QUITMAN SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

QUITMAN SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

McKenzie CPA, PLLC
346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Quitman School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, on our consideration of the Quitman School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Quitman 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 Quitman School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
May 31, 2024

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Quitman 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 increased $5,334,210, including a prior period adjustment of ($76,418), which represents an 179% increase from fiscal year 2022. Total net position for 2022 increased $3,439,538, which included a prior period of adjustment of ($66,074), which represents a 748% increase from fiscal year 2021.

- General revenues amounted to $16,293,030 and $17,103,279, or 58% and 76% 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 $11,715,326, or 42% of total revenues for 2023, and $5,310,522, or 24% of total revenues for 2022.

- The District had $22,597,728 and $18,908,189 in expenses for fiscal years 2023 and 2022; only $11,715,326 for 2023 and $5,310,522 for 2022 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $16,293,030 for 2023 and general revenues of $17,103,279 for 2022 were adequate to provide for these programs.

- Among major funds, the General Fund had $17,006,986 in revenues and $15,910,395 in expenditures for 2023, and $15,615,134 in revenues and $14,467,695 in expenditures in 2022. The General Fund's fund balance increased by $986,254, from 2022 to 2023, and increased by $816,645, including a prior period adjustment of ($28,445), from 2021 to 2022.

- Capital assets, net of accumulated depreciation, increased by $4,487,223, including a prior period adjustment of ($77,519), for 2023 and increased by $2,799 for 2022. The increase for 2023 due to the addition of construction in progress, mobile equipment and furniture and equipment expenditures.

- Long-term debt, including compensated absences, increased by $442,416 for 2023 and decreased by $325,245 for 2022. This increase for 2023 was due primarily to the issuance of an Education Facilities loan in the amount of $699,225. The liability for compensated absences increased by $38,191 for 2023 and decreased by $15,245 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 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 and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the district's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $8,314,212 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	$ 12,449,453	$ 11,052,432	12.64 %
Restricted assets	11,089,191	10,515,769	5.45 %
Leases receivable	228,737	223,774	2.22 %
Capital assets, net	16,786,332	12,146,192	38.20 %
Total assets	**40,553,713**	**33,938,167**	**19.49 %**
Deferred outflows of resources	**5,370,536**	**4,495,392**	**19.47 %**
Current liabilities	989,101	776,689	27.35 %
Long-term debt outstanding	3,726,145	3,283,729	13.47 %
SBITA liability	107,474	-	N/A %
Net OPEB liability	1,073,513	1,446,757	(25.80) %
Net pension liability	30,411,091	22,290,821	36.43 %
Total liabilities	**36,307,324**	**27,797,996**	**30.61 %**
Deferred inflows of resources	**1,302,713**	**7,655,561**	**(82.98) %**
Net position:			
Net investment in capital assets	13,131,788	9,010,136	45.74 %
Restricted	14,647,583	13,881,538	5.52 %
Unrestricted	(19,465,159)	(19,911,672)	2.24 %
Total net position	**$ 8,314,212**	**$ 2,980,002**	**179.00 %**

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)	$ (19,465,159)
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	27,214,468
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	$ 7,749,309

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

- Increase in net capital assets, excluding subscription-based assets, in the amount of $4,487,223.
- The principal retirement of $295,000 of long-term debt.
- Issuance of an Education Facilities loan in the amount of $699,225.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during the fiscal year 2023.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were $28,008,356 and $22,413,801, respectively. The total cost of all programs and services was $22,597,728 for 2023 and $18,908,189 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	$ 508,922	$ 336,349	51.31 %
Operating grants and contributions	11,206,404	4,865,565	130.32 %
Capital Grants and Contributions	-	108,608	(100.00) %
General revenues:			
Property taxes	6,446,256	6,410,248	0.56 %
Grants and contributions not restricted	8,629,331	8,831,983	(2.29) %
Investment earnings	311,672	60,074	418.81 %
Sixteenth section sources	760,724	1,294,759	(41.25) %
Other	145,047	506,215	(71.35) %
Total revenues	**28,008,356**	**22,413,801**	**24.96 %**
Expenses:			
Instruction	9,691,151	8,796,131	10.18 %
Support services	8,533,007	7,609,275	12.14 %
Non-instructional	1,399,222	1,113,680	25.64 %
Sixteenth section	237,996	455,403	(47.74) %
Pension expense	2,693,766	885,225	204.30 %
OPEB expense	(165,682)	(94,410)	(75.49) %
Interest on long-term liabilities	208,268	142,885	45.76 %
Total expenses	**22,597,728**	**18,908,189**	**19.51 %**
Increase (Decrease) in net position	**5,410,628**	**3,505,612**	**54.34 %**
Net Position, July 1, as previously reported	**2,980,002**	**(459,536)**	748.48 %
Prior Period Adjustment	**(76,418)**	**(66,074)**	15.66 %
Net Position, July 1, as restated	**2,903,584**	**(525,610)**	**652.42 %**
Net Position, June 30	**$ 8,314,212**	**$ 2,980,002**	**(179.00) %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2023	**2022**	**Change**
Instruction	$ 9,691,151	$ 8,796,131	10.18 %
Support services	8,533,007	7,609,275	12.14 %
Non-instructional	1,399,222	1,113,680	25.64 %
Sixteenth section	237,996	455,403	(47.74) %
Pension Expense	2,693,766	885,225	204.30 %
OPEB Expense	(165,682)	(94,410)	(75.49) %
Interest on long-term liabilities	208,268	142,885	45.76 %
Total expenses	**$ 22,597,728**	**$ 18,908,189**	**19.51 %**

	Net (Expense) Revenue		Percentage
	2023	**2022**	**Change**
Instruction	$ (4,647,836)	$ (6,639,336)	30.00 %
Support services	(3,593,513)	(6,335,632)	43.28 %
Non-instructional	279,522	687,586	(59.35) %
Sixteenth section	(184,223)	(376,585)	51.08 %
Pension Expense	(2,693,766)	(885,225)	(204.30) %
OPEB Expense	165,682	94,410	75.49 %
Interest on long-term liabilities	(208,268)	(142,885)	(45.76) %
Total net (expense) revenue	**$ (10,882,402)**	**$ (13,597,667)**	**19.97 %**

- Net cost of governmental activities [($10,882,402) for 2023 and ($13,597,667) for 2022] was financed by general revenue, which is primarily made up of property taxes ($6,446,256 for 2023 and $6,410,248 for 2022) and state and federal revenues ($8,629,331 for 2023 and $8,831,983 for 2022). In addition, there was $760,724 and $1,294,759 in Sixteenth Section sources for 2023 and 2022, respectively.

