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NESHOBA COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

NESHOBA COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
Neshoba County School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Neshoba County School District as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Neshoba County School District's basic financial statements as listed in the 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 Neshoba County 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibility for the Audit of the Financial Statements section of our report. We are required to be independent of the Neshoba County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Neshoba County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 Neshoba County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Neshoba County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024, on our consideration of the Neshoba County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Neshoba County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neshoba County School District's internal control over financial reporting and compliance.

Philadelphia, Mississippi
March 1, 2024

Watkins Ward and Stafford, PLLC

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of Neshoba County 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 financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2023 increased $9,832,757, including a prior period adjustment of ($11,114), which represents an 218.7% increase from fiscal year 2022. Total net position for 2022 increased $8,902,685, which represents a 66.5% increase from fiscal year 2021.

- General revenues amounted to $26,816,939 and $24,113,120, or 59.4% and 60.3% 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 $18,310,125, or 40.6% of total revenues for 2023, and $15,894,699, or 39.7% of total revenues for 2022.

- The District had $35,283,193 and $31,105,134 in expenses for fiscal years 2023 and 2022; only $18,310,125 for 2023 and $15,894,699 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $26,816,939 for 2023 and $24,113,120 for 2022 were adequate to provide for these programs.

- Among major funds, the General Fund had $28,213,977 in revenues and $24,395,968 in expenditures for 2023, and $24,354,451 in revenues and $21,148,140 in expenditures in 2022. The General Fund's fund balance increased by $2,203,177 from 2022 to 2023, and decreased by $1,063,216 from 2021 to 2022.

- Capital assets, net of accumulated depreciation and amortization, increased by $11,374,142 for 2023 and increased by $5,720,446 for 2022. The increase for 2023 was primarily due to the increase in construction-in-progress.

- Long-term debt, including the liability for compensated absences, decreased by $95,313 for 2023 and decreased by $501,469 for 2022. This decrease for 2023 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by $11,334 for 2023 and increased by $10,639 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 financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

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

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

> **Governmental funds** – The District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.
>
> Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.
>
> The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts.* Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Reconciliation of Government-wide and Fund Financial Statements

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

> Capital assets used in governmental activities are not reported on governmental funds financial statements.
>
> Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.
>
> Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

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

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

Notes to 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 financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,337,234 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.

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

	June 30, 2023	June 30, 2022	Percentage Change
Current assets	$ 15,264,694	$ 13,072,266	16.77 %
Restricted assets	2,780,889	4,837,290	(42.51) %
Lease receivable	1,029,294	1,139,380	(9.66) %
Capital assets, net	58,116,132	46,741,990	24.33 %
Total assets	**77,191,009**	**65,790,926**	**17.33 %**
Deferred outflows of resources	**9,412,251**	**8,198,940**	**14.80 %**
Current liabilities	3,506,368	3,071,637	14.15 %
Long-term debt outstanding	26,069,726	26,203,636	(0.51) %
Lease liability	12,619	-	N/A %
SBITA liability	25,978	-	N/A %
Net OPEB liability	1,609,889	2,150,504	(25.14) %
Net pension liability	47,920,152	34,622,730	38.41 %
Total liabilities	**79,144,732**	**66,048,507**	**19.83 %**
Deferred inflows of resources	**2,121,294**	**12,436,882**	**(82.94) %**
Net position:			
Net investment in capital assets	32,516,667	20,794,383	56.37 %
Restricted	4,078,837	6,847,488	(40.43) %
Unrestricted	(31,258,270)	(32,137,394)	2.74 %
Total net position	**$ 5,337,234**	**$ (4,495,523)**	**218.72 %**

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)	$ (31,258,270)
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	41,466,562
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	$ 10,208,292

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

- Increase in net capital assets in the amount of $11,374,142.
- The principal retirement of $1,319,038 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were $45,127,064 and $40,007,819, respectively. The total cost of all programs and services was $35,283,193 for 2023 and $31,105,134 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.

Table 2
Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 1,009,206	$ 647,002	55.98 %
Operating grants and contributions	17,300,919	15,247,697	13.47 %
General revenues:			
Property taxes	5,390,611	5,274,155	2.21 %
Grants and contributions not restricted	20,974,399	18,540,973	13.12 %
Investment earnings	30,455	(102,428)	129.73 %
Sixteenth section sources	343,388	294,928	16.43 %
Other	78,086	105,492	(25.98) %
Total revenues	**45,127,064**	**40,007,819**	**12.80 %**
Expenses:			
Instruction	17,819,080	16,385,769	8.75 %
Support services	10,065,042	9,422,299	6.82 %
Non-instructional	2,049,422	1,920,919	6.69 %
Sixteenth section	73,137	193,619	(62.23) %
Pension expense	4,742,292	2,092,311	126.65 %
OPEB expense	(239,963)	(135,495)	(77.10) %
Interest on long-term liabilities	774,183	1,225,712	(36.84) %
Total expenses	**35,283,193**	**31,105,134**	**13.43 %**
Increase (Decrease) in net position	**9,843,871**	**8,902,685**	**10.57 %**
Net Position, July 1, as previously reported	**(4,495,523)**	**(13,398,208)**	66.45 %
Prior Period Adjustment	**(11,114)**	**-**	N/A %
Net Position, July 1, as restated	**(4,506,637)**	**(13,398,208)**	**66.36 %**
Net Position, June 30	**$ 5,337,234**	**$ (4,495,523)**	**218.72 %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2023	2022	Change
Instruction	$ 17,819,080	$ 16,385,769	8.75 %
Support services	10,065,042	9,422,299	6.82 %
Non-instructional	2,049,427	1,920,919	6.69 %
Sixteenth section	73,137	193,619	(62.23) %
Pension Expense	4,742,292	2,092,311	126.65 %
OPEB Expense	(239,968)	(135,495)	(77.10) %
Interest on long-term liabilities	774,183	1,225,712	(36.84) %
Total expenses	**$ 35,283,193**	**$ 31,105,134**	**13.43 %**

	Net (Expense) Revenue		Percentage
	2023	2022	Change
Instruction	$ (5,266,095)	$ (6,442,712)	18.26 %
Support services	(6,585,698)	(6,236,379)	(5.60) %
Non-instructional	(62,127)	663,442	(109.36) %
Sixteenth section	(43,339)	(165,270)	73.78 %
Pension Expense	(4,742,292)	(2,092,311)	(126.65) %
OPEB Expense	239,963	135,495	77.10 %
Interest on long-term liabilities	(513,480)	(1,072,700)	52.13 %
Total net (expense) revenue	**$ (16,973,068)**	**$ (15,210,435)**	**(11.59) %**

- Net cost of governmental activities [($16,973,068) for 2023 and ($15,210,435) for 2022)] was financed by general revenue, which is primarily made up of property taxes ($5,390,611 for 2023 and $5,274,155 for 2022) and state and federal revenues ($20,974,399 for 2023 and $18,540,973 for 2022). In addition, there was $343,388 and $294,928 in Sixteenth Section sources for 2023 and 2022, respectively.

