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**Senatobia Municipal School District**

Audited Financial Statements  
For the Year Ended June 30, 2023

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

# Senatobia Municipal School District

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## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Senatobia Municipal 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 Senatobia Municipal School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Senatobia Municipal 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 Senatobia Municipal School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis-of-Matter***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and

for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Senatobia Municipal 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 Senatobia Municipal 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 Senatobia Municipal 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 Senatobia Municipal 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 March 20, 2024, on our consideration of the Senatobia Municipal 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 Senatobia Municipal 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 Senatobia Municipal School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 20, 2024

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**SENATOBIA MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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

**FINANCIAL HIGHLIGHTS**

- Total net position for 2023 decreased \$633,418, which represents an 8% decrease from fiscal year 2022. Total net position for 2022 increased \$2,521,580, which represents a 23% increase from fiscal year 2021.
- General revenues amounted to \$15,394,589 and \$14,894,731, or 70% and 67% 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 \$6,546,843, or 30% of total revenues for 2023, and \$7,315,757, or 33% of total revenues for 2022.
- The District had \$22,574,850 and \$19,688,908 in expenses for fiscal years 2023 and 2022; only \$6,546,843 for 2023 and \$7,315,757 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,394,589 for 2023 were not adequate to provide for these programs. General revenues of \$14,894,731 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,495,277 in revenues and \$17,303,896 in expenditures for 2023, and \$15,009,514 in revenues and \$15,380,193 in expenditures in 2022. The General Fund's fund balance decreased by \$316,381 from 2022 to 2023, and increased by \$1,869,773 from 2021 to 2022.
- Capital assets, including SBITA assets, net of accumulated depreciation and amortization, increased by \$154,132 for 2023 and decreased by \$329,505 for 2022. The increase for 2023 was due primarily to the increase in mobile equipment, furniture and equipment and SBITA assets.
- Long-term debt, excluding compensated absences and SBITA liabilities, decreased by \$814,233 for 2023, and decreased by \$693,626 for 2022. The decrease for 2023 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$5,815 for 2023 and increased by \$14,394 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.

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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, pension expense, OPEB expense, and interest on long-term liabilities.

### **Fund Financial Statements**

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

**Governmental funds** – 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:

**SENATOBIA MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

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. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,972,140 as of June 30, 2023.



**SENATOBIA MUNICIPAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED 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**

	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>Percentage Change</b>
Current assets	\$ 7,264,678	\$ 7,522,667	(3.43) %
Capital assets, net	15,116,843	14,962,711	1.03 %
<b>Total assets</b>	<b>22,381,521</b>	<b>22,485,378</b>	<b>(0.46) %</b>
 <b>Deferred outflows of resources</b>	 <b>5,617,610</b>	 <b>4,817,257</b>	 <b>16.61 %</b>
Current liabilities	915,838	756,127	21.12 %
Long-term debt outstanding	4,415,831	5,252,758	(15.93) %
SBITA liability	584,138	-	N/A %
Net OPEB liability	1,000,371	1,265,176	(20.93) %
Net pension liability	29,405,169	21,254,416	38.35 %
<b>Total liabilities</b>	<b>36,321,347</b>	<b>28,528,477</b>	<b>27.32 %</b>
 <b>Deferred inflows of resources</b>	 <b>649,924</b>	 <b>7,112,880</b>	 <b>(90.86) %</b>
 <b>Net position:</b>			
Net investment in capital assets	10,249,492	9,904,986	3.48 %
Restricted	888,810	982,044	(9.49) %
Unrestricted	(20,110,442)	(19,225,752)	(4.60) %
<b>Total net position (deficit)</b>	<b>\$ (8,972,140)</b>	<b>\$ (8,338,722)</b>	<b>(7.60) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (20,110,442)
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	25,445,382
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 5,334,940</u>

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

- Increase in net capital assets, including SBITA assets, in the amount of \$154,132.
- The principal retirement of \$878,636 of long-term debt, including SBITA liabilities.
- Issuing \$648,541 in SBITA liabilities.

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$21,941,432 and \$22,210,488, respectively. The total cost of all programs and services was \$22,574,850 for 2023 and \$19,688,908 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
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,038,666	\$ 718,896	44.48 %
Operating grants and contributions	5,508,177	6,596,861	(16.50) %
General revenues:			
Property taxes	5,812,927	5,895,280	(1.40) %
Grants and contributions not restricted	9,298,600	8,803,321	5.63 %
Investment earnings	135,601	114,688	18.23 %
Other	147,461	81,442	81.06 %
<b>Total revenues</b>	<b>21,941,432</b>	<b>22,210,488</b>	<b>(1.21) %</b>
<b>Expenses:</b>			
Instruction	10,878,893	9,855,370	10.39 %
Support services	7,948,789	7,299,032	8.90 %
Non-instructional	807,259	595,981	35.45 %
Pension expense	2,879,817	1,817,468	58.45 %
OPEB expense	(107,053)	(51,190)	(109.13) %
Interest on long-term liabilities	167,145	172,247	(2.96) %
<b>Total expenses</b>	<b>22,574,850</b>	<b>19,688,908</b>	<b>14.66 %</b>
<b>Increase (Decrease) in net position</b>	<b>(633,418)</b>	<b>2,521,580</b>	<b>(125.12) %</b>
<b>Net Position (Deficit), July 1</b>	<b>(8,338,722)</b>	<b>(10,860,302)</b>	<b>23.22 %</b>
<b>Net Position (Deficit), June 30</b>	<b>\$ (8,972,140)</b>	<b>\$ (8,338,722)</b>	<b>(7.60) %</b>

**Governmental activities**

The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, 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.

