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POPLARVILLE SPECIAL MUNICIPAL
SEPARATE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

St. Clair CPA, PLLC
Carriere, MS

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INDEPENDENT AUDITOR'S REPORT

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Poplarville Special Municipal Separate School District

Report on the Audit of the Financial Statements

Opinions

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

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Poplarville Special Municipal Separate 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Poplarville Special Municipal Separate School District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Poplarville Special Municipal Separate School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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*, I

- 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 Poplarville Special Municipal Separate 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Poplarville Special Municipal Separate School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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) on pages 9-16, 53, 54, 55, 56 and 57 respectively, 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Poplarville Special Municipal Separate 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 my 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 my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 16, 2024, on my consideration of the Poplarville Special Municipal Separate School District's internal control over financial reporting and on my 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 my 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 Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's internal control over financial reporting and compliance.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
July 16, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The following discussion and analysis of Poplarville Special Municipal Separate School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2023 decreased \$805,946, including a prior period adjustment of (\$19,395), which represents a 201% decrease from fiscal year 2022. Total net position for 2022 increased \$4,592,858, which represents an 110% increase from fiscal year 2021.
- General revenues amounted to \$18,026,729 and \$15,682,358, or 77% and 69% 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 \$5,245,773, or 23% of total revenues for 2023, and \$7,081,201, or 31% of total revenues for 2022.
- The District had \$24,059,053 and \$18,170,701 in expenses for fiscal years 2023 and 2022; only \$5,245,773 for 2023 and \$7,081,201 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,026,729 for 2023 were not adequate to provide for these programs. General revenues of 15,682,358 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$18,322,612 in revenues and \$16,497,558 in expenditures for 2023, and \$15,906,638 in revenues and \$15,105,040 in expenditures in 2022. The General Fund's fund balance increased by \$1,492,876 from 2022 to 2023, and increased by \$771,433 from 2021 to 2022.
- Capital assets, including subscription based IT assets, net of accumulated depreciation, increased by \$2,852,984 for 2023 and increased by \$1,611,292 for 2022. The increase for 2023 was due primarily to the increase in construction in progress.
- Long-term debt, including the liability for compensated absences and subscription based IT liabilities, increased by \$676,526 for 2023 and increased by \$1,381,680 for 2022. This increase for 2023 was due primarily to the issuance of new debt. The liability for compensated absences increased by \$95,236 for 2023 and decreased by \$6,508 for 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, 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 included in one category: governmental funds.

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements

but are not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$405,786 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	\$ 15,959,586	\$ 13,574,918	17.57 %
Restricted assets	1,923,019	6,231,520	(69.14) %
Lease receivable	200,471	0	N/A
Capital assets, net	17,616,784	14,763,800	19.32 %
Total assets	<u>35,699,860</u>	<u>34,570,238</u>	3.27 %
Deferred outflows of resources	<u>6,835,276</u>	<u>3,979,313</u>	71.77 %
Current liabilities	1,104,601	1,815,142	(39.15) %
Long-term debt outstanding	5,119,862	4,573,031	11.96 %
SBITA liability	129,695	0	N/A
Net OPEB liability	1,107,037	1,405,533	(21.24) %
Net pension liability	33,932,952	23,656,089	43.44 %
Total liabilities	<u>41,394,147</u>	<u>31,449,795</u>	31.62 %
Deferred inflows of resources	<u>1,546,775</u>	<u>6,699,596</u>	(76.91) %
Net position:			
Net investment in capital assets	13,705,195	14,656,055	(6.49) %
Restricted	1,994,384	1,396,783	42.78 %
Unrestricted	(16,105,365)	(15,652,678)	(2.89) %
Total net position	<u>\$ (405,786)</u>	<u>\$ 400,160</u>	(201.41) %

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)	(\$ 16,105,365)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>29,523,412</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 13,418,047</u>

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

- Increase in net capital assets in the amount of \$2,852,984.
- The principal retirement of \$410,410 of long-term debt.
- The issuance of loans payable in the amount of \$735,000.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$23,272,502 and \$22,763,559, respectively. The total cost of all programs and services was \$24,059,053 for 2023 and \$18,170,701 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	\$ 1,072,286	\$ 639,951	67.56 %
Operating grants and contributions	4,173,487	6,441,250	(35.21) %
General revenues:			
Property taxes	5,769,501	5,775,647	(0.11) %
Grants and contributions not restricted	11,424,481	9,748,739	17.19 %
Investment earnings	350,245	62,888	456.93 %
Sixteenth section sources	459,715	80,688	469.74 %
Other	22,787	14,396	58.29 %
Total revenues	<u>23,272,502</u>	<u>22,763,559</u>	2.24 %
Expenses:			
Instruction	11,240,878	10,507,562	6.98 %
Support services	7,360,645	6,473,690	13.70 %
Non-instructional	1,091,753	947,202	15.26 %
Sixteenth section	33,756	20,206	67.06 %
Pension expense	4,342,578	259,129	1,575.84 %
OPEB expense	(123,197)	(60,684)	(103.01) %
Interest on long-term liabilities	112,640	23,596	377.37 %
Total expenses	<u>24,059,053</u>	<u>18,170,701</u>	32.41 %
Increase (Decrease) in net position	<u>(786,551)</u>	<u>4,592,858</u>	(117.13) %
Net Position, July 1, as previously reported	400,160	(4,192,698)	109.54 %
Prior Period Adjustment	(19,395)	0	N/A
Net Position, July 1, as restated	<u>380,765</u>	<u>(4,192,698)</u>	109.08 %
Net Position, June 30	<u>\$ (405,786)</u>	<u>\$ 400,160</u>	(201.41) %