- Investment earnings amounted to $30,455 for 2023 and ($102,428) 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 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 $14,666,159, a decrease of $322,257, which includes a prior period adjustment of ($11,114) and a decrease in inventory of $11,727. $9,540,238 or 65% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $5,125,921 or 35% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $2,203,177. The fund balance of Other Governmental Funds showed a decrease in the amount of $2,704,598, which includes a prior period adjustment of ($11,114) and a decrease in reserve for inventory of $11,727. The increase in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
ARP/ESSER III Fund	no increase or decrease
Qualified School Construction Fund	$ 179,164

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 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 $80,118,056, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $13,064,237 from 2022. Total accumulated depreciation and amortization as of June 30, 2023, was $22,001,924, and total depreciation and amortization expense for the year was $1,927,815, resulting in total net capital assets of $58,116,132.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2023	June 30, 2022	Percentage Change
Land	$ 783,993	$ 783,993	0.00 %
Construction in Progress	11,793,482	4,291,544	174.81 %
Buildings	30,251,966	31,137,399	(2.84) %
Building improvements	6,912,730	3,642,620	89.77 %
Improvements other than buildings	5,698,198	4,654,758	22.42 %
Mobile equipment	1,653,044	1,198,147	37.97 %
Furniture and equipment	983,332	1,033,529	(4.86) %
Leased assets	12,702	-	N/A %
Subscription based IT assets	26,685	-	N/A %
Total	**$ 58,116,132**	**$ 46,741,990**	**24.33 %**

Additional information on the District's capital assets can be found in Note 5 and Note 6 included in this report.

Debt Administration. At June 30, 2023, the District had $26,108,323 in outstanding long-term debt, of which $1,418,862 is due within one year. The liability for compensated absences increased $11,334 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2023	June 30, 2022	Percentage Change
General obligation bonds payable	$ 11,445,000	$ 12,025,000	(4.82) %
Certificates of participation payable	8,067,000	8,623,000	(6.45) %
Installment purchase loans payable	216,923	249,088	(12.91) %
Obligations under energy efficiency loans	3,073,440	2,050,519	49.89 %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Lease liabilities	12,619	-	N/A %
Subscription based IT liabilities	25,978	-	N/A %
Compensated absences payable	267,363	256,029	4.43 %
Total	**$ 26,108,323**	**$ 26,203,636**	**(0.36) %**

Additional information on the District's long-term debt can be found in Note 6 and Note 7 included in this report.

CURRENT ISSUES

The Neshoba County School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Neshoba County School District, 580 East Main Street, Philadelphia MS 39350.

FINANCIAL STATEMENTS

NESHOBA COUNTY SCHOOL DISTRICT

Statement of Net Position **Exhibit A**
June 30, 2023

		Governmental Activities
Assets		
Cash and cash equivalents	$	13,218,462
Due from other governments		1,986,949
Lease receivable		1,029,294
Other receivables, net		34,742
Inventories		24,541
Restricted assets		2,780,889
Capital assets, non-depreciable:		
Land		783,993
Construction in progress		11,793,482
Capital assets, net of accumulated depreciation:		
Buildings		30,251,966
Building improvements		6,912,730
Improvements other than buildings		5,698,198
Mobile equipment		1,653,044
Furniture and equipment		983,332
Leased assets		12,702
Subscription based IT assets		26,685
Total Assets		77,191,009
Deferred Outflows of Resources		
Deferred outflows - pensions		8,802,961
Deferred outflows - OPEB		367,795
Deferred charges on refunding		241,495
Total deferred outflows of resources		9,412,251
Liabilities		
Accounts payable and accrued liabilities		3,394,701
Interest payable on long-term liabilities		111,667
Long-term liabilities, due within one year:		
Capital related liabilities		1,396,258
Lease liabilities		10,084
SBITA liabilities		12,520
Net OPEB liability		81,260
Long-term liabilities, due beyond one year:		
Capital related liabilities		24,406,105
Non-capital related liabilities		267,363
Lease liabilities		2,535
SBITA liabilities		13,458
Net pension liability		47,920,152
Net OPEB liability		1,528,629
Total Liabilities		79,144,732
Deferred Inflows of Resources		
Deferred inflows - pensions		177,009
Deferred inflows - OPEB		930,268
Deferred inflows- leases		1,014,017
Total deferred inflows of resources		2,121,294
Net Position		
Net investment in capital assets		32,516,667
Restricted for:		
Expendable:		
School-based activities		1,078,810
Debt service		2,457,223
Capital improvements		93,227
Forestry improvements		234,530
Unemployment benefits		59,781
Non-expendable:		
Sixteenth section		155,266
Unrestricted		(31,258,270)
Total Net Position	$	5,337,234

The accompanying notes to financial statements are an integral part of these financial statements.

NESHOBA COUNTY SCHOOL DISTRICT

Statement of Activities **Exhibit B**

For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 17,819,080	$ 679,595	$ 11,873,390	$ -	$ (5,266,095)
Support services	10,065,042	6,929	3,472,415	-	(6,585,698)
Non-instructional	2,049,422	292,884	1,694,411	-	(62,127)
Sixteenth section	73,137	29,798	-	-	(43,339)
Pension expense	4,742,292	-	-	-	(4,742,292)
OPEB expense	(239,963)	-	-	-	239,963
Interest on long-term liabilities	774,183	-	260,703	-	(513,480)
Total Governmental Activities	$ 35,283,193	$ 1,009,206	$ 17,300,919	$ -	(16,973,068)

General Revenues:	
Taxes:	
General purpose levies	4,453,712
Debt purpose levies	936,899
Unrestricted grants and contributions:	
State	20,078,888
Federal	895,511
Unrestricted investment earnings	30,455
Sixteenth section sources	343,388
Other	78,086
Total General Revenues	26,816,939
Change in Net Position	9,843,871
Net Position - Beginning, as previously reported	(4,495,523)
Prior period adjustments	(11,114)
Net Position - Beginning, as restated	(4,506,637)
Net Position - Ending	$ 5,337,234

The accompanying notes to financial statements are an integral part of these financial statements.

NESHOBA COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet **Exhibit C**

June 30, 2023

	Major Funds				
	General Fund	ARP/ESSER III Fund	Qualified School Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 11,212,560	$ -	$ -	$ 2,398,930	$ 13,611,490
Cash with fiscal agents	-	-	38	-	38
Investments	-	-	2,387,823	-	2,387,823
Due from other governments	343,808	1,031,442	-	611,699	1,986,949
Lease receivable	1,029,294	-	-	-	1,029,294
Other receivables, net	34,742	-	-	-	34,742
Due from other funds	2,035,366	-	-	8,844	2,044,210
Inventories	-	-	-	24,541	24,541
Total assets	$ 14,655,770	$ 1,031,442	$ 2,387,861	$ 3,044,014	$ 21,119,087
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	$ 3,131,353	$ 17,666	$ -	$ 245,682	$ 3,394,701
Due to other funds	8,844	1,013,776	-	1,021,590	2,044,210
Total Liabilities	3,140,197	1,031,442	-	1,267,272	5,438,911
Deferred Inflows of Resources:					
Leases	1,014,017	-	-	-	1,014,017
Total Deferred Inflows of Resources	1,014,017	-	-	-	1,014,017
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	24,541	24,541
Permanent fund principal	-	-	-	155,266	155,266
Restricted:					
Debt service	-	-	2,387,861	181,029	2,568,890
Capital projects	-	-	-	93,227	93,227
Forestry improvement purposes	-	-	-	234,530	234,530
Grant activities	25,901	-	-	1,028,368	1,054,269
Unemployment benefits	-	-	-	59,781	59,781
Assigned:					
Vocational	166,035	-	-	-	166,035
Student activities	676,678	-	-	-	676,678
Building improvements	92,704	-	-	-	92,704
Unassigned	9,540,238	-	-	-	9,540,238
Total Fund Balances	10,501,556	-	2,387,861	1,776,742	14,666,159
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,655,770	$ 1,031,442	$ 2,387,861	$ 3,044,014	$ 21,119,087

The accompanying notes to financial statements are an integral part of these financial statements.