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
Instruction	\$ 10,878,893	\$ 9,855,370	10.39 %
Support services	7,948,789	7,299,032	8.90 %
Non-instructional	807,259	595,981	35.45 %
Pension Expense	2,879,817	1,817,468	58.45 %
OPEB Expense	(107,053)	(51,190)	(109.13) %
Interest on long-term liabilities	167,145	172,247	(2.96) %
<b>Total expenses</b>	<b>\$ 22,574,850</b>	<b>\$ 19,688,908</b>	<b>14.66 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
Instruction	\$ (7,151,509)	\$ (5,910,239)	(21.00) %
Support services	(6,123,606)	(4,936,625)	(24.04) %
Non-instructional	187,017	412,238	(54.63) %
Pension Expense	(2,879,817)	(1,817,468)	(58.45) %
OPEB Expense	107,053	51,190	109.13 %
Interest on long-term liabilities	(167,145)	(172,247)	2.96 %
<b>Total net (expense) revenue</b>	<b>\$ (16,028,007)</b>	<b>\$ (12,373,151)</b>	<b>(29.54) %</b>

- Net cost of governmental activities (\$16,028,007 for 2023 and \$12,373,151 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$5,812,927 for 2023 and \$5,895,280 for 2022) and state and federal revenues (\$9,298,600 for 2023 and \$8,803,321 for 2022).
- Investment earnings amounted to \$135,601 for 2023 and \$114,688 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 \$6,387,556, a decrease of \$408,009, which includes an increase in inventory of \$10,179. \$3,549,445, or 56% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,838,111, or 44% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

**SENATOBIA MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$316,381. The fund balance of Other Governmental Funds showed a decrease in the amount of \$67,287. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Food Service Fund	\$ (24,341)
ARP Learn More Grant Fund	no increase or decrease
Early Learning Collaborative Grant Fund	no increase or decrease

## BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue funds 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 \$26,200,791, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and subscription based IT assets. This amount represents an increase of \$782,011 from 2022. Total accumulated depreciation/amortization as of June 30, 2023, was \$11,083,948, and total depreciation/amortization expense for the year was \$702,633, resulting in total net capital assets of \$15,116,843.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Land	\$ 1,007,521	\$ 1,007,521	0.00 %
Buildings	11,138,798	11,461,399	(2.81) %
Building improvements	1,530,708	1,668,833	(8.28) %
Improvements other than buildings	60,114	69,185	(13.11) %
Mobile equipment	560,564	553,007	1.37 %
Furniture and equipment	231,141	202,766	13.99 %
Subscription based IT assets, net	587,997	-	N/A %
<b>Total</b>	<b>\$ 15,116,843</b>	<b>\$ 14,962,711</b>	<b>1.03 %</b>

Additional information on the District's capital assets can be found in Note 4 and Note 5 included in this report.

**Debt Administration.** At June 30, 2023, the District had \$4,842,087 in outstanding long-term including SBITAs debt, of which \$881,445 is due within one year. During the fiscal year, the District issued \$648,541 in SBITA liabilities. The District made principal payments totaling \$878,636 on outstanding

**SENATOBIA MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

long-term debt, including SBITAs. The liability for compensated absences decreased \$5,815 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
General obligation refunding bonds payable	\$ 1,495,000	\$ 2,090,000	(28.47) %
Certificates of participation payable	419,000	498,000	(15.86) %
Three mill notes payable	2,215,000	2,305,000	(3.90) %
Installment purchase loans payable	32,930	83,163	(60.40) %
Compensated absences payable	96,019	101,834	(5.71) %
SBITA liabilities	584,138	-	N/A %
<b>Total</b>	<b><u>\$ 4,842,087</u></b>	<b><u>\$ 5,077,997</u></b>	<b><u>(4.65) %</u></b>
Bond premiums	157,882	174,761	(9.66) %
<b>Total</b>	<b><u>\$ 4,999,969</u></b>	<b><u>\$ 5,252,758</u></b>	<b><u>(4.81) %</u></b>

Additional information on the District's long-term debt can be found in Note 5 and Note 6 included in this report.

## **CURRENT ISSUES**

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

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

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Senatobia Municipal School District, 104 McKie Street, Senatobia, MS 38668.

## FINANCIAL STATEMENTS

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,793,105
Due from other governments	1,373,106
Inventories	23,046
Prepaid items	75,421
Capital assets, non-depreciable:	
Land	1,007,521
Capital assets, net of accumulated depreciation:	
Buildings	11,138,798
Building improvements	1,530,708
Improvements other than buildings	60,114
Mobile equipment	560,564
Furniture and equipment	231,141
Subscription IT assets	587,997
Total Assets	<u>22,381,521</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - advance refunding of debt	7,528
Deferred outflows - pensions	5,289,260
Deferred outflows - OPEB	320,822
Total Deferred Outflows of Resources	<u>5,617,610</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	877,122
Interest payable on long-term liabilities	38,716
Long-term liabilities, due within one year:	
Capital related liabilities	791,000
Non-capital related liabilities	37,731
SBITA liabilities	52,714
Net OPEB liability	46,616
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,338,000
Capital related bond premiums	157,882
Non-capital related liabilities	91,218
SBITA liabilities	531,424
Net pension liability	29,405,169
Net OPEB liability	953,755
Total Liabilities	<u>36,321,347</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	115,852
Deferred inflows - OPEB	534,072
Total Deferred Inflows of Resources	<u>649,924</u>
<b>Net Position</b>	
Net investment in capital assets	10,249,492
Restricted for:	
Expendable:	
School-based activities	848,218
Unemployment benefits	40,592
Unrestricted	(20,110,442)
Total Net Position (Deficit)	<u>\$ (8,972,140)</u>

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

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Statement of Activities**

**For the Year Ended June 30, 2023**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 10,878,893	\$ 821,149	\$ 2,906,235	\$ (7,151,509)
Support services	7,948,789	141,703	1,683,480	(6,123,606)
Non-instructional	807,259	75,814	918,462	187,017
Pension expense	2,879,817	-	-	(2,879,817)
OPEB expense	(107,053)	-	-	107,053
Interest on long-term liabilities	167,145	-	-	(167,145)
Total Governmental Activities	<u>\$ 22,574,850</u>	<u>\$ 1,038,666</u>	<u>\$ 5,508,177</u>	<u>\$ (16,028,007)</u>

