assigned:</b>					
Activity funds	371,408				371,408
<b>Unassigned</b>					
	3,661,721				3,661,721
Total Fund Balances	4,033,129	-	1,112,981	1,308,652	6,454,762
Total Liabilities, deferred inflows of resources, and Fund Balances	\$ 5,441,235	\$ 545,416	\$ 1,112,981	\$ 1,835,775	\$ 8,935,407

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

**WEBSTER COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position    Exhibit C-1**  
**June 30, 2022**

**Total fund balances for governmental funds** \$ 6,454,762

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	\$ 225,028	
Construction in progress	916,469	
Buildings	20,431,444	
Building improvements	3,010,583	
Improvements other than buildings	1,449,501	
Mobile equipment	2,634,671	
Furniture and equipment	740,500	
Intangible assets	29,655	
Accumulated depreciation	<u>(10,940,063)</u>	18,497,788

2. Some of the district's revenues will be collected after year-end but represents a shortfall for financial obligations for the current year. These amounts are recorded as a receivable in the statement of net position.

5,235

3. 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 (21,325,954)

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	5,070,042	
Deferred inflows of resources related to pensions	<u>(6,459,875)</u>	(22,715,787)

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

Net OPEB liability (1,374,124)

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	409,722	
Deferred inflows of resources related to OPEB	<u>(492,104)</u>	(1,456,506)

5. 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	(1,500,000)	
Notes payable	(393,292)	
Lease obligations payable	(18,676)	
Compensated absences	(161,045)	
Accrued interest payable	<u>(45,487)</u>	(2,118,500)

**Net Position of governmental activities** **\$ (1,333,008)**

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

**WEBSTER COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

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

	Major Funds			Other	Total
	General	ESSER II	Limited Tax	Governmental	Governmental
	Fund	Fund	2016 Fund	Funds	Funds
<b>Revenues:</b>					
Local sources	\$ 3,803,236	\$	\$ 21,349	\$ 191,046	\$ 4,015,631
State sources	9,804,162			783,707	10,587,869
Federal sources	493,763	846,998		3,699,400	5,040,161
Sixteenth section sources	290,625			35,386	326,011
Total Revenues	14,391,786	846,998	21,349	4,709,539	19,969,672
<b>Expenditures:</b>					
Instruction	9,211,369	107,217		2,013,470	11,332,056
Support services	4,575,447	110,161		1,069,291	5,754,899
Noninstructional services				1,105,796	1,105,796
Sixteenth section				304	304
Facilities acquisition and construction		629,620		286,849	916,469
Debt service:					
Principal	10,979		-	74,887	85,866
Interest	903		86,850	8,896	96,649
Other			2,500		2,500
Total Expenditures	13,798,698	846,998	89,350	4,559,493	19,294,539
Excess (Deficiency) of Revenues over (under) Expenditures	593,088	-	(68,001)	150,046	675,133
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	39,793				39,793
Payments held by escrow agent			78,747		78,747
Payment of QSCB bond escrow agent				(78,747)	(78,747)
Operating transfers in	18,168			738,069	756,237
Operating transfers out	(632,012)			(124,225)	(756,237)
Total Other Financing Sources (Uses)	(574,051)	-	78,747	535,097	39,793
Net Change in Fund Balances	19,037	-	10,746	685,143	714,926
<b>Fund Balances:</b>					
July 1, 2021, as previously reported	3,953,201		-	1,716,049	5,669,250
Prior period adjustments	60,891		1,102,235	(1,103,137)	59,989
July 1, 2021, as restated	4,014,092	-	1,102,235	612,912	5,729,239
Increase (Decrease) in inventory				10,597	10,597
June 30, 2022	\$ 4,033,129	\$	\$ 1,112,981	\$ 1,308,652	\$ 6,454,762

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

**WEBSTER COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ 714,926**

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	\$ 2,232,194	
Depreciation expense	<u>(735,651)</u>	1,496,543

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.

(727)

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:

Payments of debt principal	85,866	
Accrued interest payable	<u>(153)</u>	85,713

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	(1,603,586)	
Contributions subsequent to the measurement date	<u>1,717,806</u>	114,220

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	52,581	
Contributions subsequent to the measurement date	<u>43,251</u>	95,832

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	23,644	
Change in inventory	<u>10,597</u>	34,241

**Change in Net Position of governmental activities** **\$ 2,540,748**

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

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

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

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



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

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

The school district reports the following major governmental funds:

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

ESSER II Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's ESSER II Fund.