NESHOBA COUNTY SCHOOL DISTRICT

Governmental Funds

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

June 30, 2023

Total fund balances for governmental funds		$ 14,666,159
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	$ 783,993	
Construction in progress	11,793,482	
Buildings	43,122,097	
Building improvements	7,374,083	
Improvements other than buildings	8,512,793	
Mobile equipment	5,536,235	
Furniture and equipment	2,932,188	
Leased assets	23,157	
Subscription based IT assets	40,028	
Accumulated amortization	(23,798)	
Accumulated depreciation	(21,978,126)	58,116,132
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(47,920,152)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	8,802,961	
Deferred inflows of resources related to pensions	(177,009)	(39,294,200)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability Current Portion	(81,260)	
Net OPEB liability Noncurrent Portion	(1,528,629)	
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	367,795	
Deferred inflows of resources related to OPEB	(930,268)	
Some liabilities, including deferred outflows of refunding bonds, are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred outflows of resources related to refunding bonds	241,495	(1,930,867)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(11,445,000)	
Certificates of participation	(8,067,000)	
Qualified school construction bonds payable	(3,000,000)	
Installment purchase loans payable	(216,923)	
Lease obligations	(12,619)	
Subscription IT liabilities	(25,978)	
Obligations under energy efficiency loans	(3,073,440)	
Compensated absences payable	(267,363)	
Accrued interest payable	(111,667)	(26,219,990)
Net position of governmental activities		$ 5,337,234

The accompanying notes to financial statements are an integral part of these financial statements.

NESHOBA COUNTY SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2023

	Major Funds				
	General Fund	ARP/ESSER III Fund	Qualified School Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 5,222,313	$ -	$ (22,136)	$ 1,231,817	$ 6,431,994
State sources	21,706,920	-	-	398,572	22,105,492
Federal sources	895,511	8,706,798	155,312	6,412,204	16,169,825
Sixteenth section sources	389,233	-	-	30,520	419,753
Total Revenues	28,213,977	8,706,798	133,176	8,073,113	45,127,064
Expenditures:					
Instruction	14,509,512	359,530	-	3,764,382	18,633,424
Support services	9,715,110	49,257	-	1,730,285	11,494,652
Noninstructional services	-	-	-	2,130,444	2,130,444
Sixteenth section	43,615	-	-	31,822	75,437
Facilities acquisition and construction	108,372	8,298,011	-	3,809,834	12,216,217
Debt service:					
Principal	19,238	-	-	1,299,799	1,319,037
Interest	121	-	180,900	586,721	767,742
Other	-	-	1,950	6,053	8,003
Total Expenditures	24,395,968	8,706,798	182,850	13,359,340	46,644,956
Excess (Deficiency) of Revenues over (under) Expenditures	3,818,009	-	(49,674)	(5,286,227)	(1,517,892)
Other Financing Sources (Uses):					
Lease issued	23,157	-	-	-	23,157
Bonds and notes issued	-	-	-	1,149,206	1,149,206
SBITA issued	24,430	-	-	15,598	40,028
Payment held by escrow agent	-	-	201,300	-	201,300
Sale of other property	6,085	-	-	-	6,085
Operating transfers in	189,483	-	228,838	1,857,987	2,276,308
Payment to escrow agent	-	-	(201,300)	-	(201,300)
Operating transfers out	(1,857,987)	-	-	(418,321)	(2,276,308)
Total Other Financing Sources (Uses)	(1,614,832)	-	228,838	2,604,470	1,218,476
Net Change in Fund Balances	2,203,177	-	179,164	(2,681,757)	(299,416)
Fund Balances:					
July 1, 2022, as previously reported	8,298,379	-	2,208,697	4,481,340	14,988,416
Prior period adjustments	-	-	-	(11,114)	(11,114)
July 1, 2022	8,298,379	-	2,208,697	4,470,226	14,977,302
Increase (Decrease) in reserve for inventory	-	-	-	(11,727)	(11,727)
June 30, 2023	$ 10,501,556	$ -	$ 2,387,861	$ 1,776,742	$ 14,666,159

The accompanying notes to financial statements are an integral part of these financial statements.

NESHOBA COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Exhibit D-1

Net change in fund balances - total governmental funds		$ (299,416)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay and right-of-use asset acquistions as expenditures. However, in the statement of activities, the cost of capital and right-of-use assets is allocated over their estimated useful lives as depreciation or amortization expense. In the current period, these amounts are:		
Capital outlay	$ 13,274,515	
Depreciation expense	(1,904,017)	
Right-of-use asset acquistion	63,185	
Amortization expense	(23,798)	11,409,885
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(35,743)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	1,319,038	
Bonds and notes issued	(1,149,206)	
Lease issued	(23,157)	
Subscription IT liability issued	(40,028)	
Accrued interest payable	18,812	125,459
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(4,742,292)	
Contributions subsequent to the measurement date	3,105,062	(1,637,230)
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	239,963	
Contributions subsequent to the measurement date	81,260	321,223
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(11,334)	
Change in inventory reserve	(11,727)	
Amortization of deferred charges, premiums and discounts	(17,250)	
Rounding difference	4	(40,307)
Change in net position of governmental activities		$ 9,843,871

The accompanying notes to financial statements are an integral part of these financial statements.

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

ARP/ESSER III Fund – This special revenue fund is used to account for the activity of the ARP/ESSER III federal grant.

Qualified School Construction Fund – This is a debt service fund that accounts for the debt service activity related to the Qualified School Construction Bond issued December 17, 2010.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

D. Encumbrances

An encumbrance system is 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

4. Inventories and Prepaid Items

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	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	**	**

(**) The estimated useful life is based upon the terms of the lease or subscription agreement for which the intangible asset is reported. 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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 incurred deferred outflows which are presented as deferred outflows related to pensions, deferred outflows related to OPEB, and deferred outflows related to refunding bonds.

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 incurred deferred inflows which are presented as deferred inflows related to pensions and deferred inflows related to OPEB. The school district has also incurred a deferred inflow which is related to Sixteenth Section lease receivables.

See Note 6, Note 8, Note 9, and Note 16 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 four (4) percent to calculate the present value of lease payments when the rate implicit in the lease is not known. This is the rate the District would expect to obtain for a similar financed purchase at the date of lease inception.

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (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, relatability, relevance and consistency of information about SBITAs. See Note 6 for further details.