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 Change
	2023	2022	
Instruction	\$ 11,240,878	\$ 10,507,562	6.98 %
Support services	7,360,645	6,473,690	13.70 %
Non-instructional	1,091,753	947,202	15.26 %
Sixteenth section	33,756	20,206	67.06 %
Pension Expense	4,342,578	259,129	1,575.84 %
OPEB Expense	(123,197)	(60,684)	(103.01) %
Interest on long-term liabilities	112,640	23,596	377.37 %
Total expenses	<u>\$ 24,059,053</u>	<u>\$ 18,170,701</u>	32.41 %

	Net (Expense) Revenue		Percentage Change
	2023	2022	
Instruction	\$ (8,914,205)	\$ (6,716,476)	(32.72) %
Support services	(5,900,677)	(4,560,626)	(29.38) %
Non-instructional	367,379	429,849	(14.53) %
Sixteenth section	(33,756)	(20,206)	(67.06) %
Pension Expense	(4,342,578)	(259,129)	(1,575.84) %
OPEB Expense	123,197	60,684	103.01 %
Interest on long-term liabilities	(112,640)	(23,596)	(377.37) %
Total net (expense) revenue	<u>\$ (18,813,280)</u>	<u>\$ (11,089,500)</u>	(69.65) %

- Net cost of governmental activities (\$18,813,280 for 2023 and \$11,089,500 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$5,769,501 for 2023 and \$5,775,647 for 2022) and state and federal revenues (\$11,424,481 for 2023 and \$9,748,739 for 2022). In addition, there was \$459,715 and \$80,688 in Sixteenth Section sources for 2023 and 2022, respectively.
- Investment earnings amounted to \$350,245 for 2023 and \$62,888 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 \$16,782,513, a decrease of \$941,604, which includes a prior period adjustment of (\$19,395) and a decrease in inventory of \$2,756. \$11,883,033 or 71% 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 \$4,899,480 or 29% 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 \$1,492,876, which includes a prior period adjustment of (\$19,395). The fund balance of Other Governmental Funds showed a decrease in the amount of \$2,434,480, which includes a decrease in reserve for inventory of \$2,756.

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 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 \$31,223,431, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and subscription based IT assets. This amount represents an increase of \$3,800,762 from 2022. Total accumulated depreciation as of June 30, 2023, was \$13,606,647, and total depreciation expense for the year was \$879,738 and amortization expense of \$120,631, resulting in total net capital assets of \$17,616,784.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2023	June 30, 2022	Percentage Change
Land	\$ 509,271	\$ 509,271	0.00 %
Construction in Progress	2,852,092	1,995,472	42.93 %
Buildings	4,536,699	4,765,884	(4.81) %
Building improvements	5,352,861	5,672,204	(5.63) %
Improvements other than buildings	3,317,402	861,568	285.04 %
Mobile equipment	800,297	817,809	(2.14) %
Furniture and equipment	112,093	141,592	(20.83) %
Intangible right to use lease asset	136,069	0	N/A
Total	<u>\$ 17,616,784</u>	<u>14,763,800</u>	19.32 %

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

Debt Administration. At June 30, 2023, the District had \$5,249,557 in outstanding long-term debt, of which \$501,732 is due within one year. The liability for compensated absences increased \$95,236 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2023	June 30, 2022	Percentage Change
Three mill notes payable	\$ 4,060,000	\$ 4,300,000	(5.58) %
Installment purchase loans payable	44,783	88,188	(49.22) %
Subscription based IT liabilities	129,695	0	N/A
Other loans payable	735,000	0	N/A
Compensated absences payable	280,079	184,843	51.52 %
Total	<u>\$ 5,249,557</u>	<u>\$ 4,573,031</u>	14.79 %

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

CURRENT ISSUES

The Poplarville Special Municipal Separate School District is financially stable. The District is proud of its community support of the public schools.

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

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 Poplarville Special Municipal Separate School District, 302 South Julia Street, Poplarville, Mississippi 39470.

BASIC FINANCIAL STATEMENTS

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POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Exhibit A

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 14,422,439
Due from other governments	1,507,347
Lease receivable (Note 6)	200,471
Inventories	29,800
Restricted assets (Note 4)	1,923,019
Non-depreciable capital assets (Note 5)	3,361,363
Depreciable capital assets, net (Note 5)	14,255,421
Total Assets	<u>35,699,860</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 8)	6,494,774
Deferred outflow - OPEB (Note 9)	340,502
Total Deferred Outflows of Resources	<u>6,835,276</u>
Liabilities	
Accounts payable and accrued liabilities	1,072,487
Interest payable on long-term liabilities	32,114
Long-term liabilities (Due within one year)	
Capital related liabilities (Note 7)	363,283
Non-capital related liabilities (Note 7)	22,406
SBITA liabilities (Note 6)	116,043
Net OPEB liability (Note 9)	55,016
Long-term liabilities (Due beyond one year)	
Capital related liabilities (Note 7)	4,476,500
Non-capital related liabilities (Note 7)	257,673
SBITA liabilities (Note 6)	13,652
Net OPEB liability (Note 9)	1,052,021
Net pension liability (Note 8)	33,932,952
Total Liabilities	<u>41,394,147</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 8)	715,784
Deferred inflows - OPEB (Note 9)	602,915
Deferred inflow - leases (Note 6)	228,076
Total Deferred Inflows of Resources	<u>1,546,775</u>

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

Net Position	
Net investment in capital assets	13,705,195
Restricted net position	
Expendable	
School-based activities	464,820
Debt service	1,019,810
Forestry improvements	12,857
Unemployment benefits	105,308
Non-expendable	
Sixteenth section	391,589
Unrestricted	<u>(16,105,365)</u>
Total Net Position	<u>\$ (405,786)</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Exhibit B