Limited Tax 2016 Fund – This is a debt service fund that accounts for the repayment of the district's Limited Tax 2016 notes.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**D. Encumbrances**

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

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

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

**Cash and cash equivalents**

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

**Investments**

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

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

Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

(\*) The estimated useful life for each right to use asset (intangible asset) is the number of years of the lease which is represented by each right to use asset. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Deferred outflows/inflows of resources

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

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

See Note 15 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term liability in the

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

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 costs are reported as expenditures. See Note 7 for details.

11. Pensions

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

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Fund Balances

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

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

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

WEBSTER COUNTY 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. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 10% of general revenues.

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.

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

**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 district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**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 deposit 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 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 \$5,911,050.

*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 \$6,119,734 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 \$112,161.

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

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	4-5 years	\$ 998,500
Total			<u>\$ 998,500</u>

The district categorizes its fair value measurements 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:

- U.S Government Securities of \$998,500 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. As of June 30, 2022, the district did not have any investments to which this would apply.

*Concentration of Credit Risk.* Disclosure 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

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	\$ 17,395
	Other Governmental Funds	236,711
Other Governmental Funds	General Fund	22,068
	Other Governmental Funds	117,433
Total		<u>\$ 393,607</u>

All inter-fund loans from the General Fund were made to offset deficit cash balances.



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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 18,168
Other Governmental Funds	General Fund	632,012
	Other Governmental Funds	<u>106,057</u>
Total		<u>\$ 756,237</u>

Transfers in and out were for operating transfers between governmental funds.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$10,664 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represents the cash with fiscal agents and investment balance totaling \$112,161 and \$998,500, respectively, of the QSCB Bond Retirement Fund.

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

**Note 5 – Capital Assets**

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

	Balance 7/1/2021	Increases	Decreases	Adjustments	Balance 6/30/2022
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 225,028	\$	\$	\$	\$ 225,028
Construction in progress	-	916,469			916,469
Total non-depreciable capital assets	225,028	916,469	-		1,141,497
<u>Depreciable capital assets:</u>					
Buildings	20,320,151			111,293	20,431,444
Building improvements	1,655,105	1,203,351		152,127	3,010,583
Improvements other than buildings	1,283,605	86,460		79,436	1,449,501
Mobile equipment	2,645,035			(10,364)	2,634,671
Furniture and equipment	1,194,907	25,914	72,786	(407,535)	740,500
Intangible right to use equipment	-			29,655	29,655
Total depreciable capital assets	27,098,803	1,315,725	72,786	(45,388)	28,296,354
<u>Less accumulated depreciation for:</u>					
Buildings	6,872,470	358,071		65,806	7,296,347
Building improvements	520,596	120,423		30,426	671,445
Improvements other than buildings	514,110	56,866		(1,574)	569,402
Mobile equipment	1,622,203	124,475		10,277	1,756,955
Furniture and equipment	816,723	64,568	72,058	(174,567)	634,666
Intangible right to use equipment	-	11,248			11,248
Total accumulated depreciation	10,346,102	735,651	72,058	(69,632)	10,940,063
Total depreciable capital assets, net	16,752,701	580,074	728	24,244	17,356,291
Governmental activities capital assets, net	\$ 16,977,729	\$ 1,496,543	\$ 728	\$ 24,244	\$ 18,497,788
Total capital assets, net excluding intangible right to use assets					18,479,381
Intangible right to use assets, net					18,407
Total capital assets, net as reported in the statement of net position					18,497,788

Adjustments were made to present furniture and equipment during the fiscal year end. Please see **Finding 2022-001** for further details. Due to the material amounts related to **Finding 2022-001**, the presentation of the Capital Assets were not able to satisfy in our judgement that the Capital assets were presented fairly. Details related to the modified opinion can be found in our Basis for Qualified Opinion in the Independent Auditor's Report.