Note 1 – Summary of Significant Accounting Policies (Continued)

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 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 official board minutes. Currently there is no committed fund balance for this school district.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts. It is the goal of the school district to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than five (5) percent of general fund revenues for the year. If the unassigned fund balance as fiscal year-end falls below the goal, the school district shall develop a restoration plan to achieve and maintain the minimum fund balance.

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 and investments are imposed by statutes as follows:

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

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments (Continued)

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Investment income of less than $100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was $13,611,490.

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.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $38.

Investments

As of June 30, 2023, the District had the following investments:

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common Trust Funds 2012	Aaa	Averages 5 years	$ 2,387,823
Total			$ 2,387,823

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

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

- QSCB Construction Bonds Common Trust Funds 2012 of $2,387,823 are valued using quoted market prices (Level 1 inputs)

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments (Continued)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2023, the District did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2023, the District had the following investments:

Issuer	Fair Value	% of Total Investments
QSCB Construction Bonds Common Trust Fund 2012	$ 2,387,823	100%

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	ARP/ESSER III fund	$ 1,013,776
	Other governmental funds	1,021,590
Other governmental funds	General Fund	8,844
Total		$ 2,044,210

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in pooled bank accounts caused by negative federal program fund cash flows and to recognize the effects of inter-fund loans between funds.

Note 3 – Inter-fund Receivables, Payables and Transfers (Continued)

B. **Inter-fund Transfers**

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	1,857,987
Other governmental funds	Qualified School Construction fund		228,838
Other governmental funds	General Fund		189,483
Total		$	2,276,308

Inter-fund transfers represent operating transfers from the General Fund to other governmental funds, transfers of investment earnings on 16th Section Principal Fund investments to the general fund, and transfers of indirect costs from special revenue funds to the General Fund. Such transfers also include operating transfers between other governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investment balance, totaling $ 155,266, $16,418, $138,582 and $82,762, respectively, of the Sixteenth Section Principal Fund (Permanent Fund), the New HS/ADA Reno Fun (Capital Projects Fund), the Construction of Softball/Baseball Facility Fund (Capital Projects Fund) and the Construction of Gym and Fine Arts Building Fund (Capital Projects Fund), which is legally restricted and may not be used for purposes that support the District's programs. In addition, the restricted assets represent the cash and investment balance, totaling $38 and $2,387,823, respectively, of the QSCB Bond Retirement Fund.

Note 5 – Capital Assets

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

The term depreciation includes amortization of intangible assets.

	Balance 7/1/2022	Adjustments	Increases	Decreases	Completed Construction	Balance 6/30/2023
Governmental Activities:						
Non-depreciable capital assets:						
Land	$ 783,993	$ -	$ -	$ -	$ -	$ 783,993
Construction-in-progress	4,291,544	-	12,216,217	-	(4,714,279)	11,793,482
Total non-depreciable capital assets	5,075,537	-	12,216,217	-	(4,714,279)	12,577,475
Depreciable capital assets:						
Buildings	43,122,097	-	-	-	-	43,122,097
Building improvements	3,809,010	-	-	-	3,565,073	7,374,083
Improvements other than buildings	4,678,830	2,544,243	140,514	-	1,149,206	8,512,793
Mobile equipment	5,006,735	-	681,500	152,000	-	5,536,235
Furniture and equipment	2,817,367	-	236,284	121,463	-	2,932,188
Leased property	2,544,243	(2,544,243)	-	-	-	-
Total depreciable capital assets	61,978,282	-	1,058,298	273,463	4,714,279	67,477,396
Less accumulated depreciation for:						
Buildings	11,984,698	-	885,433	-	-	12,870,131
Building improvements	166,390	-	294,963	-	-	461,353
Improvements other than buildings	2,335,993	232,322	246,280	-	-	2,814,595
Mobile equipment	3,808,588	-	211,403	136,800	-	3,883,191
Furniture and equipment	1,783,838	-	265,938	100,920	-	1,948,856
Leased property	232,322	(232,322)	-	-	-	-
Total accumulated depreciation	20,311,829	-	1,904,017	237,720	-	21,978,126
Total depreciable capital assets, net	41,666,453	-	(845,719)	35,743	4,714,279	45,499,270
Governmental activities capital assets, net	$ 46,741,990	$ -	$ 11,370,498	$ 35,743	$ -	$ 58,076,745

Lease and subscription IT assets, net (Note 6)	39,387
Total capital assets, net, as reported in the statement of net position	$ 58,116,132

Adjustments are for the reclassification in FY 2022 due to implementation of GASB87.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 1,407,961
Support services	384,737
Non-instructional	111,319
Total depreciation expense - Governmental activities	$ 1,904,017

Note 5 – Capital Assets (Continued)

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

	Spent to June 30, 2023	Remaining Commitment
Governmental Activities:		
Band and Choral Facility	$ 3,407,564	$ 892,765
Gym and Classroom Addition	3,108,027	772,917
HVAC and Restroom Renovation Phase III	2,712,320	2,612,074
Softball and Baseball Facility	2,501,071	80,248
Parking Lot	64,500	-
Total governmental activities	$ 11,793,482	$ 4,358,004

Construction projects included in governmental activities are funded with an ESSER II grant and an ARP/ESSER III grant.

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets

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

	Balance 7/1/2022	Additions	Remeasurements	Deductions	Balance 6/30/2023
Lease assets:					
Furniture and equipment	$ -	$ 23,157	$ -	$ -	$ 23,157
Total lease assets	-	23,157	-	-	23,157
Less accumulated amortization:					
Lease assets:					
Furniture and equipment	-	(10,455)	-	-	(10,455)
Total accumulated amortization	-	(10,455)	-	-	(10,455)
Total lease assets, net	-	12,702	-	-	12,702
Subscription IT assets	-	40,028	-	-	40,028
Less accumulated amortization	-	(13,343)	-	-	(13,343)
Subscription IT assets, net	-	26,685	-	-	26,685
Total lease and subscription IT assets, net	$ -	$ 39,387	$ -	$ -	$ 39,387

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

	Balance 7/1/2022	Additions	Remeasurements	Deductions	Balance 6/30/2023	Amounts due within one year
Lease liabilities	$ -	$ 23,157	$ -	$ 10,538	$ 12,619	$ 10,084
Subscription IT liabiltiies	-	40,028	-	14,050	25,978	12,520
Total	$ -	$ 63,185	$ -	$ 24,588	$ 38,597	$ 22,604

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets (Continued)

Leases

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

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

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

As Lessee:

Equipment Leases:

The District has entered into a lease with Flock Safety for cameras. The District entered into a twenty-four-month agreement for this equipment beginning October 17, 2022 and ending September 16, 2024. The District is to make payments on an annual basis. The school district used the federal prime rate to calculate the present value of the lease payments since the rate implicit in the lease agreement is not a part of the contract.

The District has also entered into a lease with Pitney Bowes for a postage meter. The District entered into a sixty-month agreement for this equipment beginning November 15, 2022 and ending October 14, 2027. The District is to make payments on an annual basis. The school district used the federal prime rate to calculate the present value of the lease payments since the rate implicit in the lease agreement is not a part of the contract.