Statement of Activities

For the Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 11,240,878	731,594	1,595,079	(8,914,205)
Support services	7,360,645		1,459,968	(5,900,677)
Non-instructional	1,091,753	340,692	1,118,440	367,379
Sixteenth section	33,756			(33,756)
Pension expense	4,342,578			(4,342,578)
OPEB expense	(123,197)			123,197
Interest on long-term liabilities	112,640			(112,640)
Total Governmental Activities	<u>24,059,053</u>	<u>1,072,286</u>	<u>4,173,487</u>	<u>(18,813,280)</u>
General Revenues				
Taxes				
	General purpose levies			5,476,421
	Debt purpose levies			293,080
Unrestricted grants and contributions				
	State			11,415,314
	Federal			9,167
	Unrestricted investment earnings			350,245
	Sixteenth section sources			459,715
	Other			22,787
	Total General Revenues			<u>18,026,729</u>
Changes in Net Position				<u>(786,551)</u>
Net Position - Beginning, as previously reported				400,160
Prior Period Adjustments (Note 10)				(19,395)
Net Position - Beginning - as restated				<u>380,765</u>
Net Position - Ending				\$ (405,786)

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Exhibit C

Balance Sheet - Governmental Funds

June 30, 2023

	Major Funds	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
Assets			
Cash and cash equivalents (Note 2)	\$ 13,976,889	2,368,569	16,345,458
Due from other governments	261,468	1,245,879	1,507,347
Lease receivable (Note 6)	200,471		200,471
Due from other funds (Note 3)	483,153		483,153
Inventories		29,800	29,800
Total Assets	14,921,981	3,644,248	18,566,229
Liabilities, Deferred Inflow of Resources and Fund Balances			
Liabilities			
Accounts payable & accrued liabilities	995,779	76,708	1,072,487
Due to other funds (Note 3)		483,153	483,153
Total Liabilities	995,779	559,861	1,555,640
Deferred Inflows of Resources			
Leases (Note 6)	228,076		228,076
Total Deferred Inflows of Resources	228,076	0	228,076
Total Liabilities and Deferred Inflows of Resources	1,223,855	559,861	1,783,716
Fund Balances			
Nonspendable			
Inventory		29,800	29,800
Permanent fund principal		391,589	391,589
Restricted			
Debt service		1,051,924	1,051,924
Capital projects		1,057,889	1,057,889
Forestry improvements		12,857	12,857
Unemployment benefits		105,308	105,308
Grant activities		435,020	435,020
Assigned			
School activities	396,158		396,158
Insurance escrow	768,108		768,108
Budget reserves	538,998		538,998
Technology	111,829		111,829
Unassigned	11,883,033		11,883,033
Total Fund Balances	13,698,126	3,084,387	16,782,513
Total Liabilities and Fund Balances	14,693,905	3,644,248	18,338,153
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$ 14,921,981	3,644,248	18,566,229

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 16,782,513
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	509,271	
Construction in progress	2,852,092	
Buildings	9,989,750	
Building improvements	9,917,376	
Improvement other than buildings	4,065,788	
Mobile equipment	2,644,910	
Furniture and equipment	987,544	
Leases assets	256,700	
Accumulated depreciation	<u>(13,606,647)</u>	17,616,784
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(33,932,952)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	6,494,774	
Deferred inflows of resources related to pensions	<u>(715,784)</u>	5,778,990
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(1,107,037)
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	340,502	
Deferred inflows of resources related to OPEB	<u>(602,915)</u>	(262,413)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(4,795,000)	
SBITA obligations	(129,695)	
Installment purchase	(44,783)	
Compensated absences	(280,079)	
Accrued interest payable	<u>(32,114)</u>	(5,281,671)
Total Net Position - Governmental Activities		<u>\$ (405,786)</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2023

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources	\$ 6,463,790	651,355	7,115,145
State sources	11,415,314	527,126	11,942,440
Federal sources	9,167	3,723,248	3,732,415
Sixteenth section sources	434,341	25,374	459,715
Total Revenues	<u>18,322,612</u>	<u>4,927,103</u>	<u>23,249,715</u>
Expenditures			
Instruction	10,138,447	1,903,339	12,041,786
Support services	6,087,804	1,880,281	7,968,085
Noninstructional services	11,237	1,140,749	1,151,986
Sixteenth section	26,983	6,773	33,756
Facilities acquisition and construction	184,000	3,289,510	3,473,510
Debt service			
Principal (Note 7)	49,087	361,323	410,410
Interest		104,122	104,122
Total Expenditures	<u>16,497,558</u>	<u>8,686,097</u>	<u>25,183,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,825,054</u>	<u>(3,758,994)</u>	<u>(1,933,940)</u>
Other Financing Sources (Uses)			
Proceeds of loans (Note 7)		735,000	735,000
SBITAs issued (Note 6)	110,494	146,206	256,700
Insurance loss recoveries (Note 14)	22,787		22,787
Operating transfers in (Note 3)	120,991	981,634	1,102,625
Operating transfers out (Note 3)	(567,055)	(535,570)	(1,102,625)
Total Other Financing Sources (Uses)	<u>(312,783)</u>	<u>1,327,270</u>	<u>1,014,487</u>
Net Change in Fund Balances	<u>1,512,271</u>	<u>(2,431,724)</u>	<u>(919,453)</u>
Fund Balances			
July 1, 2022, as previously reported	12,205,250	5,518,867	17,724,117
Prior period adjustments (Note 10)	(19,395)		(19,395)
July 1, 2022, as restated	<u>12,185,855</u>	<u>5,518,867</u>	<u>17,704,722</u>
Decrease in reserve for inventory		(2,756)	(2,756)
June 30, 2023	<u>\$ 13,698,126</u>	<u>3,084,387</u>	<u>16,782,513</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
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