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

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 498,257
Support services	142,123
Non-instructional	95,271
Total depreciation expense	<u>\$ 735,651</u>

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

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
Elementary HVAC Replacements	\$ 629,620	\$ 2,246,715
Eupora High School Roof Project	286,849	624,404
<b>Total governmental activities</b>	<u>\$ 916,469</u>	<u>\$ 2,871,119</u>

Construction projects included in governmental activities are funded with Elementary and Secondary School Emergency Relief Grant and Elementary and Secondary School Emergency Relief Grant (ARP) ESSER funds.

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

**Note 6 – Leases**

**As Lessee:**

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

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

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

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

The school district, acting as lessee, has entered into fourteen (14) leases for equipment. Details of the Lease obligation can be found in Note 7.

**As Lessor:**

**Sixteenth Section Lands**

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal	Interest	Amount
2023	\$ 111,327	11,456	122,783
2024	105,600	7,003	112,603
2025	15,024	2,779	17,803
2026	10,053	2,178	12,231
2027	8,377	1,776	10,153
2028 - 2032	34,757	3,999	38,756
2033 - 2037	457	218	675
2038 - 2042	556	119	675
2040 - 2045	255	15	270
Total	<u>\$ 286,406</u>	<u>29,543</u>	<u>315,949</u>

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

**Note 7 – Long-term Liabilities**

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

		Balance 7/1/2021	Reductions	Adjustments	Balance 6/30/2022	Amounts due within one year
A.	Three mill notes payable	\$ 453,000	\$ 70,000	\$	\$ 383,000	\$ 72,000
B.	Shortfall notes payable	15,179	4,887		10,292	5,057
C.	Lease obligations payable		10,979	29,655	18,676	8,349
D.	Qualified school construction bonds payable	1,500,000			1,500,000	
E.	Compensated absences payable	184,689	23,644		161,045	8,052
	Total	\$ 2,152,868	\$ 109,510	\$ 29,655	2,073,013	\$ 93,458

Adjustments were made to properly present long-term debt during the fiscal year end.

**A. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note, Series 2016	1.87%	7/15/2016	7/15/2026	\$ 700,000	\$ 383,000
Total				\$ 700,000	\$ 383,000

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 72,000	\$ 7,162	\$ 79,162
2024	74,000	5,816	79,816
2025	76,000	4,432	80,432
2026	78,000	3,011	81,011
2027	83,000	1,552	84,552
Total	\$ 383,000	\$ 21,973	\$ 404,973

This debt will be retired from the District Maintenance Fund.

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

**B. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Revenue Shortfall Note, Series 2020	3.50%	8/20/2020	8/20/2023	\$ 15,179	\$ 10,292
Total				<u>\$ 15,179</u>	<u>\$ 10,292</u>

The amount outstanding is included in due from other governments on the Statement of Net Position.

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 5,057	\$ 360	\$ 5,417
2024	5,235	183	5,418
Total	<u>\$ 10,292</u>	<u>\$ 543</u>	<u>\$ 10,835</u>

**C. Lease obligations payable**

The school district has entered into a lease agreement as lessee:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier Agreements	3.25% - 5.5%	Multiple	10/12/2025	\$ 29,655	\$ 18,676
Total				<u>\$ 29,655</u>	<u>\$ 18,676</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 8,349	\$ 503	\$ 8,852
2024	6,076	246	6,322
2025	3,941	62	4,003
2026	310	2	312
Total	<u>\$ 18,676</u>	<u>\$ 813</u>	<u>\$ 19,489</u>

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

**D. Qualified school construction bonds payable**

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

	Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1	The Commercial Bank	5.79%	1/20/2011	12/1/2025	\$ 750,000	\$ 750,000
2	Bank of Kilmichael	5.79%	1/20/2011	12/1/2025	750,000	750,000
	Total				<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$	86,850	86,850
2024		86,850	86,850
2025		86,850	86,850
2026	1,500,000	86,850	1,586,850
Total	<u>\$ 1,500,000</u>	<u>\$ 347,400</u>	<u>\$ 1,847,400</u>

**E. 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.

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021 and 2020 were \$1,717,806, \$1,669,268, and \$1,611,494, 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 \$21,325,954 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 0.144285 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.005198 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 \$1,603,586.