- Investment earnings amounted to $311,672 for 2023 and $60,074 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 $22,626,541, an increase of $1,754,242, which includes a prior period adjustment of $1,101 and a decrease in inventory of $3,571. $7,643,828 or 34% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of $14,982,713 or 66% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the district. The increase in fund balance in the General Fund for the fiscal year was $986,254. The fund balance of Other Governmental Funds showed an increase in the amount of $384,650, which includes a prior period adjustment of $1,101 and a decrease in reserve for inventory of $3,571. The increase (decrease) in the fund balances for the other major funds was as follows:

Major Fund		**Increase (Decrease)**
ESSER II Fund		no increase or decrease
ARP ESSER III Fund		no increase or decrease
16th Section Principal Fund	$	383,338

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the district's total capital assets were $34,332,257, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and Subscription IT assets. This amount represents an increase of $5,051,810 from 2022. Total accumulated depreciation as of June 30, 2023, was $17,698,842, and total depreciation expense for the year was $660,219, resulting in total net capital assets of $16,786,332.

Table 4
Capital Assets, Net of Accumulated Depreciation

		June 30, 2023		**June 30, 2022**	**Percentage Change**	
Land	$	174,918	$	174,918	0.00	%
Construction in Progress		4,891,943		-	N/A	%
Buildings		5,284,977		5,472,481	(3.43)	%
Building improvements		4,507,278		4,800,203	(6.10)	%
Improvements other than buildings		716,241		807,263	(11.28)	%
Mobile equipment		748,148		759,293	(1.47)	%
Furniture and equipment		309,910		132,034	134.72	%
Subscription IT assets		152,917		-	N/A	%
Total	**$**	**16,786,332**	**$**	**12,146,192**	**38.20**	**%**

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

Debt Administration. At June 30, 2023, the District had $3,833,619 in outstanding long-term debt, including compensated absences and obligations under subscription IT liabilities, of which $447.331 is due within one year. The liability for compensated absences increased $38,191 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2023	June 30, 2022	Percentage Change
Limited tax refunding notes	$ 785,000	$ 990,000	(20.71) %
General obligation certificate of participation	590,000	680,000	(13.24) %
Qualified school construction bonds payable	1,500,000	1,500,000	0.00 %
Subscription IT liabilities	107,474	-	N/A %
Other loans payable	699,225	-	N/A %
Compensated absences payable	151,920	113,729	33.58 %
Total	**$ 3,833,619**	**$ 3,283,729**	**16.75 %**

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

CURRENT ISSUES

The Quitman School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District plans to continue its sound fiscal management to meet the challenges and to embrace the opportunities 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 Quitman School District, 104 East Franklin Street, Quitman, MS 39355.

FINANCIAL STATEMENTS

QUITMAN SCHOOL DISTRICT

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

		Governmental Activities
Assets		
Cash and cash equivalents	$	9,380,694
Investments		229,215
Due from other governments		2,770,717
Accrued interest receivable		27,730
Other receivables, net		1,448
Lease receivable		228,737
Inventories		30,117
Prepaid items		9,532
Restricted assets		11,089,191
Capital assets, non-depreciable:		
Land		174,918
Construction in progress		4,891,943
Capital assets, net of accumulated depreciation:		
Buildings		5,284,977
Building improvements		4,507,278
Improvements other than buildings		716,241
Mobile equipment		748,148
Furniture and equipment		309,910
Subscription IT assets		152,917
Total Assets		40,553,713
Deferred Outflows of Resources		
Deferred outflows - advance refunding of debt		27,155
Deferred outflows - pensions		5,091,081
Deferred outflows - OPEB		252,300
Total Deferred Outflows of Resources		5,370,536
Liabilities		
Accounts payable and accrued liabilities		911,372
Interest payable on long-term liabilities		77,729
Long-term liabilities, due within one year:		
Capital related liabilities		349,923
Non-capital related liabilities		7,596
SBITA liabilities		89,812
Net OPEB liability		52,191
Long-term liabilities, due beyond one year:		
Capital related liabilities		3,224,302
Non-capital related liabilities		144,324
SBITA liabilities		17,662
Net pension liability		30,411,091
Net OPEB liability		1,021,322
Total Liabilities		36,307,324
Deferred Inflows of Resources		
Deferred inflows - pensions		446,232
Deferred inflows - OPEB		627,013
Deferred inflows - leases		229,468
Total Deferred Inflows of Resources		1,302,713
Net Position		
Net investment in capital assets		13,131,788
Restricted for:		
Expendable:		
School-based activities		592,162
Debt service		1,243,257
Capital improvements		892,834
Forestry improvements		176,042
Unemployment benefits		38,213
Non-expendable:		
Sixteenth section		11,705,075
Unrestricted		(19,465,159)
Total Net Position	$	8,314,212

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

QUITMAN SCHOOL DISTRICT

Statement of Activities **Exhibit B**
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 9,691,151	$ 315,341	$ 4,727,974	$ -	$ (4,647,836)
Support services	8,533,007	11,141	4,928,353	-	(3,593,513)
Non-instructional	1,399,222	128,667	1,550,077	-	279,522
Sixteenth section	237,996	53,773	-	-	(184,223)
Pension expense	2,693,766	-	-	-	(2,693,766)
OPEB expense	(165,682)	-	-	-	165,682
Interest on long-term liabilities	208,268	-	-	-	(208,268)
Total Governmental Activities	$ 22,597,728	$ 508,922	$ 11,206,404	$ -	$ (10,882,402)

General Revenues:	
Taxes:	
General purpose levies	6,286,757
Debt purpose levies	159,499
Unrestricted grants and contributions:	
State	8,558,402
Federal	70,929
Unrestricted investment earnings	311,672
Sixteenth section sources	760,724
Other	145,047
Total General Revenues	16,293,030
Change in Net Position	5,410,628
Net Position - Beginning, as previously reported	2,980,002
Fund reclassification	-
Prior Period Adjustments	(76,418)
Net Position - Beginning, as restated	2,903,584
Net Position - Ending	$ 8,314,212

