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**Grenada School District**

Audited Financial Statements  
For the Year Ended June 30, 2023

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

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## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Grenada School District

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

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Grenada School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grenada School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

**Emphasis-of-Matter**

As discussed in Note 1 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) during the fiscal year 2023.

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024, on our consideration of the Grenada 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 Grenada 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 Grenada School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 23, 2024

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

The following discussion and analysis of Grenada School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. 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 2023 decreased \$2,716,765, including a prior period adjustment of (\$460,854) which represents a 23% decrease from fiscal year 2022. Total net position for 2022 increased \$5,907,738, including a prior period adjustment of (\$153,745), which represents an 33% increase from fiscal year 2021.
- General revenues amounted to \$33,127,920 and \$29,868,858, or 70% and 63% of all revenues for fiscal years 2023 and 2022, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,399,012, or 30% of total revenues for 2023, and \$17,477,397, or 37% of total revenues for 2022.
- The District had \$49,782,843 and \$41,284,772 in expenses for fiscal years 2023 and 2022; only \$14,399,012 for 2023 and only \$17,477,397 for 2022 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$33,127,920, for 2023 were not adequate to provide for these programs. However, general revenues of \$29,868,858, for 2022 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$34,550,237 in revenues and \$35,828,003 in expenditures for 2023, and \$30,036,493 in revenues and \$31,536,590 in expenditures for 2022. The General Fund's fund balance decreased by \$3,750,443, including a prior period adjustment of (\$457,008), from 2022 to 2023, and increased by \$3,636,783, including a prior period adjustment of (\$1,746), from 2021 to 2022.
- Capital assets, net of accumulated depreciation, increased by \$1,442,289 for 2023 and decreased by \$300,198 for 2022. The increase for 2023 was due primarily to the additions of construction in progress, mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$457,008 for 2023 and had no change for 2022. This increase for 2023 was due primarily to the issuance of a shortfall note. The liability for compensated absences increased by \$139,182 for 2023 and decreased by \$2,297 for 2022.

**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,

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

supplementary information, and other information.

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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



**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

**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 a budgetary comparison schedule, 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 \$14,700,736 as of June 30, 2023.

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.

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Table 1 presents a summary of the District's net position at June 30, 2023 and June 30, 2022.

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

	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percentage Change</b>
Current assets	\$ 26,146,757	27,621,540	(5)%
Restricted assets	1,987,798	1,862,094	7%
Lease receivable	361,425	748,305	(52)%
Capital assets, net	21,209,532	19,749,643	7%
<b>Total assets</b>	<b>49,705,512</b>	<b>49,981,582</b>	<b>(1)%</b>
<b>Deferred outflows of resources</b>	<b>26,527,728</b>	<b>12,678,751</b>	<b>109%</b>
Current liabilities	1,720,830	1,258,063	37%
Long-term debt outstanding	2,825,900	2,229,710	27%
Net OPEB liability	2,524,928	3,179,135	(21)%
Net pension liability	68,694,808	47,904,282	43%
<b>Total liabilities</b>	<b>75,766,466</b>	<b>54,571,190</b>	<b>39%</b>
<b>Deferred inflows of resources</b>	<b>15,167,510</b>	<b>20,073,114</b>	<b>(24)%</b>
<b>Net position:</b>			
Net investment in capital assets	19,209,532	17,749,643	8%
Restricted	6,634,265	4,757,201	39%
Unrestricted	(40,544,533)	(34,490,815)	(18)%
<b>Total net position (deficit)</b>	<b>\$ (14,700,736)</b>	<b>(11,983,971)</b>	<b>(23)%</b>

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Management's Discussion and Analysis  
For the Year Ended June 30, 2023

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)	\$ (40,544,533)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>59,436,281</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 18,891,748</u>

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

- Increase in net capital assets, excluding leased assets and subscription-based assets in the amount of \$1,442,289.
- Issuance of a shortfall note in the amount of \$457,008.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during the fiscal year 2023.
- The principal retirement of \$4,400 of subscription-based assets.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$47,526,932 and \$47,346,255, respectively. The total cost of all programs and services was \$49,782,843 for 2023 and \$41,284,772 for 2022.

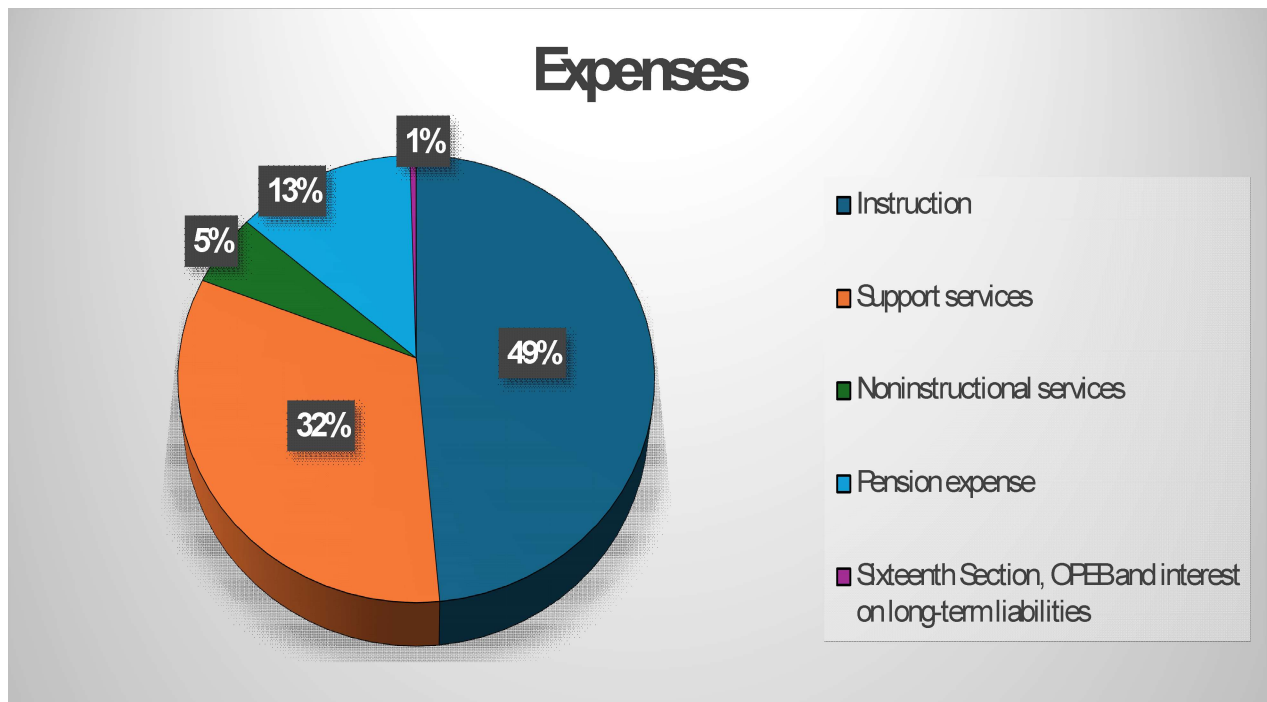
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