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

At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 335.708	\$
Net difference between projected and actual earnings on pension plan investments		6,459,875
Changes of assumptions	1,637,223	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,379,305	
District contributions subsequent to the measurement date	1,717,806	
Total	\$ <u>5,070,042</u>	\$ <u>6,459,875</u>

\$1,717,806 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	\$ 34,555
2024	(435,040)
2025	(793,295)
2026	(1,913,859)

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

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

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

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

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

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

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

*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:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 30,202,550	\$ 21,325,954	\$ 14,010,932

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

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

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

**General Information about the OPEB Plan.**

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

*Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare 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 \$43,251 for the year ended June 30, 2022.

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

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

At June 30, 2022, the District reported a liability of \$1,374,124 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 0.21347874 percent. This was an increase of 0.01439858 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 (\$52,581). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,494	\$
Changes of assumptions	64	46,474
Net difference between projected and actual earnings on OPEB plan investments	222,549	429,671
Changes in proportion and differences between District contributions and proportionate share of contributions	142,364	15,959
District contributions subsequent to the measurement date	43,251	
Total	\$ <u>409,722</u>	\$ <u>492,104</u>

\$43,251 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	\$ (37,031)
2024	(33,228)
2025	(15,485)
2026	(24,985)
2027	(14,904)

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

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

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

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

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

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

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

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

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.

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

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

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 1,520,959	\$ 1,374,124	\$ 1,248,925

*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	\$ 1,272,794	\$ 1,374,124	\$ 1,488,796

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

### Note 10 – Contingencies

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

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

### Note 11 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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' 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

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

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 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 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.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2022, the subsidy payments amounted to \$81,900.

The school district makes equal annual payments into a sinking fund which is used to pay off 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 \$1,110,661. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to 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	\$ 106,000
2024	106,000
2025	106,000
2026	106,000
Total	<u>\$ 424,000</u>

#### **Note 13 – Insurance Loss Recoveries**

The Webster County School District received \$39,793 in insurance loss recoveries related to storm damage during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as operating grants and allocated 100% to support services.

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

**Note 14 - Juvenile Detention Center Education Program**

The Webster County School District shares in the cost of a Juvenile Detention Center with the Alcorn County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states a sponsoring school district must provide educational services to youths detained in juvenile detention centers. It was approved by the Mississippi Department of Education and includes the Aberdeen School District, Alcorn County School District, Amory School District, Webster County School District, Benton School District, Booneville School District, Corinth School District, Holly Springs School District, Marshall County School District, Monroe County School District, North Tippah School District, Prentiss County School District, South Tippah School District, and Tishomingo County School District. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the juvenile detention center program. The Corinth School District has been designated as the lead school district for the Alcorn County Juvenile Detention Center and the operations of the program are included in its financial statements.

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

The unrestricted net position (deficit) amount of (\$20,681,910) 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 pensions in the amount of \$1,717,806 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$3,352,236 balance of deferred outflow of resources related to pensions at June 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$20,681,910) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$6,459,875 balance of deferred inflow of resources related to pensions at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$20,681,910) 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 \$43,251 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$366,471 balance of deferred outflow of resources related to OPEB at June 30, 2022, will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position (deficit) amount of (\$20,681,910) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$492,104 balance of deferred inflow of resources related to OPEB at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

The unrestricted net position (deficit) amount of (\$20,681,910) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$323,410 balance of deferred inflow of resources related to leases at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 23 years.



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

**Note 16 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Adjustments were made to properly present furniture and equipment during the fiscal year end.	\$ 24,244
2. Adjustments were made to properly present long-term debt during the fiscal year end	(29,655)
3. To correct prior year assets or liabilities.	(24,410)
4. To correct error in prior year receivables.	75,500
5. An increase or decrease in a prior period revenue or expenditure	9,801
6. To correct prior year assets or liabilities.	1,012,885
7. To correct prior year revenues and expenditures.	89,350
8. To correct prior year assets or liabilities.	(2,281)
9. An increase or decrease in a prior period revenue or expenditure	80,418
10. An increase or decrease in a prior period revenue or expenditure	(168,389)
11. To adjust to properly show receivable amount.	(4,884)
12. To correct prior year assets or liabilities.	(1,012,885)
Total	\$ <u>49,694</u>