The following is a schedule by years of the total payments due on these leases:

Year Ending June 30	Principal	Interest	Total
2024	$ 10,084	$ 795	$ 10,879
2025	720	159	879
2026	772	107	879
2027	827	52	879
2028	216	4	220
Total	$ 12,619	$ 1,117	$ 13,736

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets (Continued)

As Lessor:

Sixteenth Section Lands

The school district uses a rate of 4.00% to calculate the present value of Sixteenth Section lease rental payments since a rate implicit in the sixteenth section leases are not a part of the contracts.

The District, acting as lessor, has entered into 300 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed. The 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 district as part of the implementation of GASB Statement No. 87. The school district has, however, included in its financial statements at year end the net present value of future leases payments of $1,029,294 as a lease receivable and $1,014,017 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

For the year ending June 30, 2023, the District recognized $119,128 in revenue related to its sixteenth section lease receivables.

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

Year Ending June 30	Principal	Interest	Total
2024	$ 101,053	$ 44,122	$ 145,175
2025	98,390	40,080	138,470
2026	85,354	35,416	120,770
2027	80,654	30,736	111,390
2028	67,007	27,510	94,517
2029 – 2033	244,119	100,190	344,309
2034 – 2038	165,749	57,846	223,595
2039 – 2043	144,474	25,773	170,247
Thereafter	42,494	5,117	47,611
Total	$ 1,029,294	$ 366,790	$ 1,396,084

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets (Continued)

SBITA

The SBITA assets are initially measured at an amount equal to the initial measurement of the subscription liability, plus payments made at or prior to the beginning of the subscription and certain capitalizable implementation costs, and minus any SBITA vendor incentives paid prior to the subscription. Subsequently, the school district amortizes the subscription asset on a straight-line bases over the shorter of the subscription term or the useful life of the underlying IT asset.

The District has entered into a subscription-based information technology agreement (SBITA) with SPED TRACK for Sped Track software. The District entered into a thirty-six-month agreement for this service beginning August 15, 2022 and ending July 15, 2025. The District is to make payments on an annual basis. The District is in the 1st year of the contract in the year of implementation of GASB 96. The school district used the federal prime rate to calculate the present value of the subscription payments since the rate implicit in the subscription agreement is not a part of the subscription contract.

The District has also entered into a SBITA with HUDL for game film. The District entered into a thirty-six-month agreement for this service beginning December 12, 2022 and ending November 12, 2025. The District is to make payments on an annual basis. The District is in the 1st year of the contract in the year of implementation of GASB 96. The school district used the federal prime rate to calculate the present value of the subscription payments since the rate implicit in the subscription agreement is not a part of the subscription contract.

The following is a schedule by years of the total payments due on these SBITAs:

Year Ending June 30	Principal	Interest	Total
2024	$ 12,520	$ 1,665	$ 14,185
2025	13,458	862	14,320
Total	$ 25,978	$ 2,527	$ 28,505

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	Reductions	Balance 6/30/2023	Amounts due within one year
A. General obligation bonds payable	$ 12,025,000	$ -	$ 580,000	$ 11,445,000	$ 590,000
B. Certificates of participation payable	8,623,000	-	556,000	8,067,000	609,000
C. Obligations under energy efficiency loans	2,050,519	1,149,206	126,285	3,073,440	164,016
D. Installment purchases loans payable	249,088	-	32,165	216,923	33,242
E. Qualified school construction bonds payable	3,000,000	-	-	3,000,000	-
F. Compensated absences payable	256,029	11,334	-	267,363	-
Total	$ 26,203,636	$ 1,160,540	$ 1,294,450	$ 26,069,726	$ 1,396,258

Note 7 – Long-term Liabilities (Continued)

A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 2015	2.375 - 3.25%	11/12/2015	11/1/2035	$ 9,000,000	$ 7,380,000
2. General obligation bonds, Series 2016	2.25 - 3.00%	5/11/2016	5/1/2036	5,000,000	4,065,000
Total				$ 14,000,000	$ 11,445,000

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

1. General obligation bond issue of November 12, 2015:

Year Ending June 30	Principal	Interest	Total
2024	$ 360,000	$ 202,106	$ 562,106
2025	360,000	192,206	552,206
2026	360,000	183,206	543,206
2027	360,000	174,431	534,431
2028	495,000	164,278	659,278
2029 – 2033	3,000,000	615,816	3,615,816
2034 – 2036	2,445,000	118,303	2,563,303
Total	$ 7,380,000	$ 1,650,346	$ 9,030,346

This debt will be retired from the General Obligation Bond 2015 Fund (Debt Service Fund).

2. General obligation bond issue of May 11, 2016:

Year Ending June 30	Principal	Interest	Total
2024	$ 230,000	$ 108,100	$ 338,100
2025	235,000	101,200	336,200
2026	240,000	94,150	334,150
2027	250,000	86,950	336,950
2028	260,000	81,325	341,325
2029 – 2033	1,645,000	305,100	1,950,100
2034 – 2036	1,205,000	66,825	1,271,825
Total	$ 4,065,000	$ 843,650	$ 4,908,650

This debt will be retired from the General Obligation Bond 2016 Fund (Debt Service Fund).

Note 7 – Long-term Liabilities (Continued)

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	$ 590,000	$ 310,206	$ 900,206
2025	595,000	293,406	888,406
2026	600,000	277,356	877,356
2027	610,000	261,381	871,381
2028	755,000	245,603	1,000,603
2029 – 2033	4,645,000	920,916	5,565,916
2034 – 2036	3,650,000	185,128	3,835,128
Total	$ 11,445,000	$ 2,493,996	$ 13,938,996

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2023, the amount of outstanding bonded indebtedness was equal to 9.0% of property assessments as of October 1, 2022.

B. Certificates of participation payable

As more fully explained in Note 13, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of participation payable - 2022 A Bond	2.10%	2/1/2022	2/1/2037	$ 8,198,000	$ 8,067,000
Total				$ 8,198,000	$ 8,067,000

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

Year Ending June 30	Principal	Interest	Total
2024	$ 609,000	$ 169,407	$ 778,407
2025	606,000	156,618	762,618
2026	647,000	143,892	790,892
2027	750,000	130,305	880,305
2028	633,000	114,555	747,555
2029 – 2033	2,918,000	369,054	3,287,054
2034 – 2037	1,904,000	102,375	2,006,375
Total	$ 8,067,000	$ 1,186,206	$ 9,253,206

This debt will be retired from the Certificate of Participation Fund (Debt Service Fund).

Note 7 – Long-term Liabilities (Continued)

C. Obligations under energy efficiency loans

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Energy efficiency loan - Bank of America	2.40%	11/14/2019	2/1/2036	$ 2,185,512	$ 1,985,651
2. Energy efficiency loan- Baseball/Softball Lighting	3.06%	7/8/2022	7/8/2037	1,149,206	1,087,789
Total				$ 3,334,718	$ 3,073,440

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

1. Obligations under energy efficiency loans issue of November 14, 2019:

Year Ending June 30	Principal	Interest	Total
2024	$ 132,601	$ 47,093	$ 179,694
2025	135,800	43,894	179,694
2026	139,076	40,618	179,694
2027	142,431	37,263	179,694
2028	145,867	33,827	179,694
2029 – 2033	783,847	114,623	898,470
2034 – 2036	506,029	33,053	539,082
Total	$ 1,985,651	$ 350,371	$ 2,336,022

This debt will be retired from the Bank of America Lease Fund (Debt Service Fund).