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**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,052,001	910,345	16%
Operating grants and contributions	13,347,011	16,567,052	(19)%
General Revenues:			
Property taxes	9,106,888	8,155,813	12%
Grants and contributions not restricted	23,372,573	21,267,406	10%
Unrestricted investment earnings	428,589	(76,417)	661%
Sixteenth section sources	168,403	409,517	(59)%
Other	51,467	112,539	(54)%
<b>Total revenues</b>	<u>47,526,932</u>	<u>47,346,255</u>	0%
<b>Expenses:</b>			
Instruction	24,263,477	21,785,814	11%
Support services	16,426,840	15,171,168	8%
Non-instructional	2,687,151	1,983,370	35%
Sixteenth section	25,617	61,258	(58)%
Pension expense	6,635,508	2,411,907	175%
OPEB expense	(287,795)	(148,639)	(94)%
Interest on long-term liabilities	32,045	19,894	61%
<b>Total expenses</b>	<u>49,782,843</u>	<u>41,284,772</u>	21%
<b>Increase (Decrease) in net position</b>	<u>(2,255,911)</u>	<u>6,061,483</u>	(137)%
<b>Net position (Deficit), July 1, as previously reported</b>	(11,983,971)	(17,891,709)	33%
<b>Prior period adjustment</b>	<u>(460,854)</u>	<u>(153,745)</u>	(200)%
<b>Net position (Deficit), July 1, as restated</b>	<u>(12,444,825)</u>	<u>(18,045,454)</u>	31%
<b>Net Position (Deficit), June 30</b>	<u>\$ (14,700,736)</u>	<u>(11,983,971)</u>	(23)%

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023



**Governmental activities**

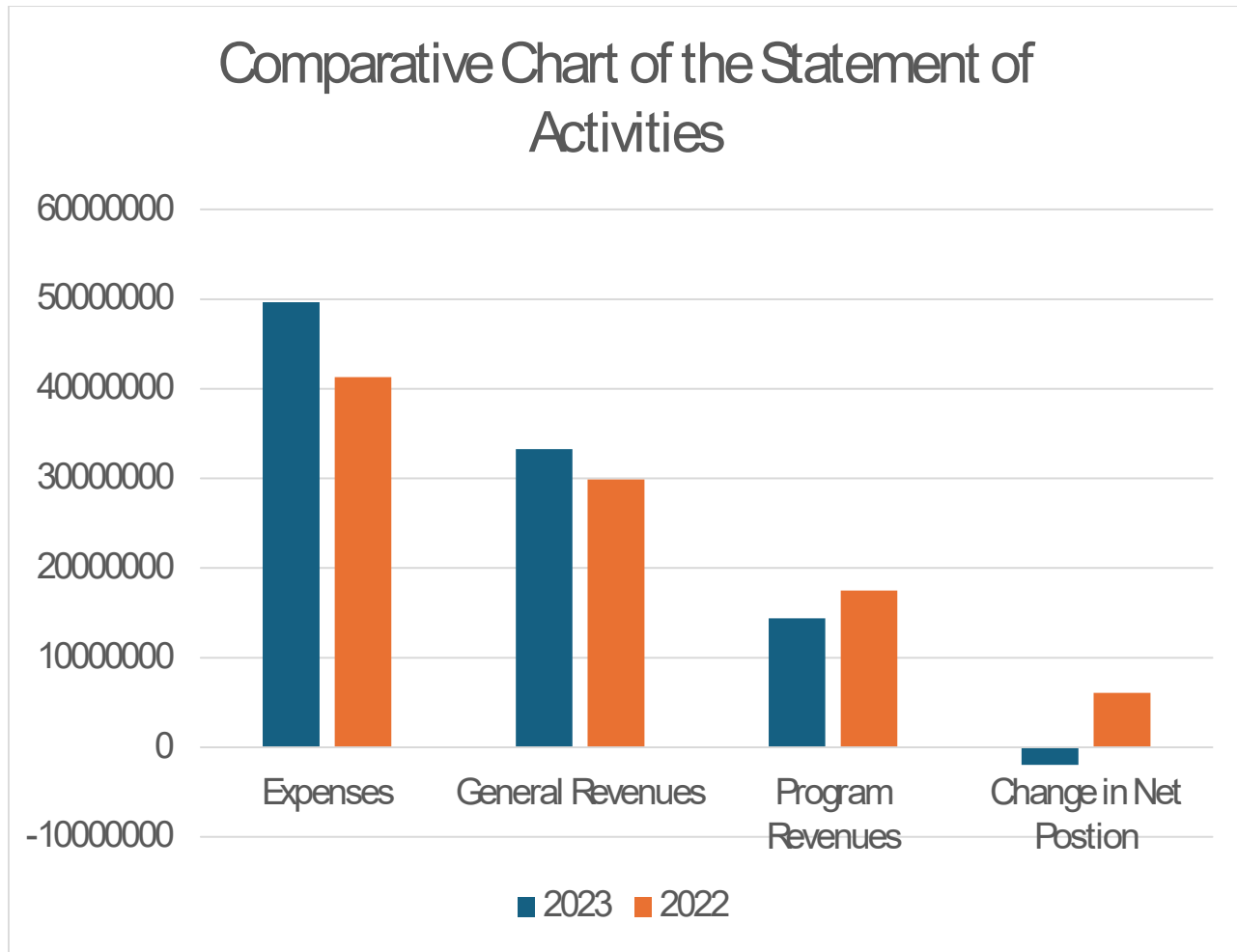
The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges 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.

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Management's Discussion and Analysis  
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**Table 3**  
**Net Cost of Governmental Activities**

<b>Total Expenses</b>			
	<b>2023</b>	<b>2022</b>	<b>Percentage Change</b>
Instruction	\$ 24,263,477	21,785,814	11%
Support services	16,426,840	15,171,168	8%
Non-instructional	2,687,151	1,983,370	35%
Sixteenth section	25,617	61,258	(58)%
Pension expense	6,635,508	2,411,907	175%
OPEB expense	(287,795)	(148,639)	(94)%
Interest on long-term liabilities	32,045	19,894	61%
<b>Total expenses</b>	<b>\$ 49,782,843</b>	<b>41,284,772</b>	<b>21%</b>
<b>Net (Expense) Revenue</b>			
	<b>2023</b>	<b>2022</b>	<b>Percentage Change</b>
Instruction	\$ (16,224,524)	(9,695,897)	(67)%
Support services	(12,599,233)	(12,384,715)	(2)%
Non-instructional	(168,463)	575,088	(129)%
Sixteenth section	(11,853)	(18,689)	37%
Pension expense	(6,635,508)	(2,411,907)	(175)%
OPEB expense	287,795	148,639	94%
Interest on long-term liabilities	(32,045)	(19,894)	(61)%
<b>Total net (expense) revenue</b>	<b>\$ (35,383,831)</b>	<b>(23,807,375)</b>	<b>(49)%</b>

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- Net cost of governmental activities (\$35,383,831 for 2023 and \$23,807,375 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$9,106,888 for 2023 and \$8,155,813 for 2022) and state and federal revenues (\$23,372,573 for 2023 and \$21,267,406 for 2022). In addition, there was \$168,403 and \$409,517 in Sixteenth Section sources for 2023 and 2022, respectively.
- Investment earnings amounted to \$428,589 for 2023 and (\$76,417) for 2022.