	<u>Amount</u>	
Net Change in Fund Balance - Governmental Funds		\$ (919,453)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay and subscription based assets	3,944,937	
Depreciation expense and amortization expense	<u>(1,000,369)</u>	2,944,568
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 asset sold.		(91,584)
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:		
Bonds and notes issued	(735,000)	
Subscription IT liability issued	(256,700)	
Payments of debt principal and SBITAs	410,410	
Accrued interest payable	<u>(8,518)</u>	(589,808)
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. These activities include:		
Pension expense	(4,342,578)	
Contributions made subsequent to the measurement date	<u>2,132,083</u>	(2,210,495)
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. These activities include:		
OPEB expense	123,197	
Contributions made subsequent to the measurement date	<u>55,016</u>	178,213
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 the governmental funds. These activities include:		
Change in compensated absences	(95,236)	
Change in inventory reserve	<u>(2,756)</u>	<u>(97,992)</u>
Changes in Net Position of Governmental Activities		<u>\$ (786,551)</u>

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

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POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Poplarville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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.

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, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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.

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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	**	**

(**) A capitalization threshold amount has not been set for the right to use property assets. Right to use leased property assets will be amortized in a rational and systematic manner over the shorter of the lease term of the useful life of the underlying asset.

(***) A capitalization threshold amount has not been set for the right to use subscription IT assets. Right to use subscription IT assets will be amortized in a rational and systematic manner over the shorter of the subscription term of the useful life of the underlying asset.

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has incurred deferred inflows related to pensions, OPEB, and 16th Section leases.

See Note 8, 9 and 15 for further details.

8. Compensated Absences

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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.

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum of 4% interest required by Mississippi statute for sixteenth section loans to calculate the present value of the future sixteenth section lease payments. When acting as the lessee, the school district uses the federal prime lending rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Notes 6 and 7 for details.

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.

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

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

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

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.

The district's minimum unassigned fund balance goal in the general fund at fiscal year end is 15% of annual general fund operating revenues.

15. Accounting Standards Update

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purpose 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

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$16,345,458.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2023, none of the district's bank balance was exposed to custodial credit risk.

Note 3 – Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	<u>\$ 483,153</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

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Notes to the Financial Statements

For Year Ended June 30, 2023

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 567,055
Other governmental funds	General Fund	120,991
	Other governmental funds	414,579
Total		<u>\$ 1,102,625</u>

The transfer out of the General Fund was for the purpose of funding the vocational program and debt service in the Other Governmental Funds. The transfers from Other Governmental Funds to the General Fund were for indirect cost. The transfers within Other Governmental Funds were to fund capital projects and debt service.

Note 4 – Restricted Assets

The restricted assets of \$1,923,019 represent the cash balance, totaling \$391,590 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent cash totaling \$1,531,429 of the unemployment fund, 3 mill note construction fund and debt service funds.

Note 5 – Capital Assets

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

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Notes to the Financial Statements

For Year Ended June 30, 2023

	Balance 7/1/2022	Increases	Decreases	Completed Construction	Balance 6/30/2023
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 509,271				509,271
Construction-in-progress	1,995,472	3,473,510		(2,616,890)	2,852,092
Total non-depreciable capital assets	2,504,743	3,473,510	0	(2,616,890)	3,361,363
<u>Depreciable capital assets:</u>					
Buildings	10,115,834		(126,084)		9,989,750
Building improvements	9,840,024	77,352			9,917,376
Improvements other than buildings	1,448,898			2,616,890	4,065,788
Mobile equipment	2,544,960	99,950			2,644,910
Furniture and equipment	968,210	37,425	(18,091)		987,544
Total depreciable capital assets	24,917,926	214,727	(144,175)	2,616,890	27,605,368
Less accumulated depreciation for:					
Buildings	5,349,950	145,970	(42,869)		5,453,051
Building improvements	4,167,820	396,695			4,564,515
Improvements other than buildings	587,330	161,056			748,386
Mobile equipment	1,727,151	117,462			1,844,613
Furniture and equipment	826,618	58,555	(9,722)		875,451
Total accumulated depreciation	12,658,869	879,738	(52,591)	0	13,486,016
Total depreciable capital assets, net	12,259,057	(665,011)	(91,584)	2,616,890	14,119,352
Governmental activities capital assets, net	\$ 14,763,800	2,808,499	(91,584)	0	17,480,715

Subscription based IT assets, net (Note 6) 136,069

Total capital assets, net, as reported in the statement of net position \$ 17,616,784

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Governmental activities:	
Instruction	\$ 431,949
Support services	292,069
Non-instructional	<u>155,720</u>
Total depreciation expense - Governmental activities	<u>\$ 879,738</u>

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

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Notes to the Financial Statements

For Year Ended June 30, 2023

	Spent to June 30, 2023	Remaining Commitment
Governmental Activities:		
Solar canopy installation	\$ 247,000	\$ 2,700
PHS 2022 Athletic facilities improvements	2,605,092	955,408
Total governmental activities	<u>2,852,092</u>	<u>958,108</u>

Construction projects included in governmental activities are funded with proceeds from a 3 mill note issuance and the general fund.

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

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

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023
Subscription IT assets	\$ 0	256,700			256,700
Less accumulated amortization		120,631			120,631
Total Subscription IT assets, net	\$ 0	136,069	0	0	<u>136,069</u>

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

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023	Amounts due within one year
Subscription IT liabilities	\$ 0	256,700		127,005	129,695	<u>116,043</u>
Total	\$ 0	256,700	0	127,005	129,695	<u>116,043</u>

Leases

As Lessee:

Currently the school district does not have any leased equipment that meets the criteria of GASB 87.