2. Obligations under energy efficiency loans issue of July 8, 2022:

Year Ending June 30	Principal	Interest	Total
2024	$ 31,415	$ 16,638	$ 48,053
2025	64,278	31,827	96,105
2026	66,259	29,845	96,104
2027	68,302	27,803	96,105
2028	70,407	25,698	96,105
2029 – 2033	385,958	94,566	480,524
2034 – 2038	401,170	31,301	432,471
Total	$ 1,087,789	$ 257,678	$ 1,345,467

This debt will be retired from the 2022 Energy Efficiency Loan Project Fund (Debt Service Fund).

Note 7 – Long-term Liabilities (Continued)

Total obligations under energy efficiency loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	$ 164,016	$ 63,731	$ 227,747
2025	200,078	75,721	275,799
2026	205,335	70,463	275,798
2027	210,733	65,066	275,799
2028	216,274	59,525	275,799
2029 – 2033	1,169,805	209,189	1,378,994
2034 – 2038	907,199	64,354	971,553
Total	$ 3,073,440	$ 608,049	$ 3,681,489

An energy efficiency loan agreement dated November 14, 2019, was executed by and between the District and Bank of America, National Association.

The agreement authorized the borrowing of $2,185,512 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the Bank of America Lease Fund and not exceed twenty (20) years.

An energy efficiency loan agreement dated July 8, 2022, was executed by and between the District and Bank of America, National Association.

The agreement authorized the borrowing of $1,149,206 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the 2022 Energy Efficiency Loan Project Fund and not exceed twenty (20) years.

The District entered into these energy efficiency agreements under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to Bank of America, the District has the option of repaying the total amounts due as set forth by the agreements.

D. Installment purchases loans payable

The school district has entered into an agreement for financing the acquisition of football stadium lighting at the cost of $349,784 with a down payment of $20,334. This agreement qualifies as a finance purchase for accounting purposes.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Football stadium lighting	3.35%	2/8/2019	2/8/2029	$ 339,450	$ 216,923
Total				$ 339,450	$ 216,923

Note 7 – Long-term Liabilities (Continued)

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

Year Ending June 30	Principal	Interest	Total
2024	$ 33,242	$ 7,267	$ 40,509
2025	34,356	6,153	40,509
2026	35,507	5,002	40,509
2027	36,696	3,813	40,509
2028	37,926	2,584	40,510
2029	39,196	1,313	40,509
Total	$ 216,923	$ 26,132	$ 243,055

This debt will be retired from the Capital Lease/Stadium Light Fund (Debt Service Fund).

E. Qualified school construction bonds payable

As more fully explained in Note 14, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bond	6.03%	12/17/2010	12/17/2025	$ 3,000,000	$ 3,000,000
Total				$ 3,000,000	$ 3,000,000

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

Year Ending June 30	Principal	Interest	Total
2024	$ -	$ 180,900	$ 180,900
2025	-	180,900	180,900
2026	3,000,000	180,900	3,180,900
Total	$ 3,000,000	$ 542,700	$ 3,542,700

F. Compensated absences payable

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

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 $3,105,062, $2,788,728 and $2,710,058, 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 $47,920,152 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 0.00232807 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.00144 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.

Note 8 – Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2023, the District recognized pension expense of $4,742,292. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 676,414	$ -
Net difference between projected and actual earnings on pension plan investments	2,409,202	-
Changes of assumptions	1,667,626	-
Changes in proportion and differences between District contributions and proportionate share of contributions	944,657	177,009
District contributions subsequent to the measurement date	3,105,062	-
Total	$ 8,802,961	$ 177,009

$3,105,062 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	$ 1,931,109
2025	1,442,141
2026	(452,637)
2027	2,600,277

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, 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.

Note 8 – Defined Benefit Pension Plan (Continued)

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

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.

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	$ 62,540,693	$ 47,920,152	$ 35,866,260

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

Note 9 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare 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 $81,260 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 $1,609,889 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 0.32675897 percent. This was a decrease of 0.00733526 percent from the proportionate share as of the measurement date of June 30, 2021.

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

For the year ended June 30, 2023, the District recognized OPEB expense of $239,963. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,333	$ 697,470
Changes of assumptions	251,088	149,054
Net difference between projected and actual earnings on OPEB plan investments	111	-
Changes in proportion and differences between District contributions and proportionate share of contributions	34,003	83,744
District contributions subsequent to the measurement date	81,260	-
Total	$ 367,795	$ 930,268

$81,260 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	$ (165,623)
2025	(132,135)
2026	(144,275)
2027	(110,250)
2028	(65,318)
Thereafter	(26,132)

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

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	
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 Pre-Medicare	7.00% for 2023 decreasing to an 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 the last actuarial experience study, dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 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 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 Buyers General Obligation 20-year Municipal Bond Index Rate.

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

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%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	$ 1,773,491	$ 1,609,889	$ 1,469,357

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	$ 1,497,886	$ 1,609,889	$ 1,735,933

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

Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

	Explanation	Amount
1.	To correct prior period errors	$ (11,114)
	Total	$ (11,114)

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

Fund	Explanation	Amount
Other governmental funds	To correct prior period errors	$ (11,114)
Total		$ (11,114)

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 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 48 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess 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 13 – Trust Certificates

A trust agreement dated February 1, 2022, was executed by and between the school district and U.S. Bank, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of $8,198,000. Approximately $7,988,745 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately $209,255 was used to pay the cost of issuance.

The project is loaned to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The agreement transfers ownership of the project to the school district upon complete retirement of the trust certificates. The school district is obligated to make payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

Note 13 – Trust Certificates (Continued)

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 7 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the agreement for financial reporting purposes.

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. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2023, the subsidy payments amounted to $155,312.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2023 was $2,387,861. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2024	$	201,300
2025		201,300
2026		181,800
Total	$	584,400

Note 15 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated August 17, 1982 creating the Philadelphia-Neshoba Vocational-Technical Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Neshoba County School District, the Philadelphia Public School District, and East Central Community College.

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

East Central Community College has been designated as the fiscal agent for the Philadelphia-Neshoba Vocational-Technical Center, and the operations of the consortium are included in its financial statements.

Note 16 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($31,258,270) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of $3,105,062 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The $5,697,899 balance of deferred outflow of resources related to pensions, 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 ($31,258,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $177,009 balance of deferred inflow of resources related to pensions, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($31,258,270) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of $81,260 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 $286,535 balance of deferred outflow of resources related to OPEB, 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 ($31,258,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $930,268 balance of deferred inflow of resources related to OPEB, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of ($31,258,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The $1,014,017 balance of deferred inflow of resources related to leases at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 39 years.

The unrestricted net position amount of ($31,258,270) includes the effect of deferring the recognition of expense resulting from a deferred outflow from refunding bonds. The $241,495 balance of deferred outflow of resources related to refunding bonds at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 13 years.

Note 17 – State Compliance Testing

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at http://www.osa.ms.gov/reports.