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

QUITMAN SCHOOL DISTRICT
Governmental Funds

Balance Sheet **Exhibit C**
June 30, 2023

	Major Funds					
	General Fund	ESSER II Fund	ARP ESSER III Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 8,161,371	$	$	$ 5,254,030	$ 1,246,048	$ 14,661,449
Cash with fiscal agents	-				227,843	227,843
Investments	229,215			4,740,593	840,000	5,809,808
Due from other governments	319,811	649,850	545,320		1,255,736	2,770,717
Accrued interest receivable	1,005			19,086	7,639	27,730
Other receivables, net	1,448					1,448
Lease receivable	228,737					228,737
Due from other funds	1,548,644			-		1,548,644
Advance to other funds				1,691,366		1,691,366
Inventories					30,117	30,117
Prepaid items	9,532					9,532
Total Assets	$ 10,499,763	$ 649,850	$ 545,320	$ 11,705,075	$ 3,607,383	$ 27,007,391
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabiliti	$ 677,700	$	$ 193,048	$	$ 40,624	$ 911,372
Due to other funds	-	649,850	352,272		546,522	1,548,644
Advances from other funds	1,691,366					1,691,366
Total Liabilities	2,369,066	649,850	545,320	-	587,146	4,151,382
Deferred Inflows of Resources						
Leases	229,468					229,468
Total Deferred Inflows of Resources	229,468	-	-	-	-	229,468
Fund Balances:						
Nonspendable:						
Inventory					30,117	30,117
Permanent fund principal				11,705,075		11,705,075
Prepaid items	9,532					9,532
Restricted:						
Unemployment benefits					38,213	38,213
Forestry improvement purposes					176,042	176,042
Capital projects					892,834	892,834
Debt service					1,320,986	1,320,986
Grant activities					562,045	562,045
Assigned:						
Activity funds	247,869					247,869
Unassigned	7,643,828					7,643,828
Total Fund Balances	7,901,229	-	-	11,705,075	3,020,237	22,626,541
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,499,763	$ 649,850	$ 545,320	$ 11,705,075	$ 3,607,383	$ 27,007,391

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

QUITMAN SCHOOL DISTRICT
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**
June 30, 2023

Total fund balances for governmental funds		$ 22,626,541
Amounts reported for governmental activities in the statement of Net Position are different because:		
1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	$ 174,918	
Construction in progress	4,891,943	
Buildings	11,882,062	
Building improvements	10,175,897	
Improvements other than buildings	1,817,800	
Mobile equipment	3,891,177	
Furniture and equipment	1,498,460	
Subscription IT assets	250,455	
Accumulated depreciation	(17,796,380)	16,786,332
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(30,411,091)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	5,091,081	
Deferred inflows of resources related to pensions	(446,232)	(25,766,242)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability	(1,073,513)	
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	252,300	
Deferred inflows of resources related to OPEB	(627,013)	(1,448,226)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(785,000)	
Other bonds payable	(1,500,000)	
Notes payable	(699,225)	
Certificates of participation	(590,000)	
Subscription IT liabilities	(107,474)	
Compensated absences	(151,920)	
Unamortized charges	27,155	
Accrued interest payable	(77,729)	(3,884,193)
Net Position of governmental activities		$ 8,314,212

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

QUITMAN SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances **Exhibit D**
For the Year Ended June 30, 2023

	Major Funds					
	General Fund	ESSER II Fund	ARP ESSER III Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	$ 6,839,722	$	$	$	$ 255,600	$ 7,095,322
State sources	9,637,141				666,971	10,304,112
Federal sources	92,753	1,044,164	4,288,195		4,116,839	9,541,951
Sixteenth section sources	437,370			554,687	63,773	1,055,830
Total Revenues	17,006,986	1,044,164	4,288,195	554,687	5,103,183	27,997,215
Expenditures:						
Instruction	8,456,026	89,719	188,817		1,891,317	10,625,879
Support services	7,206,245	3,744	147,008		1,630,227	8,987,224
Noninstructional services	-				1,599,471	1,599,471
Sixteenth section	48,207			171,349	18,440	237,996
Facilities acquisition and construction	43,538	950,701	3,471,201		426,503	4,891,943
Debt service:						
Principal	83,924				354,056	437,980
Interest	72,455				125,210	197,665
Other					6,873	6,873
Total Expenditures	15,910,395	1,044,164	3,807,026	171,349	6,052,097	26,985,031
Excess (Deficiency) of Revenues over (under) Expenditures	1,096,591	-	481,169	383,338	(948,914)	1,012,184
Other Financing Sources (Uses):						
Bonds and notes issued					699,225	699,225
SBITA issued	8,954				25,208	34,162
Insurance recovery	11,141					11,141
Payments held by escrow agent					98,811	98,811
Payment to QSCB debt escrow agent					(98,811)	(98,811)
Operating transfers in	602,239				1,087,572	1,689,811
Operating transfers out	(732,671)		(481,169)		(475,971)	(1,689,811)
Total Other Financing Sources (Uses)	(110,337)	-	(481,169)	-	1,336,034	744,528
Net Change in Fund Balances	986,254	-	-	383,338	387,120	1,756,712
Fund Balances:						
July 1, 2022, as previously reported	6,914,975			11,321,737	2,635,587	20,872,299
Prior period adjustments					1,101	1,101
July 1, 2022, as restated	6,914,975	-	-	11,321,737	2,636,688	20,873,400
Increase (Decrease) in inventory					(3,571)	(3,571)
June 30, 2023	$ 7,901,229	$ -	$ -	$ 11,705,075	$ 3,020,237	$ 22,626,541

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

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

Exhibit D-1

Net change in fund balances - total governmental funds		$ 1,756,712
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay (includes right-to-use assets)	$ 5,293,286	
Depreciation expense	(660,219)	
Amortization expense (right-to-use assets)	(97,538)	4,535,529
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		(34,163)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement		
Bonds and notes issued	(699,225)	
Subscription IT liability issued	(34,162)	
Payments of debt principal	295,000	
Payments of SBITA principal	142,981	
Accrued interest payable	3,058	(292,348)
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(2,693,766)	
Contributions subsequent to the measurement date	1,966,857	(726,909)
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	165,682	
Contributions subsequent to the measurement date	54,676	220,358
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(38,191)	
Change in inventory	(3,571)	
Amortization of deferred charges, premiums and discounts	(6,789)	(48,551)
Change in Net Position of governmental activities		$ 5,410,628

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five (5) member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

ESSER II Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's Elementary and Secondary School Emergency Relief (ESSER) Fund.

ARP ESSER III Fund – This is a special revenue fund that accounts for the expenditures and revenues of the American Rescue Plan Elementary and Secondary School Emergency Relief (**ARP ESSER**) Fund under the American Rescue Plan (**ARP**) Act of 2021, Public Law 117-2, enacted on March 11, 2021. The ARP ESSER III funding from the ARP Act provides support for K-12 schools to help safely open and sustain the safe operations of schools and address the impacts of the coronavirus pandemic on the nation's students.