As Lessor:

Sixteenth Section Lands

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

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For Year Ended June 30, 2023

The school district uses the rate of 4% minimum interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease rental payments since a rate implicit in the sixteenth section leases is not a part of the contract. The school district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the school district.

The school district, acting as lessor, has entered into twenty leases involving the lease of the right to use Sixteenth Section school lands. Such leases are leased 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 present value of future lease payments of \$200,471 as a lease receivable and \$228,076 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The total amount of inflows of resources recognized during the current year is \$58,948.

The following are the future principal and interest payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total
2024	\$ 56,820	\$ 8,019	\$ 64,839
2025	54,650	5,746	60,396
2026	52,724	3,560	56,284
2027	1,249	1,451	2,700
2028	1,299	1,401	2,700
2029 – 2033	7,316	6,184	13,500
2034 – 2038	8,901	4,598	13,499
2039 – 2043	10,830	2,670	13,500
2044 – 2046	6,682	518	7,200
Total	<u>\$ 200,471</u>	<u>\$ 34,147</u>	<u>\$ 234,618</u>

Subscription Based IT Arrangements (SBITA)

The school district has contracts for multiple subscription-based IT arrangements for items such as software, user seats and various site licenses. For contracts that have a maximum possible term of 12 months or less at commencement, the school district recognizes expenses based on the provisions of the contract. For all other contracts, other than short term, the school district recognizes subscription liability and a right to use subscription asset.

At commencement, the school district initially measures the liability at the present value of payments expected during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measures as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalized implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in depreciation and amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The school district generally uses it estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the district would be charged for borrowing the subscription payment amount during the subscription term.

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For Year Ended June 30, 2023

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

Description	Discount Rate	Term	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Subscription-based IT liabilities	2.80%	1 - 3 years	7/1/2022	6/30/2025	<u>\$ 256,700</u>	<u>129,695</u>

Year Ending

<u>June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2024	\$ 116,043	\$ 3,639	\$ 119,682
2025	11,051	383	11,434
2026	2,601	72	2,673
	<u>\$ 129,695</u>	<u>\$ 4,094</u>	<u>\$ 133,789</u>

Note 7 – Long-term Liabilities

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due within one year
A. Three mill notes payable	\$ 4,300,000		240,000	4,060,000	245,000
B. Installment purchases loans payable	88,188		43,405	44,783	44,783
C. Other loans payable	0	735,000		735,000	73,500
D. Compensated absences payable	184,843	95,236		280,079	22,406
Total	<u>\$ 4,573,031</u>	<u>830,236</u>	<u>283,405</u>	<u>5,119,862</u>	<u>385,689</u>

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2022	2.44%	4/12/2022	4/1/2037	\$ 4,300,000	4,060,000
Total				<u>\$ 4,300,000</u>	<u>4,060,000</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

Year Ending June 30		Principal	Interest	Total
2024	\$	245,000	99,064	344,064
2025		250,000	93,086	343,086
2026		255,000	89,986	344,986
2027		265,000	80,764	345,764
2028		270,000	74,298	344,298
2029 – 2033		1,465,000	268,888	1,733,888
2034 – 2037		1,310,000	80,886	1,390,886
Total	\$	4,060,000	786,972	4,846,972

This debt will be retired from the Three Mill Notes Retirement Fund (Debt Service Fund).

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$63,592) to repay the debt through the fiscal year 2037 that the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33. Miss. Code Ann. (1972).

B. Installment purchases loans payable

The school district has entered into an installment purchases agreement as listed below. Property under these installment purchases agreements is composed of the following:

An installment purchase agreement dated September 13, 2021 was executed by and between the district and Formetco, Inc.

The agreement authorized the borrowing of \$88,188 for the purchase of one (1) custom 60.25" x 239.25" Fixed Digit Scoreboard with Video Board and Sound System. Payments for the purchase agreement shall be made from the general fund and not exceed (2) years.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Installment Purchase - Scoreboard	3.60%	9/13/2021	9/1/2023	\$ 88,188	44,783
Total				<u>\$ 88,188</u>	<u>44,783</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 44,783	\$ 1,613	\$ 46,396

This debt will be retired from the Finance Lease PHS Scoreboard Fund (Debt Service Fund).

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

C. Other loans payable

The school district has issued debt instruments granted under the authority of the Educational Facilities Revolving Loan Fund (EFRLF) passed by the Mississippi Legislature designed to support public education infrastructure. The Loan Fund provides interest-free loans for public schools to use for facility improvements.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
EFRLF loan	0.00%	5/1/2023	5/1/2033	\$ 735,000	\$ 735,000
Total				<u>\$ 735,000</u>	<u>735,000</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 73,500	\$ 0	\$ 73,500
2025	73,500	0	73,500
2026	73,500	0	73,500
2027	73,500	0	73,500
2028	73,500	0	73,500
2029 – 2033	367,500	0	367,500
Total	<u>\$ 735,000</u>	<u>\$ 0</u>	<u>735,000</u>

This debt will be retired from the District Maintenance Fund (General Fund).

D. 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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

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For Year Ended June 30, 2023

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 \$2,132,083, \$1,974,736, and \$1,851,656, 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 \$33,932,952 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 .164854 percent, which was based on a measurement date of June 30, 2022. This was an increase of .004804 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,342,578. 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	\$ 554,117	\$ 202,462
Net difference between projected and actual earnings on pension plan investments	1,426	
Changes of assumptions	1,372,291	513,322
Changes in proportion and differences between District contributions and proportionate share of contributions	2,434,857	
District contributions subsequent to the measurement date	2,132,083	
Total	\$ <u>6,494,774</u>	\$ <u>715,784</u>

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Notes to the Financial Statements

For Year Ended June 30, 2023

\$2,132,083 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	\$ 1,289,246
2025	1,289,246
2026	1,068,060
2027	355

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.