Note 18 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Neshoba County School District evaluated the activity of the district through March 1, 2024, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 5,092,936	$ 5,222,334	$ 5,222,313	$ 129,398	$ (21)
State sources	21,634,134	21,713,690	21,706,920	79,556	(6,770)
Federal sources	677,017	992,668	895,511	315,651	(97,157)
Sixteenth section sources	223,345	396,942	389,233	173,597	(7,709)
Total Revenues	27,627,432	28,325,634	28,213,977	698,202	(111,657)
Expenditures:					
Instruction	15,313,801	14,493,881	14,509,512	819,920	(15,631)
Support services	10,605,121	9,702,615	9,715,110	902,506	(12,495)
Sixteenth section	98,550	43,616	43,615	54,934	1
Facilities acquisition and construction	-	108,373	108,372	(108,373)	1
Debt service:					
Principal	-	-	19,238	-	(19,238)
Interest	-	-	121	-	(121)
Total Expenditures	26,017,472	24,348,485	24,395,968	1,668,987	(47,483)
Excess (Deficiency) of Revenues over (under) Expenditures	1,609,960	3,977,149	3,818,009	2,367,189	(159,140)
Other Financing Sources (Uses):					
Leases issued	-	-	23,157	-	23,157
SBITA issued	-	-	24,430	-	24,430
Sale of other property	-	-	6,085	-	6,085
Operating transfers in	4,030,119	3,099,944	189,483	(930,175)	(2,910,461)
Operating transfers out	(5,492,528)	(4,628,579)	(1,857,987)	863,949	2,770,592
Total Other Financing Sources (Uses)	(1,462,409)	(1,528,635)	(1,614,832)	(66,226)	(86,197)
Net Change in Fund Balances	147,551	2,448,514	2,203,177	2,300,963	(245,337)
Fund Balances:					
July 1, 2022	7,702,955	9,428,525	8,298,379	1,725,570	(1,130,146)
June 30, 2023	$ 7,850,506	$ 11,877,039	$ 10,501,556	$ 4,026,533	$ (1,375,483)

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

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
ARP/ESSER III Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 14,712,880	$ 14,233,715	$ 8,706,798	$ (479,165)	$ (5,526,917)
Total Revenues	14,712,880	14,233,715	8,706,798	(479,165)	(5,526,917)
Expenditures:					
Instruction	2,351,185	2,759,888	359,530	(408,703)	2,400,358
Support services	484,224	120,950	49,257	363,274	71,693
Facilities acquisition and construction	11,447,471	11,352,877	8,298,011	94,594	3,054,866
Total Expenditures	14,282,880	14,233,715	8,706,798	49,165	5,526,917
Excess (Deficiency) of Revenues over (under) Expenditures	430,000	-	-	(430,000)	-
Other Financing Sources (Uses):					
Operating transfers out	(430,000)	-	-	430,000	-
Total Other Financing Sources (Uses)	(430,000)	-	-	430,000	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	$ -	$ -	$ -	$ -	$ -

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

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

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 proportion of the net pension liability	0.232807%	0.234247%	0.224481%	0.223067%	0.222976%	0.227058%	0.231634%	0.231141%	0.223056%
District's proportionate share of the net pension liability	$ 47,920,152	$ 34,622,730	$ 43,456,913	$ 39,241,886	$ 37,087,533	$ 37,744,747	$ 41,375,617	$ 35,729,840	$ 27,074,914
District's covered payroll	16,027,163	15,575,052	14,947,631	14,527,810	14,239,143	14,565,892	14,818,216	14,440,343	13,629,873
District's proportionate share of the net pension liability as a percentage of its covered payroll	299%	222%	291%	270%	260%	259%	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	60%	70%	59%	62%	63%	61%	57%	62%	67%

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

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

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

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,105,062	$ 2,788,728	$ 2,710,058	$ 2,600,888	$ 2,288,130	$ 2,242,665	$ 2,294,128	$ 2,333,869	$ 2,274,354
Contributions in relation to the contractually required contribution	3,105,062	2,788,728	2,710,058	2,600,888	2,288,130	2,242,665	2,294,128	2,333,869	2,274,354
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	17,845,187	16,027,163	15,575,052	14,947,631	14,527,810	14,239,143	14,565,892	14,818,216	14,440,343
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 Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

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 proportion of the net OPEB liability	0.326759%	0.334094%	0.329649%	0.334134%	0.330983%	0.338523%
District's proportionate share of the net OPEB liability	$ 1,609,889	$ 2,150,504	$ 2,565,356	$ 2,835,263	$ 2,560,320	$ 2,656,079
District's covered-employee payroll	16,027,163	15,575,052	14,947,631	14,527,810	14,239,143	14,565,892
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.04%	13.81%	17.16%	19.52%	17.98%	18.23%
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.

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

NESHOBA COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS
OPEB
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018*
Actuarially determined contribution	$ 81,260	$ 65,607	$ 86,436	$ 102,306	$ 113,646	$ 113,233
Contributions in relation to the actuarially determined contribution	81,260	65,607	86,436	102,306	113,646	113,233
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	17,845,187	16,027,163	15,575,052	14,947,631	14,527,810	14,239,143
Contributions as a percentage of covered-employee payroll	0.46%	0.41%	0.55%	0.68%	0.78%	0.80%

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*
The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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.

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

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In

addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

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

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates Medicare Supplement Claims Pre-Medicare	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

NESHOBA COUNTY SCHOOL DISTRICT

Supplementary Information

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

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child & adult care food program	10.558	235MS326N1099	$ 1,988
Subtotal			1,988
Child nutrition cluster:			
School breakfast program	10.553	235MS326N1099	381,429
National school lunch program	10.555	235MS326N1099	1,314,087
Summer food service program for children	10.559	235MS326N1099	3,843
Fresh Fruits & Vegetables	10.582	235MS326N1099	114,916
Total child nutrition cluster			1,814,275
Total passed-through Mississippi Department of Education			1,816,263
Total U.S. Department of Agriculture			1,816,263
U.S. Department of Defense			
Direct Program:			
Reserve Officers' Training Corps	12.xxx	N/A	108,362
Total U.S. Department of Defense			108,362
U.S. Department of Education			
Direct Program:			
Impact aid	84.041	N/A	437,870
Indian education grants to local educational agencies	84.060	N/A	83,080
Total direct programs			520,950
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A230024	2,277,400
Career and technical education - basic grants to states	84.048	V048A220024	39,099
Rural education	84.358	S358B230024	53,375
Improving teacher quality-State Grants	84.367	S367A230023	222,996
Student support and academic enrichment program	84.424	S424A230025	90,204
Subtotal			2,683,074
Special education cluster:			
Special education - grants to states	84.027	H027A230108	703,255
IDEA, Part B ARP Grant	84.027X	H027X230108	126,022
Subtotal			829,277
Special education - preschool grants	84.173	H173A230113	40,212
IDEA, Part B Preschool ARP Grant	84.173X	H173X230113	13,704
Subtotal			53,916
Total special education cluster			883,193
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	9,127
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	674,812
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	8,706,798
ARP Homeless Children & Youth	84.425W	S425W230031	16,169
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			9,406,906
Total passed-through Mississippi Department of Education			12,973,173
Total U.S. Department of Education			13,494,123
Total for All Federal Awards			$ 15,418,748

The notes to the Supplementary Information are an integral part of this schedule.