General Revenues:

Taxes:

General purpose levies 5,164,303

Debt purpose levies 648,624

Unrestricted grants and contributions:

State 9,277,096

Federal 21,504

Unrestricted investment earnings 135,601

Other 147,461

Total General Revenues 15,394,589

Change in Net Position (633,418)

Net Position (Deficit) - Beginning (8,338,722)

Net Position (Deficit) - Ending \$ (8,972,140)



**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2023**

**Exhibit C**

	Major Funds						
	General Fund	Food Service Fund	ARP Learn More Grant Fund	Early Learning Collaborative Grant Fund	Other Governmental Funds	Total Governmental Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 4,798,793	\$ 808,910	\$ 40,200	\$ 41,012	\$ 104,190	\$ 5,793,105	
Due from other governments	278,511	5,241	325,749	188,837	574,768	1,373,106	
Due from other funds	1,079,357	-	-	-	-	1,079,357	
Inventories	-	23,046	-	-	-	23,046	
Prepaid items	75,421	-	-	-	-	75,421	
Total Assets	<u>\$ 6,232,082</u>	<u>\$ 837,197</u>	<u>\$ 365,949</u>	<u>\$ 229,849</u>	<u>\$ 678,958</u>	<u>\$ 8,344,035</u>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 696,631	\$ 47,807	\$ 40,200	\$ 41,012	\$ 51,472	\$ 877,122	
Due to other funds	-	-	325,749	188,837	564,771	1,079,357	
Total Liabilities	<u>696,631</u>	<u>47,807</u>	<u>365,949</u>	<u>229,849</u>	<u>616,243</u>	<u>1,956,479</u>	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	23,046	-	-	-	23,046	
Prepaid items	75,421	-	-	-	-	75,421	
<b>Restricted:</b>							
Debt service	-	-	-	-	19,696	19,696	
Grant activities	-	766,344	-	-	2,427	768,771	
Unemployment benefits	-	-	-	-	40,592	40,592	
<b>Assigned:</b>							
School activities	307,861	-	-	-	-	307,861	
Repairs and renovations	1,602,724	-	-	-	-	1,602,724	
<b>Unassigned</b>	<u>3,549,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,549,445</u>	
Total Fund Balances	<u>5,535,451</u>	<u>789,390</u>	<u>-</u>	<u>-</u>	<u>62,715</u>	<u>6,387,556</u>	
Total Liabilities and Fund Balances	<u>\$ 6,232,082</u>	<u>\$ 837,197</u>	<u>\$ 365,949</u>	<u>\$ 229,849</u>	<u>\$ 678,958</u>	<u>\$ 8,344,035</u>	

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 6,387,556

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	\$ 1,007,521	
Buildings	18,141,902	
Building improvements	3,586,080	
Improvements other than buildings	277,533	
Mobile equipment	1,857,279	
Furniture and equipment	681,935	
Leased assets and subscription based IT assets, net	587,997	
Accumulated depreciation	<u>(11,023,404)</u>	15,116,843

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 (29,405,169)

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	5,289,260	
Deferred inflows of resources related to pensions	<u>(115,852)</u>	(24,231,761)

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 (1,000,371)

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	320,822	
Deferred inflows of resources related to OPEB	<u>(534,072)</u>	(1,213,621)

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 refunding bonds	(1,495,000)	
Loans and notes payable	(2,247,930)	
Certificates of participation	(419,000)	
Subscription IT liabilities	(584,138)	
Compensated absences	(96,019)	
Unamortized charges	7,528	
Unamortized premiums	(157,882)	
Accrued interest payable	<u>(38,716)</u>	(5,031,157)

**Net Position of governmental activities** \$ (8,972,140)

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

	Major Funds					Total Governmental Funds
	General Fund	Food Service Fund	ARP Learn More Grant Fund	Early Learning Collaborative Grant Fund	Other Governmental Funds	
<b>Revenues:</b>						
Local sources	\$ 6,145,787	\$ 90,048	\$ -	\$ -	\$ 755,619	\$ 6,991,454
State sources	10,328,996	12,484	-	592,833	119,793	11,054,106
Federal sources	20,494	966,122	437,876	-	2,328,177	3,752,669
Total Revenues	16,495,277	1,068,654	437,876	592,833	3,203,589	21,798,229
<b>Expenditures:</b>						
Instruction	9,504,232	-	282,910	558,699	1,669,765	12,015,606
Support services	7,655,496	139,098	140,400	34,134	999,743	8,968,871
Noninstructional services	22,962	879,994	14,566	-	56,461	973,983
Debt service:						
Principal	114,636	-	-	-	764,000	878,636
Interest	6,570	-	-	-	161,985	168,555
Other	-	-	-	-	3,270	3,270
Total Expenditures	17,303,896	1,019,092	437,876	592,833	3,655,224	23,008,921
Excess (Deficiency) of Revenues over (under) Expenditures	(808,619)	49,562	-	-	(451,635)	(1,210,692)
<b>Other Financing Sources (Uses):</b>						
SBITA issued	648,541	-	-	-	-	648,541
Insurance recovery	141,703	-	-	-	-	141,703
Sale of transportation equipment	760	-	-	-	-	760
Sale of other property	1,500	-	-	-	-	1,500
Operating transfers in	84,082	-	-	-	384,348	468,430
Operating transfers out	(384,348)	(84,082)	-	-	-	(468,430)
Total Other Financing Sources (Uses)	492,238	(84,082)	-	-	384,348	792,504
Net Change in Fund Balances	(316,381)	(34,520)	-	-	(67,287)	(418,188)
<b>Fund Balances:</b>						
July 1, 2022	5,851,832	813,731	-	-	130,002	6,795,565
Increase (Decrease) in inventory	-	10,179	-	-	-	10,179
June 30, 2023	\$ 5,535,451	\$ 789,390	\$ -	\$ -	\$ 62,715	\$ 6,387,556