## 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

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$26,378,692, a decrease of \$1,861,713, which includes a prior period adjustment of (\$457,008) and an increase in inventory of \$15,530. \$15,429,507 or 59% 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 \$10,949,185 or 41% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$3,750,443, which includes a prior period adjustment of (\$457,008). The fund balance of Other Governmental Funds showed an increase in the amount of \$1,888,730, which includes an increase in inventory of \$15,530. The increase (decrease) in the fund balance of the other major funds were as follow:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER III ARP Fund	no increase or decrease

## **BUDGETARY HIGHLIGHTS**

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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, 2023, the District's total capital assets were \$45,608,681, including land, construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$2,397,984 from 2022. Total accumulated depreciation as of June 30, 2023, was \$24,416,749, and total depreciation expense for the year was \$1,214,427, resulting in total net capital assets of \$21,191,932.



**Grenada School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Land	\$ 148,900	148,900	0%
Construction in progress	1,546,555	58,500	2544%
Buildings	15,448,687	16,054,796	(4)%
Building improvements	1,526,150	1,548,966	(1)%
Improvements other than buildings	553,245	585,901	(6)%
Mobile equipment	1,532,997	923,186	66%
Furniture and equipment	435,398	429,394	1%
<b>Total</b>	<b>\$ 21,191,932</b>	<b>19,749,643</b>	<b>7%</b>

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

**Debt Administration.** At June 30, 2023, the District had \$2,825,900 in outstanding long-term debt, of which \$147,856 is due within one year. The liability for compensated absences increased \$139,182 from the prior year.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 2,000,000	2,000,000	0%
Shortfall notes payable	457,008		N/A
Compensated absences payable	368,892	229,710	61%
<b>Total</b>	<b>\$ 2,825,900</b>	<b>2,229,710</b>	<b>27%</b>

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

## **CURRENT ISSUES**

The Grenada 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

**Grenada School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

continue its sound fiscal management to meet the challenges of the future.

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

Enrollment for the 2022 - 2023 year increased by 1% to 3,655 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Grenada School District, Post Office Box 1940, Grenada, MS 38901.

## FINANCIAL STATEMENTS

**GRENADA SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 18,382,090
Cash with fiscal agents	60,934
Investments	5,212,166
Due from other governments	2,374,098
Other receivables, net	3,705
Lease receivable	361,425
Inventories	113,764
Restricted assets	1,987,798
Capital assets, non-depreciable:	
Land	148,900
Construction in progress	1,546,555
Capital assets, net of accumulated depreciation:	
Buildings	15,448,687
Building improvements	1,526,150
Improvements other than buildings	553,245
Mobile equipment	1,532,997
Furniture and equipment	435,398
Subscription IT assets	17,600
Total Assets	<u>49,705,512</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	25,825,617
Deferred outflows - OPEB	702,111
Total Deferred Outflows of Resources	<u>26,527,728</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,552,598
Interest payable on long-term liabilities	26,779
Other payables	141,453
Long-term liabilities (due within one year):	
Non-capital related liabilities	147,856
Net OPEB liability	119,376
Long-term liabilities (due beyond one year):	
Capital related liabilities	2,000,000
Non-capital related liabilities	678,044
Net pension liability	68,694,808
Net OPEB liability	2,405,552
Total Liabilities	<u>75,766,466</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	13,375,412
Deferred inflows - OPEB	1,368,861
Deferred inflows - leases	423,237
Total Deferred Inflows of Resources	<u>15,167,510</u>
<b>Net Position</b>	
Net Investment in Capital Assets	19,209,532
Restricted For:	
Expendable:	
School-based activities	1,621,833
Debt service	2,094,357
Capital improvements	2,176,683
Forestry improvements	48,604
Unemployment benefits	399,514
Non-expendable:	
Sixteenth section	293,274
Unrestricted	(40,544,533)
Total Net Position	<u>\$ (14,700,736)</u>

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

**GRENADA SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				Governmental Activities
<i>Instruction</i>	24,263,477	1,014,484	7,024,469	(16,224,524)
<i>Support services</i>	16,426,840	12,311	3,815,296	(12,599,233)
<i>Noninstructional services</i>	2,687,151	11,442	2,507,246	(168,463)
<i>Sixteenth section</i>	25,617	13,764	--	(11,853)
<i>Pension expense</i>	6,635,508	--	--	(6,635,508)
<i>OPEB expense</i>	(287,795)	--	--	287,795
<i>Interest on long-term liabilities</i>	32,045	--	--	(32,045)
Total Governmental Activities	<u>\$ 49,782,843</u>	<u>\$ 1,052,001</u>	<u>\$ 13,347,011</u>	<u>(35,383,831)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				8,814,022
<i>Debt purpose levies</i>				292,866
Unrestricted grants and contributions:				
<i>State</i>				23,058,503
<i>Federal</i>				314,070
<i>Unrestricted investment earnings</i>				428,589
<i>Sixteenth section sources</i>				168,403
<i>Other</i>				51,467
Total General Revenues				<u>33,127,920</u>
Change in Net Position				<u>(2,255,911)</u>
Net Position - Beginning, as previously reported				(11,983,971)
Prior Period Adjustment				<u>(460,854)</u>
Net Position - Beginning, as restated				(12,444,825)
Net Position - Ending				<u>\$ (14,700,736)</u>

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

**GRENADA SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

**EXHIBIT C**

	General Fund	ESSER III ARP Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
<i>Cash and cash equivalents</i>	\$ 13,872,995	\$ 60,211	\$ 4,742,157	\$ 18,675,363
<i>Cash with fiscal agents</i>	60,934	--	--	60,934
<i>Investments</i>	5,212,166	--	1,694,524	6,906,690
<i>Due from other governments</i>	684,414	610,081	1,079,603	2,374,098
<i>Other receivables, net</i>	3,705	--	--	3,705
<i>Lease receivable</i>	361,425	--	--	361,425
<i>Due from other funds</i>	1,473,027	--	--	1,473,027
<i>Inventories</i>	--	--	113,764	113,764
Total Assets	<u>\$ 21,668,666</u>	<u>\$ 670,292</u>	<u>\$ 7,630,048</u>	<u>\$ 29,969,006</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
<i>Accounts payable and accrued liabilities</i>	\$ 1,390,463	\$ 77,545	\$ 84,589	\$ 1,552,597
<i>Due to other funds</i>	--	592,747	880,280	1,473,027
<i>Other payables</i>	137,318	--	4,135	141,453
Total Liabilities	<u>1,527,781</u>	<u>670,292</u>	<u>969,004</u>	<u>3,167,077</u>
<b>Deferred Inflows of Resources</b>				
<i>Leases</i>	423,237	--	--	423,237
Total Deferred inflows of Resources	<u>423,237</u>	<u>--</u>	<u>--</u>	<u>423,237</u>
<b>Fund Balances:</b>				
<b><i>Nonspendable:</i></b>				
<i>Permanent fund principal</i>	--	--	293,274	293,274
<i>Inventory</i>	--	--	113,764	113,764
<b><i>Restricted:</i></b>				
<i>Unemployment benefits</i>	--	--	399,514	399,514
<i>Forestry improvements</i>	--	--	48,604	48,604
<i>Capital projects</i>	--	--	2,176,683	2,176,683
<i>Debt service</i>	--	--	2,121,136	2,121,136
<i>Grant activities</i>	--	--	535,851	535,851
<i>Food service</i>	--	--	972,218	972,218
<b><i>Assigned:</i></b>				
<i>Capital improvements</i>	3,709,708	--	--	3,709,708
<i>Student activities</i>	578,433	--	--	578,433
<b><i>Unassigned</i></b>	<u>15,429,507</u>	<u>--</u>	<u>--</u>	<u>15,429,507</u>
Total Fund Balances	<u>19,717,648</u>	<u>--</u>	<u>6,661,044</u>	<u>26,378,692</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 21,668,666</u>	<u>\$ 670,292</u>	<u>\$ 7,630,048</u>	<u>\$ 29,969,006</u>