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

Fund	Explanation	Amount
General Fund	To correct prior year assets or liabilities.	\$ (24,410)
General Fund	To correct error in prior year receivables.	75,500
General Fund	An increase or decrease in a prior period revenue or expenditure	9,801
Limited Tax 2016 Fund	To correct prior year assets or liabilities.	1,012,885
Limited Tax 2016 Fund	To correct prior year revenues and expenditures.	89,350
Other Governmental Funds	To correct prior year assets or liabilities.	(2,281)
Other Governmental Funds	An increase or decrease in a prior period revenue or expenditure	80,418
Other Governmental Funds	An increase or decrease in a prior period revenue or expenditure	(168,389)
Other Governmental Funds	To correct prior year assets or liabilities.	(1,012,885)
Total		\$ <u>59,989</u>

**Note 17 – Other Commitments**

Commitments under construction contracts are described in Note 5.

**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 Webster County School District evaluated the activity of the district through April 15, 2024, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,765,586	\$ 3,803,026	\$ 3,803,236	\$ 37,440	\$ 210
State sources	9,584,638	9,789,563	9,804,162	204,925	14,599
Federal sources	106,984	493,763	493,763	386,779	-
Sixteenth section sources	45,000	327,630	290,625	282,630	(37,005)
Total Revenues	13,502,208	14,413,982	14,391,786	911,774	(22,196)
<b>Expenditures:</b>					
Instruction	9,046,497	9,207,860	9,211,369	(161,363)	(3,509)
Support services	4,196,345	4,587,329	4,575,447	(390,984)	11,882
Sixteenth section	45,000			45,000	-
Debt service:					
Principal			10,979	-	(10,979)
Interest			903	-	(903)
Total Expenditures	13,287,842	13,795,189	13,798,698	(507,347)	(3,509)
Excess (Deficiency) of Revenues over (under) Expenditures	214,366	618,793	593,088	404,427	(25,705)
<b>Other Financing Sources (Uses):</b>					
Insurance recovery		39,793	39,793	39,793	-
Operating transfers in	96,282	1,711,711	18,168	1,615,429	(1,693,543)
Other financing sources	1,887,843	(2,325,345)		(4,213,188)	2,325,345
Operating transfers out	(2,412,179)		(632,012)	2,412,179	(632,012)
Total Other Financing Sources (Uses)	(428,054)	(573,841)	(574,051)	(145,787)	(210)
Net Change in Fund Balances	(213,688)	44,952	19,037	258,640	(25,915)
<b>Fund Balances:</b>					
July 1, 2021, as previously reported	3,775,544	3,928,791	3,953,201	153,247	24,410
Prior period adjustments		24,610	60,891	24,610	36,281
July 1, 2021, as restated	3,775,544	3,953,401	4,014,092	177,857	60,691
June 30, 2022	\$ 3,561,856	\$ 3,998,353	\$ 4,033,129	\$ 436,497	\$ 34,776

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

**WEBSTER COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,659,696	\$ 846,998	\$ 846,998	\$ (812,698)	\$ -
Total Revenues	1,659,696	846,998	846,998	(812,698)	-
<b>Expenditures:</b>					
Instruction	9,000	10,551	107,217	(1,551)	(96,666)
Support services	160,000	110,161	110,161	49,839	-
Facilities acquisition and construction	1,490,696	726,286	629,620	764,410	96,666
Total Expenditures	1,659,696	846,998	846,998	812,698	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021,	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Webster County School District**  
**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**

**PERS**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.144285%	0.139087%	0.136158%	0.123422%	0.134480%	0.137327%	0.133872%	13.666500%
District's proportionate share of the net pension liability	\$ 21,325,954	\$ 26,925,627	\$ 23,952,879	\$ 20,528,745	\$ 22,355,140	\$ 24,530,031	\$ 20,713,758	\$ 16,629,292
District's covered payroll	\$ 9,593,494	\$ 9,261,460	\$ 8,867,619	\$ 7,881,695	\$ 8,626,965	\$ 8,785,129	\$ 8,363,586	\$ 8,350,951
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.67%	199.13%
Plan fiduciary net position as a percentage of the total pension liability	70%	59%	62%	63%	61%	57%	62%	67%

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.