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

**SENATOBIA MUNICIPAL 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** \$ (418,188)

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 and net lease and subscription based assets	\$ 865,071	
Depreciation and amortization expense	<u>(702,633)</u>	162,438

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. (8,306)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Subscription IT liability issued	(648,541)	
Payments of debt principal	878,636	
Accrued interest payable	<u>(9,691)</u>	220,404

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	(2,879,817)	
Contributions subsequent to the measurement date	<u>2,104,405</u>	(775,412)

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	107,053	
Contributions subsequent to the measurement date	<u>48,228</u>	155,281

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	5,815	
Change in inventory	10,179	
Amortization of deferred charges, premiums and discounts	<u>14,371</u>	30,365

<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b><u>(633,418)</u></b>
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**Senatobia Municipal School District**

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

### Note 1 – Summary of Significant Accounting Policies

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

#### A. Financial Reporting Entity

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

For financial reporting purposes, Senatobia Municipal 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.

Blended component unit

The Senatobia Municipal School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 11).

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

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

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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.

Food Service Fund – This is a special revenue fund that accounts for local, state, and federal sources received and expenditures incurred related to the District's Child Nutrition Program.

ARP Learn More Grant Fund – This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's ARP Learn More Grant Fund.

Early Learning Collaborative Grant Fund – This is a special revenue fund that accounts for state sources received and expenditures incurred related to the District's Early Learning Collaborative Grant Fund.

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### **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 city 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



## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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.

##### **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.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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

#### 5. Restricted Assets

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

#### 6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental 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
Subscription IT asset	**	**

(\*\*) Intangible assets for the district represent right-to-use subscription IT assets are capitalized as a group for reporting purposes. The estimated useful life is the term of the subscription agreement. There is not mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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

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

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

See Notes 7, 8, and 15 for further details.

#### 8. Compensated Absences

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

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

#### 9. Leases

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

The school district uses the estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

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

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

#### 11. Long-term Liabilities and Bond Discounts/Premiums

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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 6 for details.

#### 12. Pensions

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

#### 13. Postemployment Benefits Other than Pensions (OPEB)

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

#### 14. Fund Balances

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

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

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

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

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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

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

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

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

#### 15. Accounting Standards Update

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

## Note 2 – Cash and Cash Equivalents

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental fund financial statements and government-wide financial statements was \$5,793,105.

**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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2023, none of the district's bank balance of \$6,094,381 was exposed to custodial credit risk.

#### **Note 3 – Inter-fund Receivables, Payables and Transfers**

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

##### **A. Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	ARP Learn More Grant Fund	\$ 325,749
	Early Learning Collaborative Grant Fund	188,837
	Other Governmental Funds	564,771
		<u>\$ 1,079,357</u>
Total		

Interfund loans were made primarily to remove negative cash balances in funds within pooled bank accounts resulting from the initial payments of reimbursable expenditures of federal and state programs. All balances are expected to be repaid within one year from the date of the financial statements.

##### **B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 384,348
Food Service Fund	General Fund	84,082
Total		<u>\$ 468,430</u>

Transfers were made for indirect cost and for the purpose of funding the vocational program, extended school year program, and debt service funds.

# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

## **Note 4 – Capital Assets**

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

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 1,007,521	\$	\$	1,007,521
Total non-depreciable capital assets	1,007,521	-	-	1,007,521
<u>Depreciable capital assets:</u>				
Buildings	18,141,902			18,141,902
Building improvements	3,586,080			3,586,080
Improvements other than buildings	277,533			277,533
Mobile equipment	1,844,659	95,680	83,060	1,857,279
Furniture and equipment	561,085	120,850		681,935
Total depreciable capital assets	24,411,259	216,530	83,060	24,544,729
<u>Less accumulated depreciation for:</u>				
Buildings	6,680,503	322,601		7,003,104
Building improvements	1,917,247	138,125		2,055,372
Improvements other than buildings	208,348	9,071		217,419
Mobile equipment	1,291,652	79,817	74,754	1,296,715
Furniture and equipment	358,319	92,475		450,794
Total accumulated depreciation	10,456,069	642,089	74,754	11,023,404
Total depreciable capital assets, net	13,955,190	(425,559)	8,306	13,521,325
Governmental activities capital assets, net	\$ 14,962,711	\$ (425,559)	\$ 8,306	\$ 14,528,846
Subscription based IT assets, net (Note 5)				587,997
Total capital assets, net, as reported in the statement of net position				15,116,843

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 410,372
Support services	208,513
Non-instructional	23,204
Total depreciation expense - Governmental activities	\$ 642,089

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### Note 5 – Intangible Right-to-Use Subscription Based IT Assets

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

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023
Subscription IT assets	-	648,541			648,541
Less accumulated amortization	-	60,544			60,544
<b>Subscription IT assets, net</b>	<b>\$ -</b>	<b>\$ 587,997</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 587,997</b>

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

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023	Amounts due within one year
Subscription IT liabilities	-	648,541		64,403	584,138	52,714
Total	-	648,541	-	64,403	584,138	52,714

#### Subscription Based IT Arrangements

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

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

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

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



# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

For purposes of this note disclosure, subscription-based IT assets and liabilities are grouped into one category.