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	25.00	%	4.60	%
International Equity	20.00		4.50	

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For Year Ended June 30, 2023

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	\$ 44,285,968	\$ 33,932,952	\$ 25,397,417

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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 \$55,016 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 \$1,107,037 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 .22469512 percent. This was an increase of .00633686 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$123,197). 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	\$ 917	\$ 479,614
Changes of assumptions	172,660	102,497
Net difference between projected and actual earnings on OPEB plan investments	76	
Changes in proportion and differences between District contributions and proportionate share of contributions	111,833	20,804
District contributions subsequent to the measurement date	55,016	
Total	\$ <u>340,502</u>	\$ <u>602,915</u>

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

\$55,016 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	(\$73,899)
2025	(\$63,967)
2026	(\$79,903)
2027	(\$55,739)
2028	(\$31,371)
Thereafter	(\$12,550)

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	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2029 FYE
Pre-Medicare	

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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.

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	\$ 1,219,537	\$ 1,107,037	\$ 1,010,400

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	\$ 1,030,018	\$ 1,107,037	\$ 1,193,711

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

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

Explanation	Amount
Error correction of a prior period recording of an asset/liability	\$ (19,395)

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

Fund	Explanation	Amount
General Fund	Error correction of a prior period recording of an asset/liability	\$ (19,395)

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. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 13 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated June 14, 2010 creating the Pearl River Central Center for Alternative Education. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Pearl River County School District and Poplarville Special Municipal Separate School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Pearl River County School District has been designated as the lead school district for the Pearl River Central Center for Alternative Education and the operations of the consortium are included in its financial statements.

Note 14 - Insurance loss recoveries

The Poplarville Special Municipal Separate School District received \$22,787 in insurance loss recoveries related to lightening damage during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

recoveries were reported as other general revenues.

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$16,105,365) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,132,083 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 \$4,362,691 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 (\$16,105,365) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$715,784 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 (\$16,105,365) 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 \$55,016 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 \$285,486 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 (\$16,105,365) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$602,915 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 (\$16,105,365) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$228,076 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 23 years.

Note 16 – Juvenile Detention Center

The school district was required to participate in the Rankin County Juvenile Detention Center. This consortium was created pursuant to the provisions of Section 43-21-321, Mississippi Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Bay St. Louis-Waveland School District, Copiah County School District, Covington County School District, Enterprise School District, Forest Municipal School District, Hancock County School District, Hazlehurst City School District, Philadelphia Public School District, Lauderdale County School District, Lawrence County School District, Leake County School District, Meridian Public School District, Neshoba County School District, Newton Municipal School District, Newton County School District, Pearl Public School District, Pearl River County School District, Picayune School District, Poplarville Special Municipal Separate School District, Quitman School District, Rankin County School District, Scott County School District, Simpson County School District, Smith County School District, Stone County School District and Union Public School District.

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>.

POPLARVILLE SPECIAL MUNICIPAL SEPERATE SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2023

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 Poplarville School District evaluated the activity of the district through July 16, 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 the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Budgetary Comparison Schedule for the General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 6,070,743	6,463,791	6,463,790	393,048	(1)
State sources	10,865,574	11,415,314	11,415,314	549,740	0
Federal sources	43,370	9,167	9,167	(34,203)	0
Sixteenth section sources	99,998	442,574	434,341	342,576	(8,233)
Total Revenues	<u>17,079,685</u>	<u>18,330,846</u>	<u>18,322,612</u>	<u>1,251,161</u>	<u>(8,234)</u>
Expenditures					
Instruction	10,150,548	10,128,856	10,138,447	21,692	(9,591)
Support services	6,333,242	6,035,988	6,087,804	297,254	(51,816)
Noninstructional services	0	11,237	11,237	(11,237)	0
Sixteenth section	22,921	26,983	26,983	(4,062)	0
Facilities acquisition and construction	0	184,000	184,000	(184,000)	0
Debt service					
Principal	0	0	49,087	0	(49,087)
Total Expenditures	<u>16,506,711</u>	<u>16,387,064</u>	<u>16,497,558</u>	<u>119,647</u>	<u>(110,494)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>572,974</u>	<u>1,943,782</u>	<u>1,825,054</u>	<u>1,370,808</u>	<u>(118,728)</u>
Other Financing Sources (Uses)					
SBITAS issued	0	0	110,494	0	110,494
Insurance loss recoveries	0	22,787	22,787	22,787	0
Operating transfers in	729,412	2,125,218	120,991	1,395,806	(2,004,227)
Operating transfers out	(1,136,424)	(2,571,282)	(567,055)	(1,434,858)	2,004,227
Total Other Financing Sources (Uses)	<u>(407,012)</u>	<u>(423,277)</u>	<u>(312,783)</u>	<u>(16,265)</u>	<u>110,494</u>
Net Change in Fund Balances			<u>1,512,271</u>		
Fund Balances					
July 1, 2022, as previously reported			12,205,250		
Prior period adjustments			(19,395)		
July 1, 2022, as restated			<u>12,185,855</u>		
June 30, 2023			<u>\$13,698,126</u>		