**Webster County School District  
Required Supplementary Information**

**Schedule of District Contributions**

**PERS**

**Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,717,806	\$ 1,669,268	\$ 1,611,494	\$ 1,396,650	\$ 1,241,367	\$ 1,358,747	1,383,657	1,317,264
Contributions in relation to the contractually required contribution	1,717,806	1,669,268	1,611,494	1,396,650	1,241,367	1,358,747	1,383,657	1,317,264
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	9,872,448	9,593,494	9,261,460	8,867,619	7,881,695	8,626,965	8,785,129	8,363,581
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.

**Webster County School District  
Required Supplementary Information**

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

**OPEB**

**Last 10 Fiscal Years\***

		<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability		0.21347874%	0.19908016%	0.19529356%	0.19104677%	0.19620763%
District's proportionate share of the net OPEB liability	\$	1,374,124	1,549,258	1,657,146	1,477,842	1,539,463
District's covered - employee payroll		10,149,202	9,261,460	9,046,457	8,668,812	8,760,260
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll		13.54%	16.73%	18.32%	16.70%	17.57%
Plan fiduciary net position as a percentage of the total OPEB liability		0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

**Webster County School District**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 43,251	\$ 55,231	\$ 61,784	\$ 66,424	\$ 65,630
Contributions in relation to the actuarially determined contribution	43,251	55,231	61,784	66,424	65,630
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	9,872,448	9,593,499	9,261,460	9,046,457	8,668,812
Contributions as a percentage of covered-employee payroll	0.44%	0.58%	0.67%	0.73%	0.76%

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

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



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

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison 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.

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%.

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

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

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

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

## SUPPLEMENTARY INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT**  
**Supplementary Information**

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	225MS326N1099	\$ 376,222
National school lunch program	10.555	225MS326N1099	742,192
Total child nutrition cluster			1,118,414
Total passed-through Mississippi Department of Education			1,118,414
<b>Total U.S. Department of Agriculture</b>			<b>1,118,414</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A210024	662,767
Career and technical education - basic grants to states	84.048	V048A210024	20,664
Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	61,905
Educator in Residence	84.357	N/A	147,332
Rural education	84.358	S358B210024	36,731
Supporting Effective Instruction State Grants	84.367	S367A210025	87,989
Subtotal			1,017,388
Special education cluster:			
Special education - grants to states	84.027	H027A210108	430,259
IDEA, Part B ARP Grant	84.027X	H027X210108	75,480
Subtotal			505,739
Special education - preschool grants	84.173	H173A210113	17,181
IDEA, Part B Preschool ARP Grant	84.173X	H173X210113	23,359
Subtotal			40,540
Total special education cluster			546,279
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	15,881
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D200031	846,998
ESSER I-CTE Equipment	84.425D	S425D200031	7,754
ESSER I-Early Childhood-Pre-K	84.425D	S425D200031	18,809
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	460,105
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,349,547
Total passed-through Mississippi Department of Education			2,913,214
<b>Total U.S. Department of Education</b>			<b>2,913,214</b>
<b><u>U.S. Department of Social Security</u></b>			
Passed-through Mississippi Department of Rehabilitation Services:			
Medical Assistance Program	96.001	N/A	420
Total passed-through Mississippi Department of Rehabilitation Services			420
<b>Total U.S. Department of Social Security</b>			<b>420</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medicaid Cluster:			
Medical Assistance Program	93.778	N/A	24,868
Total passed-through Mississippi Department of Education			24,868
<b>Total U.S. Department of Health and Human Services</b>			<b>24,868</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed-through Mississippi Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	90,923
Total passed-through Mississippi Emergency Management Agency			90,923
<b>Total U.S. Department of Homeland Security</b>			<b>90,923</b>
<b>Total for All Federal Awards</b>			<b>\$ 4,147,839</b>

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

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

**WEBSTER COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 13,683,733	10,879,412	663,541	871,249	1,269,531
Other	5,610,806	1,788,252	173,144	16,328	3,633,082
Total	<u>\$ 19,294,539</u>	<u>12,667,664</u>	<u>836,685</u>	<u>887,577</u>	<u>4,902,613</u>
Total number of students *	<u>1,742</u>				
Cost per student	<u>\$ 11,076</u>	<u>7,272</u>	<u>480</u>	<u>510</u>	<u>2,814</u>