16th Section Principal Fund – This is a permanent fund that accounts for the non-expendable revenues associated with nonexpendable earnings on 16th section school lands and the investment earnings of those non-expendable resources.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.
Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Right to use leased property asset	**	**
Right to use Subscription IT asset	***	***

(**) A capitalization threshold amount has not been set for 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 or the useful life of the underlying asset.

(***) A capitalization threshold amount has not been set for 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 or the useful of the underlying IT asset.

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

7. Deferred outflows/inflows of resources

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

Deferred outflows of resources related to advance refunding of debt
Deferred outflows of resources related to pensions
Deferred outflows of resources related to OPEB (Other post-employment benefits)

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.

Deferred inflows of resources related to pensions
Deferred inflows of resources related to OPEB (Other post-employment benefits)
Deferred inflows of resources related to leases

See Notes 6, 9, 10, and 16 for further details.

8. Compensated Absences

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

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

9. Leases

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

When acting as the lessee, the school district uses the Federal prime borrowing rate in effect at the date of the lease inception to calculate the present value of lease payments when the rate implicit in the lease is not known.

When acting as the lessor, the school district uses 4% to calculate the present value of lease payments involving the leasing of 16th section school lands. See Note 6 for details.

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. See Note 6 for details.

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. See Note 9 for details.

13. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state. See Note 10 for details.

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the official action of the school board to approve committed fund balances and to detail the action in its official minutes. 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 district management pursuant to authorization established by school board policy.

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

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

It is the goal of the district to achieve and maintain an unassigned fund balance in the General Fund at fiscal year end of not less than 5% of District revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the district will develop a restoration plan to achieve the minimum fund balance.

15. Accounting Standards Update

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

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was $14,661,449. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of $9,380,694 and a portion of restricted assets in the amount of $5,280,755.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents was $227,843.

Investments

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

Investment Type	Rating	Maturities (in years)		Fair Value
Government Cash Reserves	N/A	1 to 5 years	$	72,224
U.S. Treasury SLGS Deposit	N/A	1 to 5 years		840,000
Asset Backed Securities	N/A	1 to 25 years		2,358,985
U.S. Treasury/Agency Securities	N/A	1 to 15 years		1,440,904
Municipal Bonds	N/A	1 to 10 years		1,097,695
Total			$	5,809,808

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

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

Government Cash Reserves of $72,224, U.S. Treasury SLGS Deposit of $840,000, Asset Backed Securities of $2,358,985, U.S. Treasury/Agency Securities of $1,440,904, and Municipal Bonds of $1,097,695 are valued using quoted market prices (Level 1 inputs).

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

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	$ 649,850
	ARP ESSER III Fund	352,272
	Other governmental funds	546,522
Total		$ 1,548,644

The inter-fund balances primarily represent loans created by the existence of negative fund cash balances in a pooled bank account due to the General Fund at June 30, 2023. Negative fund cash balances in governmental funds (special revenue funds) are a result of the timing of cash flows inherent in the reimbursable grant funds due from other governments. All balances are expected to be repaid within one year.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
16th Section Principal Fund	General Fund	$ 1,691,366
Total		$ 1,691,366

Sixteenth section principal loans payable

The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2023 is four (4) percent.

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

Year Ending June 30		Lease Principal	Interest	Total
2024	$	71,373	67,655	139,028
2025		74,228	64,800	139,028
2026		77,197	61,831	139,028
2027		80,285	58,743	139,028
2028		83,496	55,531	139,027
2029-2033		470,333	224,806	695,139
2034 - 2038		572,234	122,906	695,140
2039 - 2040		262,220	15,840	278,060
Total	$	1,691,366	672,112	2,363,478

C. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	732,671
ARP ESSER III Fund	General Fund		481,169
Other governmental funds	General Fund		121,070
Other governmental funds	Other governmental funds		354,901
Total		$	1,689,811

Inter-fund transfers represent operating transfers from the General Fund to other governmental funds and transfers of indirect costs from other governmental funds to the general fund.

Note 4 – Restricted Assets

The restricted assets represent the cash, investment and accrued interest balances, totaling $5,254,030, $4,740,593 and $19,086, respectively, 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 the cash with fiscal agents, investment balance, and accrued interest balance, totaling $227,843, $840,000, and $7,639, respectively, of the QSCB Debt Fund.

Note 5 – Capital Assets

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

The term depreciation includes amortization of intangible assets.

	Balance 7/1/2022	Increases	Decreases	Adjustments	Balance 6/30/2023
Governmental Activities:					
Non-depreciable capital assets:					
Land	$ 174,918				174,918
Construction-in-progress		4,891,943	-		4,891,943
Total non-depreciable capital assets	174,918	4,891,943	-	-	5,066,861
Depreciable capital assets:					
Buildings	11,882,062				11,882,062
Building improvements	10,256,643			(80,746)	10,175,897
Improvements other than buildings	1,860,780		42,979	(1)	1,817,800
Mobile equipment	3,772,297	105,063	7,373	21,190	3,891,177
Furniture and equipment	1,333,747	262,118	76,215	(21,190)	1,498,460
Total depreciable capital assets	29,105,529	367,181	126,567	(80,747)	29,265,396
Less accumulated depreciation for:					
Buildings	6,409,581	187,504			6,597,085
Building improvements	5,456,440	215,409		(3,230)	5,668,619
Improvements other than buildings	1,053,517	58,356	10,315	1	1,101,559
Mobile equipment	3,013,004	136,661	6,636		3,143,029
Furniture and equipment	1,201,713	62,289	75,453	1	1,188,550
Total accumulated depreciation	17,134,255	660,219	92,404	(3,228)	17,698,842
Total depreciable capital assets, net	11,971,274	(293,038)	34,163	(77,519)	11,566,554
Governmental activities capital assets, net	$ 12,146,192	4,598,905	34,163	(77,519)	16,633,415
Subscription IT assets, net (Note 6)					152,917
Total capital assets, net, as reported in the statement of net position					16,786,332

Depreciation and amortization expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 320,070
Support services	294,931
Non-instructional	45,218
Total depreciation expense and Amortization expense - Governmental activities	$ 660,219

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

		Spent to June 30, 2023		Remaining Commitment
Governmental Activities:				
Security & Camera Upgrade District Wide	$	322,570	$	20,236
Restroom Upgrades District Wide		1,068,671		133,133
Intercom Upgrades District Wide		426,503		164,751
Mechanical Upgrades District Wide		3,074,199		1,557,246
Total governmental activities	$	4,891,943	$	1,875,366

Construction projects included in governmental activities are funded with ESSER II and ESSER III Federal grant funding and other local unrestricted funds.