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

**GRENADE SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023*

Total fund balances for governmental funds	\$ 26,378,692
--	---------------

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

Capital assets used in governmental activities are not reported in the funds.	21,191,932
Liabilities due in one year are not recognized in the funds.	(267,232)
Payables for debt interest which are not due in the current period are not reported in the funds.	(26,779)
Payables for notes which are not due in the current period are not reported in the funds.	(2,309,152)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(368,892)
Right-to-use subscription IT assets used in governmental activities are not reported in the funds.	17,600
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(68,694,808)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(13,375,412)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	25,825,617
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(2,405,552)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(1,368,861)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	<u>702,111</u>

Net position of governmental activities	\$ <u>(14,700,736)</u>
---	------------------------

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

**GRENADA SCHOOL DISTRICT****EXHIBIT D**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023*

	General Fund	ESSER III ARP Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 9,742,643	\$ --	\$ 1,133,144	\$ 10,875,787
State sources	24,238,984	--	2,129,573	26,368,557
Federal sources	324,443	1,865,723	7,779,004	9,969,170
Sixteenth section sources	244,167	--	22,038	266,205
Total Revenues	<u>34,550,237</u>	<u>1,865,723</u>	<u>11,063,759</u>	<u>47,479,719</u>
<b>Expenditures:</b>				
Instruction	20,197,993	205,831	6,481,634	26,885,458
Support services	15,586,375	467,342	2,270,337	18,324,054
Noninstructional services	393	850	2,659,648	2,660,891
Sixteenth section	21,242	--	4,375	25,617
Facilities acquisition and construction	--	1,204,220	283,835	1,488,055
Debt service:				
Principal	22,000	--	--	22,000
Interest	--	--	18,800	18,800
Other	--	--	1,300	1,300
Total Expenditures	<u>35,828,003</u>	<u>1,878,243</u>	<u>11,719,929</u>	<u>49,426,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,277,766)</u>	<u>(12,520)</u>	<u>(656,170)</u>	<u>(1,946,456)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of notes	457,008	--	--	457,008
Insurance loss recoveries	22,459	--	--	22,459
Sale of other property	24,754	--	--	24,754
Transfers in	299,283	60,211	2,839,120	3,198,614
Payment held by QSCB escrow agent	--	--	143,000	143,000
SBITA issued	22,000	--	--	22,000
Transfers out	(2,841,173)	(47,691)	(309,750)	(3,198,614)
Payment to QSCB debt escrow agent	--	--	(143,000)	(143,000)
Total Other Financing Sources (Uses)	<u>(2,015,669)</u>	<u>12,520</u>	<u>2,529,370</u>	<u>526,221</u>
Net Change in Fund Balances	<u>(3,293,435)</u>	<u>--</u>	<u>1,873,200</u>	<u>(1,420,235)</u>
<b>Fund Balances:</b>				
July 1, 2022, as previously reported	23,468,091	--	4,772,314	28,240,405
Prior period adjustments	(457,008)	--	--	(457,008)
July 1, 2022, as restated	<u>23,011,083</u>	<u>--</u>	<u>4,772,314</u>	<u>27,783,397</u>
Increase (decrease) in inventory	--	--	15,530	15,530
June 30, 2023	<u>\$ 19,717,648</u>	<u>\$ --</u>	<u>\$ 6,661,044</u>	<u>\$ 26,378,692</u>

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



**GRENADA SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023*

Net change in fund balances - total governmental funds \$ (1,420,235)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	2,687,645
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,214,427)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(14,996)
The gain or loss on the sale of capital assets is not reported in the funds.	(16,487)
Change in inventory affects fund balance in the funds but expenses in the SOA.	15,530
(Increase) decrease in accrued interest from beginning of period to end of period.	(11,945)
Repayment of subscription IT liabilities principal is an expenditure in the funds but is not an expense in the SOA.	22,000
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(139,182)
Outlays of right-to-use assets are not reported as expenses in the SOA.	22,000
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(457,008)
Inception of subscription IT liabilities do not provide revenue in the SOA, but are reported as current resources in the funds.	(22,000)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	4,513,455
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(6,635,508)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	127,452
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	287,795

Change in net position of governmental activities \$ (2,255,911)

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

**Grenada School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2023

## **Grenada School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2023

### **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, Grenada 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.

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

The school district reports the following major governmental funds:

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

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

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.

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

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

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

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

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

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

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

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

#### **D. Encumbrances**

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

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

###### **Cash and cash equivalents**

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

###### **Investments**

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

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

Investments for the district are reported at fair market value.

##### **2. Receivables and payables**

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

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

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

#### **4. Inventories and Prepaid Items**

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

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

#### **5. Restricted Assets**

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

#### **6. Capital Assets**

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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



## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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
Leased property		**	**
Subscription IT asset		**	**
Intangible assets		**	**

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

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

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

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

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

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

for OPEB.

See Note 12 for further details.

#### **8. Compensated Absences**

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

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

#### **9. Leases**

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

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

#### **10. Subscription-Based Information Technology Arrangements**

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangement (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs.

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

#### **11. 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.

#### **12. 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.

#### **13. 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.

#### **14. Fund Balances**

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

classifications used by the district:

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

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

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

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

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

## **Grenada School District**

### **Notes to the Financial Statements For the Year Ended June 30, 2023**

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

#### **15. Accounting Standards Update**

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs.

### **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 are imposed by statutes as follows:

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of 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

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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 \$18,675,363.

*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, 2023, none of the district's bank balance of \$20,705,133 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 \$60,934.

#### Investments

As of June 30, 2023, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government Securities	AA+	1-10 years	\$ 3,210,986
Corporate Bonds	AA+	1-5 years	34,958
Municipal Bonds	AA-	1-10 years	1,966,222
Trustmark - Construction Bonds	Unrated	Less than 1	
Common Trust 2012-A		year	1,694,524
Total			<u>\$ 6,906,690</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.