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

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

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

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

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

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



## OTHER INFORMATION

**WEBSTER COUNTY SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 3,803,236	\$ 3,733,420	\$ 3,605,271	\$ 3,521,703
State sources	9,804,162	9,431,379	9,528,604	9,267,709
Federal sources	493,763	240,554	94,791	127,258
Sixteenth section sources	290,625	182,497	169,618	246,335
Total Revenues	14,391,786	13,587,850	13,398,284	13,163,005
<b>Expenditures:</b>				
Instruction	9,211,369	8,632,571	8,441,436	7,960,273
Support services	4,575,447	4,645,892	4,444,536	4,512,062
Sixteenth section		13,603	880	1,018
Debt service:				
Principal	10,979			
Interest	903			
Total Expenditures	13,798,698	13,292,066	12,886,852	12,473,353
Excess (Deficiency) of Revenues over (under) Expenditures	593,088	295,784	511,432	689,652
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	39,793	21,301		67,784
Operating transfers in	18,168			408,826
Operating transfers out	(632,012)	(505,979)	(464,518)	(890,175)
Other financing uses				
Total Other Financing Sources (Uses)	(574,051)	(484,678)	(464,518)	(413,565)
Net Change in Fund Balances	19,037	(188,894)	46,914	276,087
<b>Fund Balances:</b>				
Beginning of period, as previously reported	3,953,201	4,199,847	4,073,906	3,797,819
Prior period adjustments	60,891	(57,752)		
Residual Equity Transfers In			79,027	
Beginning of period, as restated	4,014,092	4,142,095	4,152,933	3,797,819
End of Period	\$ 4,033,129	\$ 3,953,201	\$ 4,199,847	\$ 4,073,906

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**WEBSTER COUNTY SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 4,015,631	\$ 3,929,782	\$ 3,993,518	\$ 3,973,244
State sources	10,587,869	10,483,635	10,576,757	10,242,430
Federal sources	5,040,161	4,165,265	2,311,906	2,121,879
Sixteenth section sources	326,011	189,997	176,081	254,589
Total Revenues	19,969,672	18,768,679	17,058,262	16,592,142
<b>Expenditures:</b>				
Instruction	11,332,056	11,556,253	10,352,989	9,491,606
Support services	5,754,899	5,852,060	5,426,317	5,525,285
Noninstructional services	1,105,796	989,144	973,639	947,071
Sixteenth section	304	16,820	10,606	32,115
Facilities acquisition and construction	916,469			
Debt service:				
Principal	85,866		138,986	74,921
Interest	96,649	86,850	119,728	87,338
Other	2,500	2,276	2,015	1,706
Total Expenditures	19,294,539	18,503,403	17,024,280	16,160,042
Excess (Deficiency) of Revenues over (under) Expenditures	675,133	265,276	33,982	432,100
<b>Other Financing Sources (Uses):</b>				
Shortfall notes issued		15,179		
Insurance recovery	39,793	21,301		67,784
Payments held by escrow agent	78,747	106,000	106,000	106,000
Payment of QSCB bond escrow agent	(78,747)	(106,000)	(106,000)	(106,000)
Operating transfers in	756,237	505,979	464,518	1,299,001
Other financing sources			536	
Operating transfers out	(756,237)	(505,979)	(464,518)	(1,299,001)
Other financing uses				
Total Other Financing Sources (Uses)	39,793	36,480	536	67,784
Net Change in Fund Balances	714,926	301,756	34,518	499,884
<b>Fund Balances:</b>				
Beginning of period, as previously reported	5,669,250	5,452,780	5,308,245	4,810,789
Prior period adjustments	59,989	(87,681)		(6,267)
Residual Equity Transfers In			79,027	
Beginning of period, as restated	5,729,239	5,365,099	5,387,272	4,804,522
Increase (Decrease) in inventory	10,597	2,395	30,990	3,839
End of Period	\$ 6,454,762	\$ 5,669,250	\$ 5,452,780	\$ 5,308,245

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



346 Sundial Road  
Madison, MS 39110  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpapllc.com](mailto:barrymckenzie@mckenziecpapllc.com)

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

Superintendent and School Board  
Webster County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Webster County School District's basic financial statements, and have issued our report thereon dated April 15, 2024.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs and Responses, we identified certain deficiencies in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item **Finding 2022-001** to be a material weakness.