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

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

		Balance 7/1/2022	**Additions**	**Adjustments**	**Balance 6/30/2023**
Subscription IT Assets			34,162	216,293	250,455
Less accumulated amortization				97,538	97,538
Subscription IT Assets, Net		0	34,162	118,755	152,917
Total Lease and Subscription IT Assets, Net	$	-	34,162	118,755	152,917

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
Lease liabilities					-	
Subscription IT liabiltiies		34,162	216,292	142,980	107,474	89,812
Total	-	34,162	216,292	142,980	107,474	

SBITAs

The school district has noncancellable SBITAs of various IT software. For subscriptions that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the subscription arrangement. For all other subscription-based information technology arrangements, other than short term, the school district recognized a subscription payable and an intangible right-to-use subscription asset.

At subscription commencement, the school district initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability plus payments associated with the subscription made to the vendor at the inception of the arrangement, plus capitalized implementation costs, less vendor incentives. 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 asset.
The school district generally uses U. S. Treasury rate at subscription inception as the discount rate for subscriptions unless the rate that the lessor charges is known.

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

The school district has entered into fourteen (14) subscription IT arrangements.

Details of the subscription obligations are as follows:

Description		Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1	Amplified Subscription	2.35%	8/9/22	8/8/25	$ 2,111	$ 1,391
2	Curriculum Associates Systems	2.19%	7/1/22	9/14/24	48,545	-
3	Edgenuity Platform	2.35%	7/1/22	7/31/25	42,736	28,214
4	Edpuzzle Platorm	2.67%	5/1/23	6/30/24	9,067	4,474
5	Flocabulary Plus Software 1	2.19%	8/16/22	8/15/24	6,843	3,718
6	Google G-Suite	1.85%	7/1/22	9/14/23	5,403	-
7	Heartland Software	2.35%	8/1/22	7/31/25	-	-
8	Newsela Education Platform	2.35%	7/1/22	6/1/25	23,206	11,716
9	Professional Software	2.19%	9/1/22	8/31/24	8,079	4,019
10	Scholastic Software	3.38%	12/13/22	12/12/25	-	-
11	School Status Suite	2.35%	7/1/22	5/26/25	54,724	27,620
12	Title1 Software	2.35%	7/22/22	7/21/25	8,062	5,312
13	Microsoft Office Software	2.35%	7/1/22	3/27/25	29,448	14,806
14	Ion Wave Software	2.35%	7/1/22	1/31/25	12,231	6,204
Total					$ 250,455	$ 107,474

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

Year Ending June 30	Principal	Interest	Total
2024	$ 89,812	2,532	92,344
2025	17,662	416	18,078
Total	$ 107,474	2,948	110,422

Leases

As Lessor:

Sixteenth Section Lands

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

The school district uses the minimum rate of 4% 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 lease contract.

The school district, acting as lessor, has entered into 30 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type lease executed.

The total amount of inflows recognized in the reporting period from these leases is $87,182. As of June 30, 2023, the School District recognized a lease receivable of $228,737 and deferred inflow of resources of $229,468 related to the Sixteenth section land leases. At lease inception, the district's lease receivable is measured at the present value of the lease payments expected to be received during the lease term and the deferred inflow is recorded in an amount equal to lease receivable plus any lease prepayments to be applied to future periods.

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

Year Ending June 30		Lease Principal	Interest	Total
2024	$	79,146	7,636	86,782
2025		82,015	4,767	86,782
2026		12,875	1,786	14,661
2027		13,087	1,574	14,661
2028		13,305	1,356	14,661
2029-2033		18,029	4,276	22,305
2034 - 2038		8,789	1,185	9,974
2039 – 2041		1,491	121	1,612
Total	$	228,737	22,701	251,438

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.	Limited tax refunding notes	$ 990,000		205,000	785,000	190,000
B.	General obligation certficate of participation	680,000		90,000	590,000	90,000
C.	Qualified school construction bonds payable	1,500,000			1,500,000	
D.	Other loans payable		699,225		699,225	69,923
E.	Compensated absences payable	113,729	38,191		151,920	7,596
		$ 3,283,729	737,416	295,000	3,726,145	357,519

A. Limited tax refunding notes

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Refunding Note, Series 2014	1.60-2.60%	07/15/14	04/15/27	$ 2,635,000	$ 785,000
Total				$ 2,635,000	$ 785,000

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

General obligation bond issue of July 15, 2014.

Year Ending June 30	Principal	Interest	Total
2024	$ 190,000	19,260	209,260
2025	190,000	14,890	204,890
2026	200,000	10,330	210,330
2027	205,000	5,330	210,330
Total	$ 785,000	49,810	834,810

The debt will be retired from the Three Mill Note Fund (debt service fund). It is secured with a Pledge of Education Enhancement (EEF) Funds for buildings and buses that is to be used for repayment of the limited tax refunding notes. Proceeds from the notes were used to finance capital improvements. The notes are payable partially from future revenues of the state Education Enhancement revenue funds for buildings and buses and partially from local ad valorem revenues generated from a special levy to retire this debt and are payable through April 15, 2027. Annual principal and interest payments on the notes are expected to require all of the district's annual allocation of such state revenues and local ad valorem revenues levied to complete the required debt service payments.

B. General obligation certificates of participation

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation certificate of participation, Series 2014	1.50-3.00%	07/15/14	06/01/29	$ 1,340,000	$ 590,000
Total				$ 1,340,000	$ 590,000

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

Year Ending June 30	Principal	Interest	Total
2024	$ 90,000	16,860	106,860
2025	95,000	14,430	109,430
2026	95,000	11,865	106,865
2027	100,000	9,300	109,300
2028	105,000	6,300	111,300
2029	105,000	3,150	108,150
Total	$ 590,000	61,905	651,905

This debt is being retired from the Three Mill Loan Fund (debt service fund).

C. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	5.40%	10/7/10	8/1/25	$ 1,500,000	$ 1,500,000
Total				$ 1,500,000	$ 1,500,000

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

Year Ending June 30	Principal	Interest	Total
2024	$	81,000	81,000
2025		81,000	81,000
2026	1,500,000	81,000	1,581,000
Total	$ 1,500,000	243,000	1,743,000

This debt is being retired from the QSCB Bond Retirement Fund (debt service fund).