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 52,714	\$ 16,499	\$ 69,213
2025	54,210	15,003	69,213
2026	55,762	13,451	69,213
2027	57,358	11,855	69,213
2028	59,000	10,213	69,213
2029 – 2033	297,047	25,017	322,064
2034	8,047	245	8,292
Total	<u>\$ 584,138</u>	<u>\$ 92,283</u>	<u>\$ 676,421</u>

### **Note 6 – Long-term Liabilities**

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due within one year
A. General obligation refunding bonds payable	\$ 2,090,000	\$	\$ 595,000	\$ 1,495,000	\$ 615,000
B. Certificates of participation payable	498,000		79,000	419,000	81,000
C. Three mill notes payable	2,305,000		90,000	2,215,000	95,000
D. Installment purchases loans payable	83,163		50,233	32,930	32,930
E. Compensated absences payable	101,834		5,815	96,019	4,801
Total	<u>\$ 5,077,997</u>	<u>\$ -</u>	<u>\$ 820,048</u>	<u>\$ 4,257,949</u>	<u>\$ 828,731</u>
Add: Bond premiums	174,761		16,879	157,882	
Total	<u>\$ 5,252,758</u>	<u>\$ -</u>	<u>\$ 836,927</u>	<u>\$ 4,415,831</u>	

#### **A. General obligation refunding bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2015	2.0-3.0%	7/14/2015	6/1/2026	<u>\$ 5,800,000</u>	<u>\$ 1,495,000</u>

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

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**Notes to the Financial Statements  
For Year Ended June 30, 2023

Year Ending June 30	Principal	Interest	Total
2024	\$ 615,000	\$ 44,850	\$ 659,850
2025	630,000	26,400	656,400
2026	250,000	7,500	257,500
Total	<u>\$ 1,495,000</u>	<u>\$ 78,750</u>	<u>\$ 1,573,750</u>

This debt will be retired from the Bond Issue 2006/2015 Fund (Debt Service Fund).

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

**B. Certificates of participation payable**

As more fully explained in Note 11, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of participation, Series 2016	1.985%	5/5/2016	5/1/2028	<u>\$ 943,000</u>	<u>\$ 419,000</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 81,000	\$ 8,315	\$ 89,315
2025	82,000	6,708	88,708
2026	84,000	5,080	89,080
2027	85,000	3,413	88,413
2028	87,000	1,727	88,727
Total	<u>\$ 419,000</u>	<u>\$ 25,243</u>	<u>\$ 444,243</u>

This debt will be retired from the Trust Cert Debt 2016 Fund (Debt Service Fund).

# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

### **C. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2016	2.0-4.0%	4/20/2016	4/1/2036	\$ 2,810,000	\$ 2,215,000

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 95,000	\$ 86,700	\$ 181,700
2025	95,000	83,850	178,850
2026	100,000	81,000	181,000
2027	160,000	77,000	237,000
2028	165,000	70,600	235,600
2029 – 2033	940,000	247,800	1,187,800
2034 – 2036	660,000	53,600	713,600
Total	\$ 2,215,000	\$ 700,550	\$ 2,915,550

This debt will be retired from the 3 Mill Note Debt 2016 Fund (Debt Service Fund).

### **D. Installment purchases loans payable**

The school district has entered into an installment purchase agreement as listed below. Property under this installment purchase agreement consists of computers.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Computers	1.59%	7/15/2021	7/15/2024	\$ 130,706	\$ 32,930

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 32,930	\$ 524	\$ 33,454

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### **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 7 – Defined Benefit Pension Plan**

##### **General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were \$2,104,405, \$1,711,242 and \$1,663,673, 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 \$29,405,169 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

# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

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 0.142857 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.000944 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 \$2,879,817. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 416,307	\$
Net difference between projected and actual earnings on pension plan investments	1,328,547	
Changes of assumptions	1,023,731	
Changes in proportion and differences between District contributions and proportionate share of contributions	416,270	115,852
District contributions subsequent to the measurement date	2,104,405	
Total	\$ <u>5,289,260</u>	\$ <u>115,852</u>

\$2,104,405 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	\$ 991,213
2025	762,677
2026	(280,492)
2027	<u>1,595,605</u>
Total	\$ <u>3,069,003</u>

*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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

MP-2020 projection scale to account for future improvements in life expectancy.

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

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 38,376,749	\$ 29,405,169	\$ 22,008,558

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

### **Note 8 – 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 \$48,228 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 \$1,000,371 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.

# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

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 0.20304521 percent. This was an increase of 0.00649228 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 (\$107,053). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 828	\$ 433,402
Changes of assumptions	156,024	92,621
Net difference between projected and actual earnings on OPEB plan investments	69	
Changes in proportion and differences between District contributions and proportionate share of contributions	115,673	8,049
District contributions subsequent to the measurement date	48,228	
<b>Total</b>	<b>\$ <u>320,822</u></b>	<b>\$ <u>534,072</u></b>

\$48,228 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	\$ (59,936)
2025	(44,831)
2026	(65,537)
2027	(52,761)
2028	(27,436)
Thereafter	<u>(10,977)</u>
<b>Total</b>	<b>\$ <u>(261,478)</u></b>

**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



# **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2023 decreasing to an ultimate
Pre-Medicare	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	\$ 1,102,032	\$ 1,000,371	\$ 913,046

*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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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	\$ 930,773	\$ 1,000,371	\$ 1,078,694

*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 9 – 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 10 – Risk Management

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

#### 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.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### **Note 11 – Trust Certificates**

A trust agreement dated April 12, 2016, was executed by and between the school district and Whitney Bank d/b/a Hancock Bank, Gulfport, Mississippi, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$943,000. Approximately \$920,425 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$22,575 was used to pay the cost of issuance.

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

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

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

#### **Note 12 – Alternative School Consortium**

The school district entered into an Alternative School Agreement dated May 13, 1999, creating the Senatobia-Tate County Regional Optional Learning Center. This center was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Senatobia Municipal School District and the Tate County School District.