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

The district has the following recurring fair value measurements as of June 30, 2023:

- U.S. government securities type of investments of \$6,906,690 are valued using quoted market prices (Level 1 inputs)

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

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

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

*Concentration of Credit Risk.* 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. As of June 30, 2023, the district had the following investments:

Issuer	Fair Value	% of Total Investments
U.S. Government Securities	\$ 3,210,986	46%
Corporate Bonds	34,958	1%
Municipal Bonds	1,966,222	28%
Trustmark - Construction Bonds		
Common Trust 2012-A	1,694,524	25%
Total	<u>\$ 6,906,690</u>	<u>100%</u>

## Grenada School District

Notes to the Financial Statements  
For the Year Ended June 30, 2023

### 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 III ARP Fund	\$ 592,747
	Other Governmental Funds	880,280
Total		\$ <u>1,473,027</u>

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

#### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	ESSER III ARP Fund	\$ 47,691
	Other Governmental Funds	251,592
ESSER III ARP Fund	General Fund	60,211
Other Governmental Funds	General Fund	2,780,962
	Other Governmental Funds	58,158
Total		\$ <u>3,198,614</u>

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

### Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$293,274, 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.

The restricted assets represent the investment balance, totaling \$1,694,524, of the QSCB Sinking Fund.



## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

#### Note 5 - Capital Assets

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

	Balance 7-1-2022	Additions	Deletions	Adjustments	Balance 6-30-2023
<u>Non-depreciable capital assets:</u>					
Land	\$ 148,900				148,900
Construction in progress	58,500	1,488,055			1,546,555
Total non-depreciable capital assets	207,400	1,488,055	0	0	1,695,455
<u>Depreciable capital assets:</u>					
Buildings	33,499,314				33,499,314
Building improvements	2,424,059			43,000	2,467,059
Improvements other than buildings	1,038,680			64,591	1,103,271
Mobile equipment	3,798,066	773,900	104,958		4,467,008
Furniture and equipment	2,243,178	425,690	309,873	17,579	2,376,574
Total depreciable capital assets	43,003,297	1,199,590	414,831	125,170	43,913,226
<u>Less accumulated depreciation for:</u>					
Buildings	17,444,518	608,038		(1,929)	18,050,627
Building improvements	875,093	139,521		(73,705)	940,909
Improvements other than buildings	452,779	49,994		47,253	550,026
Mobile equipment	2,874,880	192,085	89,962	(42,992)	2,934,011
Furniture and equipment	1,813,784	224,789	297,786	200,389	1,941,176
Total accumulated depreciation	23,461,054	1,214,427	387,748	129,016	24,416,749
Total depreciable capital assets, net	19,542,243	(14,837)	27,083	(3,846)	19,496,477
Governmental activities capital assets, net	\$ 19,749,643	1,473,218	27,083	(3,846)	21,191,932
Subscription IT assets, net (Note 6)	\$				17,600
Total capital assets, net, as reported in the statement of net position	\$				21,209,532

\*Adjustments were made to correctly present capital assets.

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 693,434
Support services	333,400
Non-instructional	187,593
Total depreciation expense	\$ 1,214,427

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

<b>Governmental Activities:</b>		Spent to June 30, 2023	Remaining Commitment
GES 4-5 12 classroom addition	\$	1,423,238	3,105,059
GHS Football Stadium Renovation		123,317	2,134,308
Total	\$	<u>1,546,555</u>	<u>5,239,367</u>

Construction projects included in governmental activities are funded with ESSER III ARP Fund and the District Maintenance Fund.

### Note 6 - Leases and Subscription Based IT Assets

A summary of subscription IT asset activity during the year ended June 30, 2023 is as follows:

		Balance 7-1-2022	Additions	Balance 6-30-2023
Subscription IT assets	\$		22,000	22,000
Less accumulated amortization			4,400	4,400
Subscription IT assets, net		<u>0</u>	<u>17,600</u>	<u>17,600</u>
Total subscription IT assets, net	\$	<u>0</u>	<u>17,600</u>	<u>17,600</u>

A summary of lease and subscription IT liabilities during the year ended June 30, 2023 is as follows:

		Balance 7-1-2022	Additions	Reductions	Balance 6-30-2023	Amounts due within one year
Subscription IT liabilities	\$	<u>0</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>	<u>0</u>

### SBITA Liability

#### Houghton Mifflin Harcourt

The district has entered into a 5 year Houghton Mifflin Harcourt software agreement for a fixed \$367 per month. The software can only be cancelled if both parties agree or if either party fails to

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

comply with the terms and conditions of the software agreement. The software agreement states “unless you give at least 30 days written notice before the end of the initial term, the lease will automatically renew for an additional one-year term. There are no variable payment options.

<u>Description</u>	<u>Discount Rate</u>	<u>Term</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Software	5.00%	60 months	07-01-22	06-30-27	\$ 22,000	0

#### **As Lessor:**

#### **Sixteenth Section Lands**

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

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

The school district, acting as lessor, has entered into 68 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are for a term that corresponds with state law in accordance with the type of lease executed. The total amount of deferred inflows recognized in the reporting period from these leases is \$423,237. The school district has included in its financial statements at year end the net present value of future lease payments as a lease receivable in the amount of \$361,425.

During the fiscal year, the school district recognized \$152,226 in revenue related to Sixteenth section land leases.

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

#### Note 7 - Long-term liabilities

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

	Balance 7-1-2022	Additions	Balance 6-30-2023	Amounts due within one year
A. Three mill notes payable	\$ 2,000,000		2,000,000	
B. Shortfall notes payable		457,008	457,008	147,856
C. Compensated absences payable	229,710	139,182	368,892	
Total	\$ 2,229,710	596,190	2,825,900	147,856

#### A. Three mill notes payable

As more fully explained in Note 14, debt has been issued by the Grenada 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
Three mill note payable, Series 2009	0.94%	12-17-09	09-15-24	\$ 2,000,000	2,000,000

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

Year Ending June 30	Principal	Interest	Total
2024	\$	18,800	18,800
2025	2,000,000	18,800	2,018,800
Total	\$ 2,000,000	37,600	2,037,600

#### B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, Series 2022	3.00%	08-16-22	08-16-25	\$ 457,008	457,008

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 147,856	13,711	161,567
2025	152,291	9,275	161,566
2026	156,861	4,706	161,567
Total	\$ 457,008	27,692	484,700

This debt will be retired from the Shortfall Note Fund.

#### C. Compensated absences payable

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

### Note 8 - Defined Benefit Pension Plan

#### General Information about the Pension Plan

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

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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, 2023 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, 2023, 2022, and 2021, were \$4,513,455, \$3,997,718, and \$3,749,659, 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, 2023, the school district reported a liability of \$68,694,808 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023 net pension liability was .333735 percent, which was based on a measurement date of June 30, 2022. This was an increase of .009629 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$6,635,508. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 417,811	
Net difference between projected and actual earnings on pension plan investments		10,951,732
Changes of assumptions	2,307,337	
Changes in proportion and differences between District contributions and proportionate share of contributions	18,587,014	2,423,680
District contributions subsequent to the measurement date	4,513,455	
Total	\$ 25,825,617	13,375,412

\$4,513,455 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, 2024. 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:	
2024	\$ 2,534,962
2025	1,830,185
2026	(155,965)
2027	3,727,568
Total	\$ 7,936,750

*Actuarial assumptions.* The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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,

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00%	4.60%
International Equity	20.00%	4.50%
Global Equity	12.00%	4.85%
Fixed Income	18.00%	1.40%
Real Estate	10.00%	3.65%
Private Equity	10.00%	6.00%
Private Infrastructure	2.00%	4.00%
Private Credit	2.00%	4.00%
Cash Equivalents	1.00%	-0.10%
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.



## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ <u>89,653,739</u>	\$ <u>68,694,808</u>	\$ <u>51,415,234</u>

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

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

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

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

##### *Benefits provided.*

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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 \$127,452 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$2,524,928 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.51248425 percent. This was an increase of 0.01858593 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$287,795). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$	2,091	1,093,903
Changes in assumptions		393,803	233,775
Net difference between projected and actual earnings on OPEB plan investments		174	
Changes in proportion and differences between District contributions and proportionate share of contributions		178,591	41,183
District contributions subsequent to the measurement date		127,452	
Total	\$	<u>702,111</u>	<u>1,368,861</u>

\$127,452 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, 2024. 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:

2024	\$	(181,319)
2025		(167,716)
2026		(200,047)
2027		(151,832)
2028		(66,631)
Thereafter		(26,657)
Total	\$	<u>(794,202)</u>

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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	

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2023 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2029 FYE

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, 2022 valuation were based on the results of an actuarial experience study dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 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, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. 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, 2021 and the June 30, 2022 total

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on a monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37 percent) or 1-percentage point higher (4.37 percent) than the current discount rate:

		1% Decrease (2.37%)	Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	\$	2,781,519	2,524,928	2,304,519

*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	\$	2,349,264	2,524,928	2,722,614

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

## Note 10 - Risk Management

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

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 48 school districts and covers risks of loss arising from injuries to the members' employees.

## **Grenada School District**

### Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

#### **Note 12 - Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$40,544,533) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$4,513,455 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, 2024. The \$21,312,162 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$40,544,533) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$13,375,412 balance of deferred inflow of resources, at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

The unrestricted net position amount of (\$40,544,533) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$127,452 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$574,659 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$40,544,533) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,368,861 balance of deferred inflow of resources at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

#### Note 13 - Prior Period Adjustment

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

##### Exhibit B - Statement of Activities

Explanation	Amount
1. See explanation below.	\$ (457,008)
2. Adjustments were made to correctly present capital assets.	(3,846)
Total	<u>\$ (460,854)</u>

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

Fund	Explanation	Amount
General Fund	Adjustments were made to correctly present revenues.	<u>\$ (457,008)</u>

#### Note 14 - 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.

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%

## Grenada School District

### Notes to the Financial Statements For the Year Ended June 30, 2023

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, 2023 was \$1,694,524. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30:		
2024	\$	143,000
2025		143,000
Total	\$	<u>286,000</u>

#### Note 15 - Insurance Loss Recoveries

The Grenada School District received \$12,312 and \$10,147 in insurance loss recoveries related to bus accident and chromebook, respectively, during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
\$10,148	45%	Instruction
12,311	55%	Support services
<u>\$22,459</u>	100%	

#### Note 16 - Other Commitments

Commitments under construction contracts are described in Note 5.

#### Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Grenada School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined no subsequent events have occurred requiring disclosure in the notes to the financial statements.



## REQUIRED SUPPLEMENTARY INFORMATION

**GRENADA SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 9,190,340	9,742,638	9,742,643	552,298	5
State sources	24,185,155	24,256,648	24,238,984	71,493	(17,664)
Federal sources	246,000	324,443	324,443	78,443	-
Sixteenth section sources	448,635	305,978	244,167	(142,657)	(61,811)
Total Revenues	<u>34,070,130</u>	<u>34,629,707</u>	<u>34,550,237</u>	<u>559,577</u>	<u>(79,470)</u>
<b>Expenditures:</b>					
Instruction	19,641,499	20,197,990	20,197,993	(556,491)	(3)
Support services	14,272,565	15,309,452	15,586,375	(1,036,887)	(276,923)
Noninstructional services	4,326	393	393	3,933	-
Sixteenth section	12,344	21,240	21,242	(8,896)	(2)
Facilities acquisition and construction	-	11,086	-	(11,086)	11,086
Debt service:					
Principal	-	-	22,000	-	(22,000)
Total Expenditures	<u>33,930,734</u>	<u>35,540,161</u>	<u>35,828,003</u>	<u>(1,609,427)</u>	<u>(287,842)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>139,396</u>	<u>(910,454)</u>	<u>(1,277,766)</u>	<u>(1,049,850)</u>	<u>(367,312)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds of notes	-	-	457,008	-	457,008
Insurance recovery	-	22,458	22,459	22,458	1
Sale of other property	50,000	24,754	24,754	(25,246)	-
Operating transfers in	936,651	661,646	299,283	(275,005)	(362,363)
SBITA issued	(3,298,119)	(3,203,536)	22,000	94,583	3,225,536
Operating transfers out	-	-	(2,841,173)	-	(2,841,173)
Total Other Financing Sources (Uses)	<u>(2,311,468)</u>	<u>(2,494,678)</u>	<u>(2,015,669)</u>	<u>(183,210)</u>	<u>479,009</u>
Net Change in Fund Balances	<u>(2,172,072)</u>	<u>(3,405,132)</u>	<u>(3,293,435)</u>	<u>(1,233,060)</u>	<u>111,697</u>
<b>Fund Balances:</b>					
July 1, 2022, as previously reported	23,769,111	23,468,091	23,468,091	(301,020)	-
Prior period adjustment	-	-	(457,008)	-	(457,008)
July 1, 2022, as restated	<u>23,769,111</u>	<u>23,468,091</u>	<u>23,011,083</u>	<u>(301,020)</u>	<u>(457,008)</u>
June 30, 2023	<u>\$ 21,597,039</u>	<u>20,062,959</u>	<u>19,717,648</u>	<u>(1,534,080)</u>	<u>(345,311)</u>

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

**GRENADA SCHOOL DISTRICT**  
Budgetary Comparison Schedule  
ESSER III ARP Fund  
For the Year Ended June 30, 2023

**Exhibit 3**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 9,827,591	9,554,700	1,865,723	(272,891)	(7,688,977)
Total Revenues	<u>9,827,591</u>	<u>9,554,700</u>	<u>1,865,723</u>	<u>(272,891)</u>	<u>(7,688,977)</u>
<b>Expenditures:</b>					
Instruction	640,103	329,016	205,831	311,087	123,185
Support services	648,563	831,542	467,342	(182,979)	364,200
Noninstructional services	1,003	1,043	850	(40)	193
Facilities acquisition and construction	8,289,358	8,289,358	1,204,220	-	7,085,138
Total Expenditures	<u>9,579,027</u>	<u>9,450,959</u>	<u>1,878,243</u>	<u>128,068</u>	<u>7,572,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>248,564</u>	<u>103,741</u>	<u>(12,520)</u>	<u>(144,823)</u>	<u>(116,261)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	60,211	-	60,211
Operating transfers out	(248,565)	(103,741)	(47,691)	144,824	56,050
Total Other Financing Sources (Uses)	<u>(248,565)</u>	<u>(103,741)</u>	<u>12,520</u>	<u>144,824</u>	<u>116,261</u>
Net Change in Fund Balances	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	<u><u>\$ (1)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1</u></u>	<u><u>-</u></u>