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years *

	2023	2022	2021	2020
District's proportion of the net pension liability	0.164854%	0.160050%	0.159949%	0.163054%
District's proportionate share of the net pension liability	\$ 33,932,952	23,656,089	30,964,268	28,684,416
District's covered payroll	\$ 11,349,057	10,641,701	10,650,626	9,612,264
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	298.41%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.157137%	0.164804%	0.166415%	0.175200%	0.157218%
District's proportionate share of the net pension liability	\$ 26,136,551	27,396,018	29,725,873	27,082,464	19,083,386
District's covered payroll	\$ 10,034,686	10,572,273	10,645,981	10,945,498	9,606,838
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the 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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2023	2022	2021	2020
Contractually required contribution	\$ 2,132,083	1,974,736	1,851,656	1,853,209
Contributions in relation to the contractually required contribution	\$ 2,132,083	1,974,736	1,851,656	1,853,209
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	12,253,351	11,349,057	10,641,701	10,650,626
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,672,534	1,580,463	1,665,133	1,676,742	1,723,916
Contributions in relation to the contractually required contribution	\$ 1,672,534	1,580,463	1,665,133	1,676,742	1,723,916
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	10,619,263	10,034,686	10,572,273	10,645,981	10,945,498
Contributions as a percentage of covered payroll	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 68 was implemented in the 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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years *

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.22469512%	0.21835826%	0.21011990%	0.21506346%	0.21072765%	0.20445351%
District's proportionate share of the net OPEB liability	\$ 1,107,037	1,405,533	1,635,101	1,824,902	1,630,084	1,604,161
Covered employee payroll	\$ 11,349,057	9,725,458	10,125,997	9,848,672	9,531,068	9,185,534
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	9.75%	14.45%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 55,016	45,114	56,493	65,208	73,148	68,388
Contributions in relation to the actuarially determined contribution	55,016	45,114	56,493	65,208	73,148	68,388
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 12,253,351	11,349,057	9,725,458	9,071,101	8,922,511	9,405,406
Contributions as a percentage of covered employee payroll	0.45%	0.40%	0.58%	0.72%	0.82%	0.73%

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 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Notes to the Required Supplementary Information

For the Year Ended June 30, 2023

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

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	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2030
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

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SUPPLEMENTARY INFORMATION

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POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	235MS326N1099	\$ 244,641
National school lunch program	10.555	235MS326N1099	945,351
Total passed-through Mississippi Department of Education			1,189,992
Total U.S. Department of Agriculture			1,189,992
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010A	S010A220024	686,441
Career and technical education - basic grants to states	84.048A	V048A220024	27,664
Supporting effective instruction - state grants	84.367A	S367A220023	5,929
Student support and academic enrichment program	84.424A	S424A220025	17,820
Total			737,854
Education stabilization funds:			
COVID-19 - Education stabilization fund (ESSER) II	84.425D	S425D210031	706,905
COVID-19 - ESSER I - Early Childhood Pre-K Grant	84.425D	S425D200031	5,196
COVID-19 - Education stabilization fund (ESSER) ARP III	84.425U	S425U210031	446,834
COVID-19 - CTE equipment grant (ESSER II)	84.425D	S425D210031	12,816
COVID-19 - ESSER II - Healthy Schools	84.425D	S425D210031	120,560
Total education stabilization funds			1,292,311
Special education cluster:			
Special education - grants to states	84.027A	H027A220108	541,728
COVID-19 - Special education - grants to states ARP	84.027X	H027X210108	57,974
Total special education - grants to states			599,702
Special education - preschool grants	84.173A	H173A220113	23,442
Total special education cluster			623,144
Total passed-through Mississippi Department of Education			2,653,309
Total U.S. Department of Education			2,653,309
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	2305MS5ADM	9,167
Total Medicaid cluster			9,167
Total passed-through Mississippi Department of Education			9,167
Total U.S. Department of Health and Human Services			9,167
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social security disability insurance	96.001	04-19-04MSD100	126
Total passed-through the Mississippi Department of Rehabilitation Services			126
Total U.S. Department of Social Security Administration			126
Total for All Federal Awards			\$ 3,852,594

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2023

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$75,114 are included in the national school lunch program.

(5) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$90,601 from its Supporting Effective Instruction - State Grants ALN# 84.367 and \$26,327 from Student Support and Academic Enrichment Program ALN# 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies ALN# 84.010. These amounts are reflected in the expenditures of Title I - Grants to Local Educational Agencies.

For each federal grant passed through the Mississippi Department of Education, the school district has elected to use the pass-through entity identifying number as provided by the Mississippi Department of Education for the most recent and significant grant year.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2023

		Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Expenditures	Total				
Salaries and fringe benefits	\$ 16,812,960	12,482,260	859,821	1,302,039	2,168,840
Other	8,370,695	1,477,010	261,429	14,730	6,617,526
Total	25,183,655	13,959,270	1,121,250	1,316,769	8,786,366
Total number of students	1,603				
Cost per student	\$ 15,710	8,708	700	821	5,481

Notes to the schedule.

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.

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

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OTHER INFORMATION

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POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