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

The Senatobia Municipal School District has been designated as the lead school district for the Senatobia-Tate County Regional Optional Learning Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Senatobia-Tate County Regional Optional Learning Center.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds For the Year Ended June 30, 2023

##### Revenues

###### Local sources:

###### Tuition from other LEA's within the state:

Tate County School District

\$ 284,682

Total tuition from other LEA's within the state

284,682

Total Revenues

284,682

##### Expenditures

Salaries

339,262

Employee benefits

113,282

Purchased property services

17,234

Other purchased services

870

Supplies

3,425

Other

397

Total Expenditures

474,470

Excess (Deficiency) of Revenues Over (Under) Expenditures

(189,788)

##### Other Financing Sources/Uses:

Transfers in

189,788

Total Other Financing Sources/Uses

189,788

Net Change in Fund Balance

-

Fund Balance:

July 1, 2022

-

June 30, 2023

\$ -

### Note 13 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated January 1, 1984, creating the Senatobia-Tate County Regional Vocational Education Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Senatobia Municipal School District and the Tate County School District.

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

The Tate County School District has been designated as the fiscal agent for the Senatobia-Tate County Regional Vocational Education Center, and the operations of the consortium are included in its financial statements.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### **Note 14 - Insurance loss recoveries**

The Senatobia Municipal School District received \$141,703 in insurance loss recoveries related to damages to property during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

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

The net investment in capital assets net position amount of \$10,249,492 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt and deferred bond premiums. The \$7,528 balance of the deferred outflow from advance refunding of debt at June 30, 2023, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 3 years. The \$157,882 balance of the deferred bond premiums at June 30, 2023, will be recognized as a decrease in an expense and will increase the net investment in capital assets net position over the next 13 years.

The unrestricted net position amount of (\$20,110,442) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$2,104,405 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The \$3,184,855 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 (\$20,110,442) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$115,852 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 (\$20,110,442) 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 \$48,228 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$272,594 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 (\$20,110,442) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$534,072 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.

## **SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

### **Note 16 – 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 Senatobia Municipal School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 6,431,723	\$ 6,136,031	\$ 6,145,787	\$ (295,692)	\$ 9,756
State sources	10,484,850	10,328,996	10,328,996	(155,854)	-
Federal sources	17,140	20,494	20,494	3,354	-
Total Revenues	16,933,713	16,485,521	16,495,277	(448,192)	9,756
<b>Expenditures:</b>					
Instruction	10,388,900	9,494,476	9,504,232	894,424	(9,756)
Support services	6,628,419	6,598,865	7,655,496	29,554	(1,056,631)
Noninstructional services	53,500	22,962	22,962	30,538	-
Facilities acquisition and construction	500,000	477,303	-	22,697	477,303
Debt service:					
Principal	49,728	50,233	114,636	(505)	(64,403)
Interest	2,436	1,760	6,570	676	(4,810)
Total Expenditures	17,622,983	16,645,599	17,303,896	977,384	(658,297)
Excess (Deficiency) of Revenues over (under) Expenditures	(689,270)	(160,078)	(808,619)	529,192	(648,541)
<b>Other Financing Sources (Uses):</b>					
SBITA issued	-	-	648,541	-	648,541
Insurance recovery	-	141,703	141,703	141,703	-
Sale of transportation equipment	-	760	760	760	-
Sale of other property	-	1,500	1,500	1,500	-
Operating transfers in	2,243,301	2,168,462	84,082	(74,839)	(2,084,380)
Operating transfers out	(2,433,792)	(2,468,728)	(384,348)	(34,936)	2,084,380
Total Other Financing Sources (Uses)	(190,491)	(156,303)	492,238	34,188	648,541
Net Change in Fund Balances	(879,761)	(316,381)	(316,381)	563,380	-
Fund Balances:					
July 1, 2022	5,860,460	5,851,832	5,851,832	(8,628)	-
June 30, 2023	\$ 4,980,699	\$ 5,535,451	\$ 5,535,451	\$ 554,752	\$ -



**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Food Service Fund**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 23,853	\$ 90,048	\$ 90,048	\$ 66,195	\$ -
State sources	-	12,484	12,484	12,484	-
Federal sources	752,500	892,580	966,122	140,080	73,542
Total Revenues	776,353	995,112	1,068,654	218,759	73,542
<b>Expenditures:</b>					
Support services	157,314	139,098	139,098	18,216	-
Noninstructional services	837,221	806,452	879,994	30,769	(73,542)
Total Expenditures	994,535	945,550	1,019,092	48,985	(73,542)
Excess (Deficiency) of Revenues over (under) Expenditures	(218,182)	49,562	49,562	267,744	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(24,000)	(84,082)	(84,082)	(60,082)	-
Total Other Financing Sources (Uses)	(24,000)	(84,082)	(84,082)	(60,082)	-
Net Change in Fund Balances	(242,182)	(34,520)	(34,520)	207,662	-
<b>Fund Balances:</b>					
July 1, 2022, as previously reported	796,813	813,731	813,731	16,918	-
Prior period adjustments	-	10,179	-	10,179	(10,179)
July 1, 2022, as restated	796,813	823,910	813,731	27,097	(10,179)
Increase (Decrease) in inventory	-	-	10,179	-	10,179
June 30, 2023	\$ 554,631	\$ 789,390	\$ 789,390	\$ 234,759	\$ -

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**ARP Learn More Grant Fund**

**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 226,661	\$ 611,074	\$ 437,876	\$ 384,413	\$ (173,198)
Total Revenues	226,661	611,074	437,876	384,413	(173,198)
<b>Expenditures:</b>					
Instruction	125,696	423,615	282,910	(297,919)	140,705
Support services	76,843	173,771	140,400	(96,928)	33,371
Noninstructional services	15,006	14,566	14,566	440	-
Total Expenditures	217,545	611,952	437,876	(394,407)	174,076
Excess (Deficiency) of Revenues over (under) Expenditures					
	9,116	(878)	-	(9,994)	878
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(9,116)	-	-	9,116	-
Total Other Financing Sources (Uses)	(9,116)	-	-	9,116	-
Net Change in Fund Balances					
	-	(878)	-	(878)	878
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	\$ -	\$ (878)	\$ -	\$ (878)	\$ 878