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

**Grenada School District**

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

PERS

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 68,694,808	47,904,282	63,688,641	56,850,044	53,691,563	53,728,306	56,596,071	49,296,270	38,742,122
District's proportion of the net pension liability	0.333735%	0.324106%	0.328990%	0.323159%	0.322802%	0.323209%	0.316843%	0.318904%	0.319176%
District's covered payroll	22,975,391	21,549,764	21,906,632	19,050,701	20,614,019	20,734,051	20,269,206	19,923,295	19,503,283
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**Grenada School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,513,455	3,997,718	3,749,659	3,811,754	3,314,822	3,246,708	3,265,613	3,192,400	3,137,919
Contributions in relation to the contractually required contribution	4,513,455	3,997,718	3,749,659	3,811,754	3,314,822	3,246,708	3,265,613	3,192,400	3,137,919
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 25,939,397	22,975,391	21,549,764	21,906,632	21,046,489	20,614,019	20,734,051	20,269,206	19,923,295
Contributions as a percentage of covered payroll	17.40%	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.

**Grenada School District**

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

## OPEB

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 2,524,928	3,179,135	3,880,444	4,262,144	3,816,457	3,808,510
District's proportion of the net OPEB liability	0.51248425%	0.49389832%	0.49863841%	0.50229083%	0.49336911%	0.48540223%
District's covered-employee payroll	\$ 25,183,251	23,480,904	24,031,160	23,002,037	22,314,749	21,807,787 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	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.

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 127,452	102,896	127,781	154,752	170,840	162,362 **
Contributions in relation to the actuarially determined contribution	127,452	102,896	127,781	154,752	170,840	162,362 **
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered-employee payroll	\$ 22,988,222	20,991,843	21,549,770	21,906,644	21,046,495	19,069,526
Contributions as a percentage of covered-employee payroll	0.55%	0.49%	0.59%	0.71%	0.81%	0.85%

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

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

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

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



## Grenada School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2023

#### Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

#### Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

## **Grenada School District**

### Notes to the Required Supplementary Information For the Year Ended June 30, 2023

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

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

#### 2019:

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

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

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

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

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

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

#### 2021:

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

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

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

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

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

## Grenada School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2023

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

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

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

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

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

#### (2) *Changes in benefit provisions*

##### 2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 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.

## Grenada School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2023

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.

2022:

The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

(2) Changes in benefit provisions

2017:

None

2018:

None

2019:

None

2020:

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

2021:

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

2022:

The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

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

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

## Grenada School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2023

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	6.50%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2030
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

## SUPPLEMENTARY INFORMATION

**GRENADE SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	215MS326N1099	10.553	\$ 519,742
National School Lunch Program	215MS326N1099	10.555	1,806,501
Total Child Nutrition Cluster			2,326,243
Total passed-through the Mississippi Department of Education			2,326,243
<b>Total U.S. Department of Agriculture</b>			2,326,243
<b><u>U. S. Department of Defense</u></b>			
Direct program:			
ROTC Language and Cultural Training Grants	N/A	12.357	97,720
Passed-through Grenada County, Mississippi			
Flood Control Projects	N/A	12.106	24,813
<b>Total U.S. Department of Defense</b>			122,533
<b><u>U. S. Department of Interior</u></b>			
Direct program:			
Payment in lieu of taxes	N/A	15.226	223,999
<b>Total U.S. Department of Interior</b>			223,999
<b><u>National Aeronautics and Space Administration (NASA)</u></b>			
Passed-through the University of Mississippi:			
Office of STEM Engagement (STEM)	80NSSC20M0101	43.008	814
Total passed-through the University of Mississippi			814
<b>Total National Aeronautics and Space Administration (NASA)</b>			814
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Adult Education - Basic Grants to States	N/A	84.002	462,697
Title I Grants to Local Educational Agencies	S010A200024	84.010	1,714,421
Career and Technical Education - Basic Grants to States	V048A200024	84.048	74,804
Twenty-first Century Community Learning Centers	S287AC190024	84.287C	744,084
Rural Education	S358A200024	84.358	115,671
Supporting Effective Instruction State Grants	S367A200023	84.367	264,420
Student Support and Academic Enrichment Program	S424A190025	84.424	133,733
Subtotal			3,509,830
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D210031	84.425D	123,039
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U210031	84.425U	1,925,934
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			2,048,973
Special Education Cluster:			
Special Education - Grants to States	H027A200108	84.027	1,195,569
COVID-19 - IDEA, Part B ARP Grant	H027X200108	84.027X	81,677
COVID-19 - IDEA, Part B Preschool ARP Grant	H173X210113	84.173X	4,489
Special Education - Preschool Grants	H173A200113	84.173	64,960
Total Special Education Cluster			1,346,695
Total passed-through the Mississippi Department of Education			6,905,498
<b>Total U.S. Department of Education</b>			6,905,498
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	2105MS5ADM	93.778	22,370
Total passed-through the Mississippi Department of Education			22,370
<b>Total U.S. Department of Health and Human Services</b>			22,370
<b><u>Corporation for National and Community Service</u></b>			
Passed-through the Mississippi Institute of Higher learning			
AmeriCorps State and National	18AC209575	94.006	634,762
Total passed-through the Mississippi Institute of higher learning			634,762
<b>Total Corporation for National and Community Service</b>			634,762
Total for All Federal Awards			\$ 10,236,219

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

## Grenada School District

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

#### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$227,913 are included in the National School Lunch Program.



**GRENADA SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2023

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	36,673,678	27,522,601	1,456,960	2,583,549	5,110,568
Other	12,752,497	4,652,901	574,075	111,287	7,414,234
Total	\$ <u>49,426,175</u>	<u>32,175,502</u>	<u>2,031,035</u>	<u>2,694,836</u>	<u>12,524,802</u>
Total number of students *	<u>3,655</u>				
Cost per student	\$ <u>13,523</u>	<u>8,803</u>	<u>556</u>	<u>737</u>	<u>3,427</u>