	UNAUDITED			
	2023	2022*	2021*	2020*
Revenues				
Local sources	\$ 6,463,790	\$ 6,077,783	5,927,897	5,846,902
State sources	11,415,314	9,703,199	9,534,846	9,307,376
Federal sources	9,167	45,540	59,972	37,100
Sixteenth section sources	434,341	80,116	345,042	181,782
Total Revenues	<u>18,322,612</u>	<u>15,906,638</u>	<u>15,867,757</u>	<u>15,373,160</u>
Expenditures				
Instruction	10,138,447	9,181,934	8,707,766	9,064,933
Support services	6,087,804	5,846,257	5,424,180	5,436,121
Noninstructional services	11,237	0	8,236	7,181
Sixteenth section	26,983	13,849	7,776	12,620
Facilities acquisition and construction	184,000	63,000	0	161,503
Debt service				
Principal	49,087	0	0	0
Total Expenditures	<u>16,497,558</u>	<u>15,105,040</u>	<u>14,147,958</u>	<u>14,682,358</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,825,054</u>	<u>801,598</u>	<u>1,719,799</u>	<u>690,802</u>
Other Financing Sources (Uses)				
Installment purchase	0	88,188	0	0
SBITAs issued	110,494	0	0	0
Insurance loss recoveries	22,787	5,969	24,263	750
Sale of transportation equipment	0	8,427	0	0
Sale of other property	0	0	0	4,954
Operating transfers in	120,991	2,088,735	57,318	420
Operating transfers out	(567,055)	(2,221,484)	(229,506)	(397,162)
Total Other Financing Sources (Uses)	<u>(312,783)</u>	<u>(30,165)</u>	<u>(147,925)</u>	<u>(391,038)</u>
Net Change in Fund Balances	<u>1,512,271</u>	<u>771,433</u>	<u>1,571,874</u>	<u>299,764</u>
Fund Balances:				
Beginning of period, as previously reported	12,205,250	11,433,817	9,861,943	9,539,875
Prior period adjustments	(19,395)	0	0	0
Fund reclassification	0	0	0	22,304
Beginning of period, as restated	<u>12,185,855</u>	<u>11,433,817</u>	<u>9,861,943</u>	<u>9,562,179</u>
End of period	<u>\$ 13,698,126</u>	<u>12,205,250</u>	<u>11,433,817</u>	<u>9,861,943</u>

* Source - Prior year audit reports.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

	UNAUDITED			
	2023	2022*	2021*	2020*
Revenues				
Local sources	\$ 7,115,145	\$ 6,478,486	6,332,564	6,378,697
State sources	11,942,440	10,425,737	10,435,289	10,276,515
Federal sources	3,732,415	5,764,252	3,696,098	2,125,476
Sixteenth section sources	459,715	80,688	378,793	188,565
Total Revenues	<u>23,249,715</u>	<u>22,749,163</u>	<u>20,842,744</u>	<u>18,969,253</u>
Expenditures				
Instruction	12,041,786	11,315,536	11,225,385	10,817,967
Support services	7,968,085	7,208,180	6,697,226	6,388,312
Noninstructional services	1,151,986	1,008,602	910,167	967,447
Sixteenth section	33,756	20,206	20,895	12,620
Facilities acquisition and construction	3,473,510	1,995,472		161,503
Debt service				
Principal	410,410	3,000,000	0	0
Interest	104,122	48,195	0	0
Other	0	0	2,850	2,850
Total Expenditures	<u>25,183,655</u>	<u>24,596,191</u>	<u>18,856,523</u>	<u>18,350,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,933,940)</u>	<u>(1,847,028)</u>	<u>1,986,221</u>	<u>618,554</u>
Other Financing Sources (Uses)				
Proceeds of loans	735,000	4,300,000	0	0
Installment purchase	0	88,188	0	0
SBITAs issued	256,700	0	0	0
Insurance loss recoveries	22,787	5,969	24,263	750
Sale of transportation equipment	0	8,427	0	0
Sale of other property	0	0	0	4,954
Operating transfers in	1,102,625	5,977,833	287,595	465,432
Other financing sources	0	-	302,881	301,533
Operating transfers out	(1,102,625)	(5,977,833)	(287,595)	(465,432)
Payment to QSCB escrow agent	0	(285,570)	0	0
Payment held by QSCB escrow agent	0	285,570	0	0
Other financing uses	0	0	(302,881)	(301,533)
Total Other Financing Sources (Uses)	<u>1,014,487</u>	<u>4,402,584</u>	<u>24,263</u>	<u>5,704</u>
Net Change in Fund Balances	<u>(919,453)</u>	<u>2,555,556</u>	<u>2,010,484</u>	<u>624,258</u>
Fund Balances:				
Beginning of period, as previously reported	17,724,117	15,158,680	13,197,325	12,501,702
Prior period adjustments	(19,395)	0	0	0
Fund reclassification	0	0	0	22,304
Beginning of period, as restated	<u>17,704,722</u>	<u>15,158,680</u>	<u>13,197,325</u>	<u>12,524,006</u>
Increase (Decrease) in reserve for inventory	<u>(2,756)</u>	<u>9,881</u>	<u>(49,129)</u>	<u>49,061</u>
End of period	<u>\$ 16,782,513</u>	<u>17,724,117</u>	<u>15,158,680</u>	<u>13,197,325</u>

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Poplarville Special Municipal Separate School District

I 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, the major fund, and the aggregate remaining fund information of Poplarville Special Municipal Separate School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Poplarville Special Municipal Separate School District's basic financial statements, and have issued my report thereon dated July 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Poplarville Special Municipal Separate 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Poplarville Special Municipal Separate School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Poplarville Special Municipal Separate 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Poplarville Special Municipal Separate School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

St. Clair CPA, PLLC

St. Clair CPA, PLLC

Carriere, MS

July 16, 2024

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ST. CLAIR CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Poplarville Special Municipal Separate School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's major federal programs for the year ended June 30, 2023. Poplarville Special Municipal Separate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Poplarville Special Municipal Separate School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

I am required to be independent of Poplarville Special Municipal Separate School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Poplarville Special Municipal Separate School District's compliance with the compliance requirements referred to above.

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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 Poplarville Special Municipal Separate School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- 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 Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

St. Clair CPA, PLLC

St. Clair CPA, PLLC
Carriere, MS
July 16, 2024

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

Assistance Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 – Education Stabilization Fund (ESSER) II
84.425D	COVID-19 – ESSER I – Early Childhood Pre-K Grant
84.425U	COVID-19 – Education Stabilization Fund (ESSER) ARP III
84.425D	COVID-19 – CTE Equipment Grant (ESSER II)
84.425D	COVID-19 – ESSER II – Healthy Schools

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |
| 10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

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