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
Early Learning Collaborative Grant Fund  
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
State sources	\$ 820,000	\$ 820,000	\$ 592,833	\$ -	\$ (227,167)
Total Revenues	820,000	820,000	592,833	-	(227,167)
<b>Expenditures:</b>					
Instruction	680,370	714,716	558,699	(34,346)	156,017
Support services	139,630	99,280	34,134	40,350	65,146
Total Expenditures	820,000	813,996	592,833	6,004	221,163
Net Change in Fund Balances	-	6,004	-	6,004	(6,004)
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	\$ -	\$ 6,004	\$ -	\$ 6,004	\$ (6,004)

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.142857%	0.143801%	0.140682%	0.136397%	0.135924%	0.133956%	0.135776%	0.133091%	0.139752%
District's proportionate share of the net pension liability	\$ 29,405,169	21,254,416	27,234,400	23,994,923	22,608,200	22,268,034	24,252,984	20,573,244	16,963,334
District's covered payroll	9,834,724	9,561,339	9,367,695	8,040,822	8,680,070	8,593,371	8,685,917	8,314,781	8,539,562
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**Senatobia Municipal School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,104,405	1,711,242	1,663,673	1,629,979	1,399,103	1,367,111	1,353,456	1,368,032	1,309,578
Contributions in relation to the contractually required contribution	2,104,405	1,711,242	1,663,673	1,629,979	1,399,103	1,367,111	1,353,456	1,368,032	1,309,578
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	12,094,282	9,834,724	9,561,339	9,367,695	8,883,194	8,680,070	8,593,371	8,685,917	8,314,781
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**Senatobia Municipal School District**

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

## OPEB

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.20304521%	0.19655293%	0.19172628%	0.19251224%	0.18034575%	0.17485671%
District's proportionate share of the net OPEB liability	\$ 1,000,371	1,265,176	1,492,029	1,633,545	1,395,065	1,371,941
District's covered - employee payroll	9,977,552	9,344,515	9,239,972	8,815,956	8,156,916	7,855,831
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Senatobia Municipal School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 48,228	40,767	50,852	59,502	65,478	58,488
Contributions in relation to the actuarially determined contribution	48,228	40,767	50,852	59,502	65,478	58,488
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered - employee payroll	12,094,282	9,834,724	8,380,741	9,367,701	8,883,194	8,680,070
Contributions as a percentage of covered - employee payroll	0.40%	0.41%	0.61%	0.64%	0.74%	0.67%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit reports.

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

#### Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

#### Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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



## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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

#### 2019:

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

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

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

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

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

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

#### 2021:

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

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

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

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

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

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

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

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

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

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

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

##### 2016:

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

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

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

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

#### OPEB Schedules

#### (1) *Changes of assumptions*

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

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

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

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

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

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

## SENATOBIA MUNICIPAL SCHOOL DISTRICT

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

(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	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2030
Pre-Medicare	

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

Long-term investment rate of return, net of  
OPEB plan investment expense, including 2.13%  
price inflation

## SUPPLEMENTARY INFORMATION

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Federal Assistance Listing Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	235MS326N1099	10.553	\$ 244,671
National School Lunch Program	235MS326N1099	10.555	721,451
Total Child Nutrition Cluster			966,122
Total passed-through the Mississippi Department of Education			966,122
<b>Total U.S. Department of Agriculture</b>			<b>966,122</b>
<b><u>U. S. Department of Education</u></b>			
Direct Program:			
School-Based Mental Health Services Grant Program	N/A	84.184H	130,349
Subtotal			130,349
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A220024	84.010	449,927
Education for Homeless Children and Youth	S196A220025	84.196	46,776
Rural Education	S358B220024	84.358	48,032
Supporting Effective Instruction State Grant	S367A220023	84.367	86,674
Student Support and Academic Enrichment Program	S424A220025	84.424	24,209
Subtotal			655,618
Special Education Cluster:			
Special Education - Grants to States	H027A220108	84.027	500,662
Special Education - Preschool Grants	H173A220113	84.173	57,743
COVID-19 - IDEA, Part B Preschool ARP Grant	H173X210113	84.173X	55,703
Total Special Education Cluster			614,108
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	384,492
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP III)	S425U200031	84.425U	980,428
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,364,920
Total passed-through the Mississippi Department of Education			2,634,646
<b>Total U.S. Department of Education</b>			<b>2,764,995</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	2005MS5ADM	93.778	12,809
Total passed-through the Mississippi Department of Education			12,809
<b>Total U.S. Department of Health and Human Services</b>			<b>12,809</b>
Total for All Federal Awards			\$ 3,743,926

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

## Senatobia Municipal School District

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

### Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$73,542 are included in the National School Lunch Program.

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

For the Year Ended June 30, 2023

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	15,692,082	12,167,281	861,294	1,080,863	1,582,644
Other	7,316,839	2,172,184	372,612	34,315	4,737,728
Total	\$ 23,008,921	14,339,465	1,233,906	1,115,178	6,320,372
Total number of students *	1,668				
Cost per student \$	13,795	8,597	740	669	3,789