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 Neshoba County 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 Neshoba County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Neshoba County School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The Neshoba County School District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Noncash Award – Commodities

The amount of donated commodities reported on the Schedule is the value of donated commodities received by the District and reported under the National School Lunch Program Assistance listing #10.555. The value of the commodities received during the fiscal year was $176,258.

NESHOBA COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2023

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	24,585,373	18,571,113	1,520,664	1,402,348	3,091,248
Other		22,059,583	2,560,498	422,245	26,028	19,050,812
Total	$	46,644,956	21,131,611	1,942,909	1,428,376	22,142,060
Total number of students *		2,596				
Cost per student	$	17,968	8,140	748	550	8,530

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

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

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

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

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

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

OTHER INFORMATION

NESHOBA COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 5,222,313	$ 5,024,963	$ 5,147,678	$ 4,851,189
State sources	21,706,920	18,222,626	18,079,227	17,356,825
Federal sources	895,511	761,491	935,252	740,257
Sixteenth section sources	389,233	345,371	423,553	468,584
Total Revenues	28,213,977	24,354,451	24,585,710	23,416,855
Expenditures:				
Instruction	14,509,512	12,872,840	12,886,787	12,604,112
Support services	9,715,110	8,097,696	7,877,387	7,043,342
Sixteenth section	43,615	146,347	161,564	160,902
Facilities acquisition and construction	108,372	31,257	131,619	422,763
Debt service:				
Principal	19,238	-	-	-
Interest	121	-	-	-
Total Expenditures	24,395,968	21,148,140	21,057,357	20,231,119
Excess (Deficiency) of Revenues over (under) Expenditures	3,818,009	3,206,311	3,528,353	3,185,736
Other Financing Sources (Uses):				
Leases issued	23,157	-	-	-
SBITA issued	24,430	-	-	-
Insurance recovery	-	-	6,876	3,633
Sale of other property	6,085	31,392	-	-
Operating transfers in	189,483	328,333	317,746	79,184
Other financing sources	-	-	985	-
Operating transfers out	(1,857,987)	(4,629,252)	(2,902,946)	(3,257,353)
Other financing uses	-	-	-	(496)
Total Other Financing Sources (Uses)	(1,614,832)	(4,269,527)	(2,577,339)	(3,175,032)
Net Change in Fund Balances	2,203,177	(1,063,216)	951,014	10,704
Fund Balances:				
Beginning of period, as previously reported	8,298,379	9,361,595	8,237,754	8,241,018
Residual equity transfers in	-	-	175,228	-
Prior period adjustments	-	-	(2,401)	(13,968)
Beginning of period, as restated	8,298,379	9,361,595	8,410,581	8,227,050
End of Period	$ 10,501,556	$ 8,298,379	$ 9,361,595	$ 8,237,754

*SOURCE - PRIOR YEAR AUDIT REPORTS

NESHOBA COUNTY SCHOOL DISTRICT

Other Information

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

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 6,431,994	$ 5,845,224	$ 5,938,831	$ 5,896,730
State sources	22,105,492	18,636,453	18,801,304	18,524,071
Federal sources	16,169,825	15,152,216	8,956,436	5,136,755
Sixteenth section sources	419,753	373,926	471,371	523,199
Total Revenues	45,127,064	40,007,819	34,167,942	30,080,755
Expenditures:				
Instruction	18,633,424	17,376,455	17,896,109	16,066,090
Support services	11,494,652	10,123,125	9,706,562	8,227,691
Noninstructional services	2,130,444	1,949,126	2,100,829	1,605,286
Sixteenth section	75,437	195,495	197,576	187,056
Facilities acquisition and construction	12,216,217	6,880,363	2,313,839	3,446,869
Debt service:				
Principal	1,319,037	1,133,940	702,289	669,126
Interest	767,742	1,016,490	909,315	936,702
Other	8,003	215,205	17,761	6,100
Total Expenditures	46,644,956	38,890,199	33,844,280	31,144,920
Excess (Deficiency) of Revenues over (under) Expenditures	(1,517,892)	1,117,620	323,662	(1,064,165)
Other Financing Sources (Uses):				
Bonds and notes issued	1,149,206	-	-	-
Lease issued	23,157			
SBITA issued	40,028			
Capital leases issued	-	-	687,870	1,519,365
Insurance recovery	-	-	6,876	3,633
Refunding bonds issued	-	8,198,000	-	-
Payment held by escrow agent	201,300	201,199	201,264	199,446
Payment to refunded bond escrow agent	-	(7,988,745)	-	-
Sale of other property	6,085	31,392	-	-
Operating transfers in	2,276,308	4,957,585	3,750,624	4,076,186
Other financing sources	-	-	985	-
Operating transfers out	(2,276,308)	(4,957,585)	(3,750,624)	(4,076,186)
Payment to debt escrow agent	(201,300)	(201,199)	(201,264)	(199,446)
Other financing uses	-	-	-	(496)
Total Other Financing Sources (Uses)	1,218,476	240,647	695,731	1,522,502
Net Change in Fund Balances	(299,416)	1,358,267	1,019,393	458,337
Fund Balances:				
Beginning of period, as previously reported	14,988,416	13,623,725	12,466,937	11,975,069
Residual equity transfers in	-	-	175,228	-
Prior period adjustments	(11,114)	-	4,758	(14,741)
Beginning of period, as restated	14,977,302	13,623,725	12,646,923	11,960,328
Increase (Decrease) in reserve for inventory	(11,727)	6,424	(42,591)	48,272
End of Period	$ 14,666,159	$ 14,988,416	$ 13,623,725	$ 12,466,937

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

WWS

WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
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Michael C. Knox, CPA
Clifford P. Stewart, CPA
Edward A. Maxwell, CPA
Bradley L. Harrison, CPA
Justin H. Keller, CPA

INDEPENDENT AUDITORS' 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*

To the Superintendent and School Board
Neshoba County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Neshoba County School District, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Neshoba County School District's basic financial statements, and have issued our report thereon dated March 1, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Neshoba County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Philadelphia, Mississippi
March 1, 2024

Watkins Ward and Stafford, PLLC

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Certified Public Accountants

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

To the Superintendent and School Board
Neshoba County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Neshoba County School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Neshoba County School District's major federal programs for the year ended June 30, 2023. The Neshoba County School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Neshoba County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Philadelphia, Mississippi
March 1, 2024

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NESHOBA COUNTY 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 report the auditor 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? (Yes/No) No
   b. Significant deficiency(ies) identified? (Yes/None reported) None reported

3. Noncompliance material to financial statements noted? (Yes/No) No

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? (Yes/No) No
   b. Significant deficiency(ies) identified? (Yes/None reported) None reported

5. Type of auditor's report issued on compliance for major federal programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No) No

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425W	Education Stabilization Fund (ESSER) I, II, ESSER ARP III Grant & ARP Homeless Children & Youth Grant
84.027, 84.027X, 84.173, 84.173X	Special Education Cluster

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? (Yes/No) No

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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