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.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed an instance of material non-compliance that are required to be reported under *Government Auditing Standards* and which the findings are reported in the schedule of findings and questioned cost as **Finding 2022-001**.

## Webster County School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Webster County School District's response to the finding identified in our audit are described in the accompanying auditee's corrective action plan. Webster County School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

## 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.

McKenzie CPA, PLLC  
Madison, Mississippi  
April 15, 2024

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".



346 Sundial Road  
Madison, MS 39110  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpallc.com](mailto:barrymckenzie@mckenziecpallc.com)

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

Superintendent and School Board  
Webster County School District

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

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

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

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Webster County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Webster County School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

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

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Webster County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

Our consideration of 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.

McKenzie CPA, PLLC  
Madison, Mississippi  
April 15, 2024





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



346 Sundial Road  
Madison, MS 39110  
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

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

Superintendent and School Board  
Webster County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Webster County School District as of and for the year ended June 30, 2022, which collectively comprise Webster County School District's basic financial statements and have issued our report thereon dated April 15, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements 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.

McKenzie CPA, PLLC  
Madison, Mississippi  
April 15, 2024

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:
 

Governmental Activities	Qualified
General Fund	Unmodified
ESSER II FUND	Unmodified
Limited Tax 2016 Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
  
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiencies identified? None reported
  
3. Noncompliance material to financial statements noted? Yes

Federal Awards:

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

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster
84.425D	Education Stabilization Fund (ESSER I)
84.425D	Education Stabilization Fund (ESSER II)
84.425D	ESSER I-Early Childhood-Pre-K
84.425D	ESSER I-CTE Equipment
84.425U	Education Stabilization Fund (ESSER III - ARP)
  
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

- |     |  |     |
|-----|--|-----|
| 9.  | Auditee qualified as low-risk auditee?   | Yes |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No  |

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

Section II: Financial Statement Findings

**Material Weakness/Material Non-Compliance**

**2022-001 Finding**

**Capital assets were not properly recorded**

Criteria:

According to the MS Public School Asset Management Manual and based on the requirement of GASB Statement 34 public school districts are required to establish and maintain a system of accountability, control, and reporting for their capital assets. School districts are required to develop policies and to establish and implement control procedures to implement those policies to ensure a high degree of certainty that the policies are adhered to as intended by the school board. Required policies include valuation of its capital assets, capitalization policy, and a policy on depreciating capital assets. In addition, all capital assets should be tagged and properly recorded in the financial statements.

Condition:

1. Assets were not properly recorded in the financial statements. Disposals from prior years are not being removed from the reporting and some assets are not showing the correct depreciation values. Adjustments were made to reconcile balances based on the support provided.
2. Some asset values had changed from the prior audit period and those changes could not be explained by the district.
3. District is not maintaining the subsidiary ledger accurately. The asset ledger is not being properly reconciled to the general ledger.
4. District is not properly keeping up with construction in progress. Pay applications could not be provided to support year end balances. Adjustments were made to properly show completed construction and capitalization of assets.

Due to the lack of internal controls over reconciling and reporting, it could not be determined that the capital asset balances are fairly stated. The qualified opinion will be related to the items noted above.

Cause:

District did not have adequate controls in place to ensure that all assets are being properly maintained and accurately reported.

Effect:

This could cause capital assets to be misstated on the financials and could lead to assets being easily misplaced or stolen.

Recommendation:

The district should implement the proper procedures and controls with regard to the purchase, disposal, and transfer of fixed assets. District should reconcile assets monthly to the general ledger, including additions and board approved disposals. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 77.

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

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN



**Webster County School District  
95 Clark Avenue  
Eupora, MS 39744  
James Mason, Superintendent  
Amanda Gray, Business Manager**

**AUDITEE'S CORRECTIVE ACTION PLAN**

As required by the Uniform Guidance, The Webster County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2022:

**Finding**

**Corrective Action Plan Details**

**2022-001**

Capital assets were not properly recorded.

**A. Name of contact person responsible for corrective action:**

Name: Amanda Gray

Title: Business Manager

**B. Corrective action planned:**

District will comply with The Financial Accounting Manual for Mississippi Public School Districts and properly reconcile and record all assets.

**C. Anticipated completion date:**

June 30, 2024.