D. Other loans payable

The school district has issued debt instruments granted under the authority of Senate Bill 2430.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Educational Facilities Revolving Loan	0.00%	05/01/23	05/01/33	$ 699,225	$ 699,225
Total				$ 699,225	$ 699,225

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

Year Ending June 30	Principal	Interest	Total
2024	$ 69,923	-	69,923
2025	69,923	-	69,923
2026	69,923	-	69,923
2027	69,923	-	69,923
2028	69,923	-	69,923
2029-2033	349,610	-	349,610
Total	$ 699,225	-	699,225

This debt is being retired from the district maintenance fund.

E. Compensated absences payable

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

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were $1,966,857, $1,769,779 and $1,744,786, 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 $30,411,091 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2023 net pension liability was 0.147744 percent, which was based on a measurement date of June 30, 2022. This was an decrease of 0.003069 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 $2,693,766. 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	$	434,932	$	
Net difference between projected and actual earnings on pension plan investments		1,495,299		
Changes of assumptions		1,073,651		
Changes in proportion and differences between District contributions and proportionate share of contributions		120,342		446,232
District contributions subsequent to the measurement date		1,966,857		
Total	$	5,091,081	$	446,232

$1,966,857 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	$	888,311
2025		517,874
2026		(378,382)
2027		1,650,189

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	100 %	

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	$ 39,689,580	$ 30,411,091	$ 22,761,450

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 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were $54,676 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 $1,073,513 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the District's proportion was 0.21789086 percent. This was a decrease of 0.00687176 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 ($165,682). 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	$	889	$	465,090
Changes of assumptions		167,432		99,393
Net difference between projected and actual earnings on OPEB plan investments		74		
Changes in proportion and differences between District contributions and proportionate share of contributions		29,229		62,530
District contributions subsequent to the measurement date		54,676		
Total	$	252,300	$	627,013

$54,676 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	$	(113,027)
2025		(83,784)
2026		(91,267)
2027		(77,030)
2028		(45,913)
Thereafter		(18,368)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021

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

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

The demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of the last actuarial experience study, dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of $1,000,000. As of June 30, 2022, the trust has $1,049,208. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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	$ 1,182,607	$ 1,073,513	$ 979,803

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	$ 998,827	$ 1,073,513	$ 1,157,563

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 11 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

	Explanation	Amount
1.	Error correction - recording prior year asset or liability	$ (77,519)
2.	Correction to a prior year revenue or expenditure	1,101
	Total	$ (76,418)

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

Fund	Explanation	Amount
Other Governmental Funds	Correction to a prior year revenue or expenditure	$ 1,101
Total		$ 1,101

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 48 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors received Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district. When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2023, the district received $70,327 subsidy payments.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2023, was $1,075,482, which includes cash with fiscal agents of $227,843, investments of $840,000, and accrued interest of $7,639. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2024	$ 150,000
2025	150,000
	$ 300,000

Note 14 – 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 15 - Insurance loss recovery

The Quitman School District received $11,141 in insurance loss recoveries during the year related to roof damage from storms and property damage sustained in a bus wreck. These amounts were reported as charges for services and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
$ 11,141	100%	Support services
$ 11,141	100%	

Note 16 – Effect of Deferred Amounts on Net Position

The net investment in capital asset amount of $13,131,788 includes the effect of deferring the recognition of expenses resulting from a deferred outflow on advance refunding of capital debt. A portion of the deferred outflow of resources related to refunded debt in the amount of $27,155 will be recognized as an expense and will decrease the net investment in capital assets over the next 3 years.

The unrestricted net position amount of ($19,465,159) 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 $1,966,857 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 $3,124,224 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 ($19,465,159) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The $446,232 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 ($19,465,159) 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 $54,676 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 $197,624 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 ($19,465,159) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The $627,013 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 ($19,465,159) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from leases. The $229,468 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 31 years.

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Quitman School District evaluated the activity of the district through May 31, 2024, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 6,662,789	$ 6,839,722	$ 6,839,722	$ 176,933	$ -
State sources	9,537,043	9,637,141	9,637,141	100,098	-
Federal sources	26,000	92,753	92,753	66,753	-
Sixteenth section sources	107,882	438,101	437,370	330,219	(731)
Total Revenues	16,333,714	17,007,717	17,006,986	674,003	(731)
Expenditures:					
Instruction	9,271,352	8,481,523	8,456,026	789,829	25,497
Support services	7,250,354	7,379,247	7,206,245	(128,893)	173,002
Sixteenth section	25,000	48,207	48,207	(23,207)	-
Facilities acquisition and construction	600,000	43,538	43,538	556,462	-
Debt service:					
Principal	140,000	70,400	83,924	69,600	(13,524)
Interest	-	-	72,455	-	(72,455)
Total Expenditures	17,286,706	16,022,915	15,910,395	1,263,791	112,520
Excess (Deficiency) of Revenues over (under) Expenditures	(952,992)	984,802	1,096,591	1,937,794	111,789
Other Financing Sources (Uses):					
SBITA's issued			8,954	-	8,954
Insurance recovery	-	11,141	11,141	11,141	-
Operating transfers in	3,888,415	2,659,916	602,239	(1,228,499)	(2,057,677)
Operating transfers out	(3,955,354)	(2,790,347)	(732,671)	1,165,007	2,057,676
Total Other Financing Sources (Uses)	(66,939)	(119,290)	(110,337)	(52,351)	8,953
Net Change in Fund Balances	(1,019,931)	865,512	986,254	1,885,443	120,742
Fund Balances:					
July 1, 2022, as previously reported	6,914,975	6,914,975	6,914,975	-	-
June 30, 2023	$ 5,895,044	$ 7,780,487	$ 7,901,229	$ 1,885,443	$ 120,742

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

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 3,394,385	$ 1,044,164	$ 1,044,164	$ (2,350,221)	$ -
Total Revenues	3,394,385	1,044,164	1,044,164	(2,350,221)	-
Expenditures:					
Instruction	440,063	89,719	89,719	350,344	-
Support services	36,919	3,744	3,744	33,175	-
Facilities acquisition and construction	2,905,918	950,701	950,701	1,955,217	-
Total Expenditures	3,382,900	1,044,164	1,044,164	2,338,736	-
Excess (Deficiency) of Revenues over (under) Expenditures	11,485	-	-	(11,485)	-
Other Financing Sources (Uses):					
Operating transfers out	(11,485)	-		11,485	-
Total Other Financing Sources (Uses)	(11,485)	-	-	11,485	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2022, as previously reported				-	-
June 30, 2023	$ -	$ -	$ -	$ -	$ -