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

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

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

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

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

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

## OTHER INFORMATION

**GRENADA SCHOOL DISTRICT**

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

## General Fund

## Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 9,742,643	8,852,943	8,968,685	8,832,024
State sources	24,238,984	20,333,743	19,662,129	19,793,222
Federal sources	324,443	747,649	332,357	317,836
Sixteenth section sources	244,167	102,158	350,346	899,100
Total Revenues	<u>34,550,237</u>	<u>30,036,493</u>	<u>29,313,517</u>	<u>29,842,182</u>
<b>Expenditures:</b>				
Instruction	20,197,993	17,215,937	16,428,680	17,211,244
Support services	15,586,375	13,684,031	11,961,959	12,773,423
Noninstructional services	393	246	356	207
Sixteenth section	21,242	23,212	22,195	19,748
Facilities acquisition and construction	-	613,164	-	-
Debt service:				
Principal	22,000	-	-	-
Total Expenditures	<u>35,828,003</u>	<u>31,536,590</u>	<u>28,413,190</u>	<u>30,004,622</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,277,766)</u>	<u>(1,500,097)</u>	<u>900,327</u>	<u>(162,440)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of notes	457,008	-	-	-
Insurance recovery	22,459	3,474	-	19,567
Sale of transportation equipment	-	3,925	-	4,092
Sale of other property	24,754	47,045	-	-
Operating transfers in	299,283	5,351,990	296,781	237,939
SBITA issued	22,000	-	-	-
Other financing sources	-	-	1,848	-
Operating transfers out	(2,841,173)	(267,808)	(210,334)	(474,586)
Other financing uses	-	-	(1,789)	(5,692)
Total Other Financing Sources (Uses)	<u>(2,015,669)</u>	<u>5,138,626</u>	<u>86,506</u>	<u>(218,680)</u>
Net Change in Fund Balances	(3,293,435)	3,638,529	986,833	(381,120)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	23,468,091	19,831,308	18,634,588	19,015,708
Prior period adjustment	<u>(457,008)</u>	<u>(1,746)</u>	<u>209,887</u>	<u>-</u>
Beginning of period, as restated	23,011,083	19,829,562	18,844,475	19,015,708
End of period	<u>\$ 19,717,648</u>	<u>23,468,091</u>	<u>19,831,308</u>	<u>18,634,588</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**GRENADA SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 10,875,787	9,572,417	9,810,269	9,768,384
State sources	26,368,557	22,191,640	21,972,993	21,887,870
Federal sources	9,969,170	15,370,922	8,524,132	6,088,396
Sixteenth section sources	266,205	160,757	363,967	931,827
Total Revenues	<u>47,479,719</u>	<u>47,295,736</u>	<u>40,671,361</u>	<u>38,676,477</u>
<b>Expenditures:</b>				
Instruction	26,885,458	23,890,448	22,112,190	22,572,251
Support services	18,324,054	16,372,351	15,308,430	14,789,181
Noninstructional services	2,660,891	1,979,509	1,534,847	1,974,233
Sixteenth section	25,617	61,258	92,263	23,325
Facilities acquisition and construction	1,488,055	671,664	-	198,052
Debt service:				
Principal	22,000	-	-	-
Interest	18,800	18,800	18,800	18,800
Other	1,300	1,300	1,300	1,300
Total Expenditures	<u>49,426,175</u>	<u>42,995,330</u>	<u>39,067,830</u>	<u>39,577,142</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,946,456)</u>	<u>4,300,406</u>	<u>1,603,531</u>	<u>(900,665)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of notes	457,008	-	-	-
Insurance recovery	22,459	3,474	-	19,567
Payment held by QSCB escrow agent	143,000	142,998	142,877	142,877
Payment to QSCB debt escrow agent	(143,000)	(142,998)	(142,877)	(142,877)
Sale of transportation equipment	-	3,925	-	4,092
Sale of other property	24,754	47,045	-	-
Operating transfers in	3,198,614	5,619,799	507,121	1,154,125
SBITA issued	22,000	-	-	-
Other financing sources	-	-	1,848	-
Operating transfers out	(3,198,614)	(5,619,799)	(507,121)	(1,154,125)
Other financing uses	-	-	(1,789)	(5,692)
Total Other Financing Sources (Uses)	<u>526,221</u>	<u>54,444</u>	<u>59</u>	<u>17,967</u>
Net Change in Fund Balances	<u>(1,420,235)</u>	<u>4,354,850</u>	<u>1,603,590</u>	<u>(882,698)</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	28,240,405	23,872,278	22,071,815	22,923,502
Prior period adjustment	(457,008)	(784)	209,887	-
Beginning of period, as restated	<u>27,783,397</u>	<u>23,871,494</u>	<u>22,281,702</u>	<u>22,923,502</u>
Increase (decrease) in inventory	15,530	14,061	(13,014)	31,011
End of period	<u>\$ 26,378,692</u>	<u>28,240,405</u>	<u>23,872,278</u>	<u>22,071,815</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Grenada 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 (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grenada School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Grenada School District's basic financial statements, and have issued our report thereon dated January 23, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

### **Purpose of this Report**

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 23, 2024

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Grenada School District

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

**Opinion on Each Major Federal Program**

We have audited Grenada 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 Grenada School District's major federal programs for the year ended June 30, 2023. The Grenada 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, Grenada 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, 2023.

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
January 23, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Grenada School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grenada School District as of and for the year ended June 30, 2023, which collectively comprise Grenada School District's basic financial statements and have issued our report thereon dated January 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

## **Finding 1**

### Criteria:

Section 37-7-301(s) mentions, in part, “The State Department of Education (MDE) shall prescribe a uniform system of accounting and financial reporting for all school activity fund transactions.” MDE has established this system through the Mississippi Public School District Financial Accounting Manual.

### Condition:

Three games had money collected past 3 business days.

### Cause:

The condition is due to a lack of enforcement on depositing money collected by activity coaches and administrators.

### Effect:

As a result, there were three games that had money collected but deposited past 3 business days.

### Recommendation:

An additional high school secretary will share the responsibility for making timely deposits instead of just the high school secretary/bookkeeper.

### Response:

Given the varying responsibilities of the secretary/bookkeeper position, at times she is delayed in making deposits. Having someone cover for her in these instances will ensure timely deposits.

## **Finding 2**

### Criteria:

Section 25-11-127 indicates where a retiree has been reemployed as an employee, verify that the retiree has not been paid more than allowed by law as noted on the Form 4-B and forms should be submitted to PERS within 5 business days of the rehire date indicated on the forms.

### Condition:

During our testing of retired personnel, we noted eleven (11) Form 4-Bs that were submitted past 5 business days of rehire date and one personnel that was overpaid by \$459.66 as per the agreed amount on the Form 4-B.

### Cause:

The client was not able to encourage retirees to come into the Central Office to sign forms in a timely manner and there was difficulty tracking hourly charged work for the employee.

### Effect:

As a result, there were 11 Form 4-Bs submitted to PERS past 5 business days of the rehire date and one was paid \$459.66 over the approved amount indicated on the form.

Recommendation:

It is recommended to track better hours for retired employees and rehired dates indicate the first day retiree has work and enforce retiree to sign form before starting the day's work.

Response:

Retired, rehired employees will be required to sign the Form 4-B before starting their first day of work. This finding was included in the FY22 audit report as well. The field work for the FY22 audit was performed late in the fall after the Form 4b deadline had passed in FY23 so the issue was not addressed in the FY23.

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

The Grenada School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 23, 2024

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## **Grenada School District**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023**

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

##### **Financial Statements:**

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### **Federal Awards:**

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.425D*	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U*	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ARP III)

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

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? No.



10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

#### Section II: Financial Statements Findings

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

#### Section III: Federal Awards Findings and Questioned Costs

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