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

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

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

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

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

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



## OTHER INFORMATION

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

## General Fund

## Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 6,145,787	5,911,842	5,684,977	5,205,725
State sources	10,328,996	9,068,833	8,654,568	8,713,603
Federal sources	20,494	28,839	22,392	30,802
Total Revenues	<u>16,495,277</u>	<u>15,009,514</u>	<u>14,361,937</u>	<u>13,950,130</u>
<b>Expenditures:</b>				
Instruction	9,504,232	8,888,170	8,663,214	8,550,652
Support services	7,655,496	6,386,158	5,682,072	6,586,074
Noninstructional services	22,962	20,513	7,548	27,900
Debt service:				
Principal	114,636	82,332	47,307	11,744
Interest	6,570	3,020	3,125	1,424
Total Expenditures	<u>17,303,896</u>	<u>15,380,193</u>	<u>14,403,266</u>	<u>15,177,794</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(808,619)</u>	<u>(370,679)</u>	<u>(41,329)</u>	<u>(1,227,664)</u>
<b>Other Financing Sources (Uses):</b>				
Loans and notes issued	-	130,706	-	-
Leases issued	-	-	-	69,660
SBITA issued	648,541	-	-	-
Insurance recovery	141,703	-	-	5,509
Sale of transportation equipment	760	797	-	612
Sale of other property	1,500	-	-	-
Operating transfers in	84,082	2,334,731	20,969	-
Operating transfers out	(384,348)	(225,782)	(196,491)	(233,426)
Total Other Financing Sources (Uses)	<u>492,238</u>	<u>2,240,452</u>	<u>(175,522)</u>	<u>(157,645)</u>
Net Change in Fund Balances	(316,381)	1,869,773	(216,851)	(1,385,309)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	5,851,832	3,982,059	4,198,910	5,556,648
Fund reclassification	-	-	-	27,571
Beginning of period, as restated	<u>5,851,832</u>	<u>3,982,059</u>	<u>4,198,910</u>	<u>5,584,219</u>
End of period	<u>\$ 5,535,451</u>	<u>5,851,832</u>	<u>3,982,059</u>	<u>4,198,910</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**SENATOBIA MUNICIPAL SCHOOL DISTRICT**

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

## All Governmental Funds

## Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 6,991,454	6,807,961	6,633,412	6,228,539
State sources	11,054,106	9,207,252	8,869,049	8,926,086
Federal sources	3,752,669	6,195,275	2,834,138	1,677,211
Total Revenues	<u>21,798,229</u>	<u>22,210,488</u>	<u>18,336,599</u>	<u>16,831,836</u>
<b>Expenditures:</b>				
Instruction	12,015,606	10,687,511	10,372,676	9,523,522
Support services	8,968,871	7,760,642	6,660,651	7,228,086
Noninstructional services	973,983	709,335	493,386	606,300
Debt service:				
Principal	878,636	824,332	768,307	716,744
Interest	168,555	186,484	207,447	226,135
Other	3,270	2,450	2,800	2,800
Total Expenditures	<u>23,008,921</u>	<u>20,170,754</u>	<u>18,505,267</u>	<u>18,303,587</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,210,692)</u>	<u>2,039,734</u>	<u>(168,668)</u>	<u>(1,471,751)</u>
<b>Other Financing Sources (Uses):</b>				
Loans and notes issued	-	130,706	-	-
Leases issued	-	-	-	69,660
SBITA issued	648,541	-	-	-
Insurance recovery	141,703	-	-	5,509
Sale of transportation equipment	760	797	-	612
Sale of other property	1,500	-	-	-
Operating transfers in	468,430	2,560,513	288,402	252,132
Operating transfers out	<u>(468,430)</u>	<u>(2,560,513)</u>	<u>(288,402)</u>	<u>(252,132)</u>
Total Other Financing Sources (Uses)	<u>792,504</u>	<u>131,503</u>	<u>-</u>	<u>75,781</u>
Net Change in Fund Balances	(418,188)	2,171,237	(168,668)	(1,395,970)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	6,795,565	4,626,130	4,808,215	6,167,625
Fund reclassification	-	-	-	27,571
Beginning of period, as restated	<u>6,795,565</u>	<u>4,626,130</u>	<u>4,808,215</u>	<u>6,195,196</u>
Increase (decrease) in inventory	<u>10,179</u>	<u>(1,802)</u>	<u>(13,417)</u>	<u>8,989</u>
End of period	<u>\$ 6,387,556</u>	<u>6,795,565</u>	<u>4,626,130</u>	<u>4,808,215</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Senatobia Municipal 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 Senatobia Municipal School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Senatobia Municipal School District's basic financial statements, and have issued our report thereon dated March 20, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
March 20, 2024

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Senatobia Municipal School District

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

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

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

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

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

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

We are required to be independent of Senatobia Municipal 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 its major federal program. Our audit does not provide a legal determination of Senatobia Municipal School District's compliance with the compliance requirements referred to above.

1048 GLUCKSTADT ROAD, SUITE B  
MADISON, MISSISSIPPI 39110  
TELEPHONE 601-992-5292 FAX 601-992-2033

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

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

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

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



## Report on Internal Control Over Compliance

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

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

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 20, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Senatobia Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Senatobia Municipal School District as of and for the year ended June 30, 2023, which collectively comprise Senatobia Municipal School District's basic financial statements and have issued our report thereon dated March 20, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

1048 GLUCKSTADT ROAD, SUITE B  
MADISON, MISSISSIPPI 39110  
TELEPHONE 601-992-5292 FAX 601-992-2033

## **Finding 1:**

### Criteria:

Section 27-105-5 requires that the district maintain collateral in the amount of bank balances at 6/30/23 as reported on the Public Depositor Annual Report.

### Condition:

The amount of collateral reported on the Public Depositor Annual Report should equal the District's cash balances on that date.

### Cause:

The District inadvertently excluded one bank account on the 6/30/23 Public Depositor Annual Report.

### Effect:

The District under reported it's cash by \$1,750,000 at 6/30/23.

### Recommendation:

The District should ensure that all bank cash balances are included in the Public Depositor Annual Report.

### Response:

The District agrees that our cash at year end was under reported on the Public Depositor Annual Report and that we will in the future make sure to include all bank accounts on the Annual Public Depositor's Report.

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

The Senatobia Municipal School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 20, 2024

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Senatobia Municipal School District

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

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

##### Financial Statements:

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

##### Federal Awards:

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
--------------------------------	------------------------------------

* 84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
* 84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP III)

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

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.

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

#### Section II: Financial Statements Findings

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

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

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