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

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 7,953,814	$ 4,288,195	$ 4,288,195	$ (3,665,619)	$ -
Total Revenues	7,953,814	4,288,195	4,288,195	(3,665,619)	-
Expenditures:					
Instruction	2,209,270	188,817	188,817	2,020,453	-
Support services	864,836	396,738	147,008	468,098	249,730
Noninstructional services	45,848	-		45,848	-
Facilities acquisition and construction	3,690,400	3,221,471	3,471,201	468,929	(249,730)
Total Expenditures	6,810,354	3,807,026	3,807,026	3,003,328	-
Excess (Deficiency) of Revenues over (under) Expenditures	1,143,460	481,169	481,169	(662,291)	-
Other Financing Sources (Uses):					
Operating transfers out	(673,553)	(11,262)	(481,169)	662,291	(469,907)
Total Other Financing Sources (Uses)	(673,553)	(11,262)	(481,169)	662,291	(469,907)
Net Change in Fund Balances	469,907	469,907	-	-	(469,907)
Fund Balances:					
July 1, 2022, as previously reported	-	-		-	-
June 30, 2023	$ 469,907	$ 469,907	$ -	$ -	$ (469,907)

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

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.147744%	0.150813%	0.151780%	0.147005%	0.147764%	0.150423%	0.161408%	0.163425%	0.158659%
District's proportionate share of the net pension liability	$ 30,411,091	$ 22,290,821	$ 29,382,844	$ 25,861,080	$ 24,577,544	$ 25,005,408	$ 28,831,499	$ 25,262,282	$ 19,258,297
District's covered payroll	10,171,144	10,027,506	10,106,672	9,574,045	9,436,121	9,649,740	10,325,676	10,198,489	9,694,861
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.71%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

Schedule of District Contributions
PERS
Last 10 Fiscal Years *

		2023		2022		2021		2020		2019		2018		2017		2016		2015
Contractually required contribution	$	1,966,857	$	1,769,779	$	1,744,786	$	1,758,561	$	1,507,912	$	1,486,189	$	1,519,834	$	1,626,294	$	1,606,262
Contributions in relation to the contractually required contribution	$	1,966,857	$	1,769,779	$	1,744,786	$	1,758,561	$	1,507,912	$	1,486,189	$	1,519,834	$	1,626,294	$	1,606,262
Contribution deficiency (excess)	$	0	$	0	$	0	$	0	$	0	$	0	$	0	$	0	$	0
District's covered payroll	$	11,303,776	$	10,171,145	$	10,027,506	$	10,106,672	$	9,574,045	$	9,436,121	$	9,649,740	$	10,325,676	$	10,198,489
Contributions as a percentage of covered payroll		17.40%		17.40%		17.40%		17.40%		15.75%		15.75%		15.75%		15.75%		15.75%

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

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

QUITMAN SCHOOL DISTRICT
Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.21789086%	0.22476262%	0.22271765%	0.21919785%	0.21813605%	0.22278585%
District's proportionate share of the net OPEB liability	$ 1,073,513	$ 1,446,757	$ 1,733,207	$ 1,859,984	$ 1,687,391	$ 1,747,998
District's covered - employee payroll	10,707,061	10,027,506	10,106,672	9,574,045	9,436,121	10,009,156
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.03%	14.43%	17.15%	19.43%	17.88%	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 75 was implemented in FYE 6/30/18, and, until a full full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit reports.

QUITMAN SCHOOL DISTRICT
Required Supplementary Informations

Schedule of District Contributions
OPEB
Last 10 Fiscal Years

		2023		2022		2021		2020		2019		2018
Actuarially determined contribution	$	54,676	$	43,748	$	58,150	$	69,120	$	74,554	$	74,520
Contributions in relation to the actuarially determined contribution		54,676		43,748		58,150		69,120		74,554		74,520
Contribution deficiency (excess)	$	-		-		-		-		-		-
District's covered - employee payroll	$	11,303,776		10,171,145		10,027,506		10,106,672		9,574,045		9,436,121
Contributions as a percentage of covered - employee payroll		0.48%		0.43%		0.58%		0.68%		0.78%		0.79%

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

<u>2019:</u>

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%.

<u>2021:</u>

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*
The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

2022: The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

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

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

SUPPLEMENTARY INFORMATION

QUITMAN SCHOOL DISTRICT
Supplementary Information

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

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	235MS326N1099	$ 355,887
National school lunch program	10.555	235MS326N1099	1,301,890
Total child nutrition cluster			1,657,777
Total passed-through Mississippi Department of Education			1,657,777
Total U.S. Department of Agriculture			1,657,777
U.S. Department of Defense			
Direct Program:			
Reserve Officers' Training Corps	12.XXX	N/A	2,588
Total U.S. Department of Defense			2,588
U.S. Department of Education			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A220024	1,356,920
Career and technical education - basic grants to states	84.048	V048A220024	68,199
Rural education	84.358	S358B220024	30,691
Supporting Effective Instruction State Grants	84.367	S367A220025	112,994
Student Support and Academic Enrichment Program	84.424	S424A220025	83,767
Subtotal			1,652,571
Special education cluster:			
Special education - grants to states	84.027	H027A220108	539,760
IDEA, Part B ARP Grant	84.027X	H027X210108	70,709
Subtotal			610,469
Special education - preschool grants	84.173	H173A210113	30,589
IDEA, Part B Preschool ARP Grant	84.173X	H173X210113	4,844
Subtotal			35,433
Total special education cluster			645,902
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D210031	43,616
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	1,527,886
Elementary & Secondary School Emergency Relief Fund II - CTE Equipment	84.425D	S425D210031	63,332
CTE ESSER Grant	84.425D	S425D210031	14,231
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	3,807,026
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			5,456,091
Total passed-through Mississippi Department of Education			7,754,564
Total U.S. Department of Education			7,754,564
Social Security Administration			
Passed-through Mississippi Department of Rehabiliation Services:			
Social Security Disability Insurance	96.001	N/A	602
Total passed-through Mississippi Department of Rehabiliation Services			602
Total Social Security Administration			602
U.S. Department of Homeland Security			
Passed-through Mississippi Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	85,973
Total passed-through Mississippi Emergency Management Agency			85,973
Total U.S. Department of Homeland Security			85,973
Total for All Federal Awards			$ 9,501,504

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Quitman 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 Quitman School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Quitman School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

QUITMAN SCHOOL DISTRICT
Supplementary Information

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

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	15,534,258	11,232,987	928,415	1,296,770	2,076,086
Other		11,450,773	1,870,733	323,789	16,143	9,240,108
Total	$	26,985,031	13,103,720	1,252,204	1,312,913	11,316,194
Total number of students *		1,580				
Cost per student	$	17,079	8,293	793	831	7,162

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

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

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

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

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

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

OTHER INFORMATION

QUITMAN SCHOOL DISTRICT
Other Information

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

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 6,839,722	$ 6,502,139	$ 6,498,220	$ 6,202,325
State sources	9,637,141	8,889,842	8,618,712	8,892,609
Federal sources	92,753	29,002	29,300	81,815
Sixteenth section sources	437,370	194,151	229,805	206,340
Total Revenues	17,006,986	15,615,134	15,376,037	15,383,089
Expenditures:				
Instruction	8,456,026	7,528,468	7,713,395	7,858,895
Support services	7,206,245	6,483,499	6,220,609	6,409,756
Noninstructional services	0	0	0	32
Sixteenth section	48,207	51,753	13,333	40,314
Facilities acquisition and construction	43,538	403,975	0	98,449
Debt service:				
Principal	83,924			
Interest	72,455			
Other			75,577	
Total Expenditures	15,910,395	14,467,695	14,022,914	14,407,446
Excess (Deficiency) of Revenues over (under) Expenditures	1,096,591	1,147,439	1,353,123	975,643
Other Financing Sources (Uses):				
SBITA issued	8,954			
Insurance recovery	11,141	391,934	4,943	0
Operating transfers in	602,239	104,054	39,025	
Operating transfers out	(732,671)	(798,337)	(584,641)	(2,575,468)
Total Other Financing Sources (Uses)	(110,337)	(302,349)	(540,673)	(2,575,468)
Net Change in Fund Balances	986,254	845,090	812,450	(1,599,825)
Fund Balances:				
Beginning of period, as previously reported	6,914,975	6,098,330	5,285,880	6,835,034
Prior period adjustments		(28,445)	0	50,671
Beginning of period, as restated	6,914,975	6,069,885	5,285,880	6,885,705
End of Period	$ 7,901,229	$ 6,914,975	$ 6,098,330	$ 5,285,880

*SOURCE - PRIOR YEAR AUDIT REPORTS

QUITMAN SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	$ 7,095,322	$ 6,842,133	$ 6,830,717	$ 6,537,659
State sources	10,304,112	9,418,662	9,198,227	9,470,818
Federal sources	9,541,951	4,387,494	4,388,602	2,855,868
Sixteenth section sources	1,055,830	1,373,576	652,650	1,279,294
Total Revenues	27,997,215	22,021,865	21,070,196	20,143,639
Expenditures:				
Instruction	10,625,879	9,594,308	10,365,247	9,286,018
Support services	8,987,224	7,960,348	7,889,319	7,730,226
Noninstructional services	1,599,471	1,171,546	872,500	1,217,042
Sixteenth section	237,996	455,403	37,475	83,773
Facilities acquisition and construction	4,891,943	670,418	962,304	98,449
Debt service:				
Principal	437,981	310,000	325,000	320,000
Interest	197,664	130,350	212,407	142,663
Other	6,873	7,623	6,600	6,052
Total Expenditures	26,985,031	20,299,996	20,670,852	18,884,223
Excess (Deficiency) of Revenues over (under) Expenditures	1,012,184	1,721,869	399,344	1,259,416
Other Financing Sources (Uses):				
Bonds and notes issued	699,225			
SBITA issued	34,162			
Insurance recovery	11,141	391,934	4,943	0
Payment held by escrow agent	98,811	82,164	81,442	81,439
Payment to QSCB debt escrow agent	(98,811)	(82,164)	(81,442)	(81,439)
Operating transfers in	1,689,811	1,063,390	1,769,455	2,659,332
Operating transfers out	(1,689,811)	(1,063,390)	(1,769,455)	(2,659,332)
Total Other Financing Sources (Uses)	744,528	391,934	4,943	0
Net Change in Fund Balances	1,756,712	2,113,803	404,287	1,259,416
Fund Balances:				
Beginning of period, as previously reported	20,872,299	18,778,587	18,406,526	17,057,912
Prior period adjustments	1,101	(26,767)	0	50,671
Beginning of period, as restated	20,873,400	18,751,820	18,406,526	17,108,583
Increase (Decrease) in reserve for inventory	(3,571)	6,676	(32,226)	38,527
End of Period	$ 22,626,541	$ 20,872,299	$ 18,778,587	$ 18,406,526

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

McKenzie CPA, PLLC

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

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

Superintendent and School Board
Quitman School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Quitman School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Quitman School District's basic financial statements, and have issued our report thereon dated May 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
May 31, 2024

McKenzie CPA, PLLC

MCKENZIE CPA, PLLC
346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

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

Superintendent and School Board
Quitman School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Quitman School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Quitman School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Quitman School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

McKenzie CPA, PLLC
Madison, Mississippi
May 31, 2024

McKenzie CPA, PLLC

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

McKenzie CPA, PLLC
346 Sundial Rd
Madison, MS 39110
(Phone) 601-670-5282 (Email) barrymckenzie@mckenziecpapllc.com

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

Superintendent and School Board
Quitman School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Quitman School District as of and for the year ended June 30, 2023, which collectively comprise Quitman School District's basic financial statements and have issued our report thereon dated May 31, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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

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

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

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

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

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

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

McKenzie CPA, PLLC
Madison, Mississippi
May 31, 2024

McKenzie CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

QUITMAN 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 weaknesses identified?	No
	b.	Significant deficiencies identified?	None Reported
3.	Noncompliance material to financial statements noted?		No

Federal Awards:

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

7. Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
10.553; 10.555	Child Nutrition Cluster
	COVID-19 Education Stabilization Funds (ESSER)
84.425D	Education Stabilization Fund I (ESSER)
84.425D	Education Stabilization Fund II (ESSER)
84.425U	Education Stabilization Fund ARP III (ESSER)
84.425D	Education Stabilization Fund II (ESSER) – CTE
84.425D	CTE ESSER Grant

8.	Dollar threshold used to distinguish between type A and type B programs:	$750,000
9.	Auditee qualified as low-risk auditee?	Yes
10.	Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b).	None Reported

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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