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**STONE COUNTY SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS**

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

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## **INDEPENDENT AUDITOR'S REPORT**

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**Wolfe • McDuff & Oppie**  
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## INDEPENDENT AUDITOR'S REPORT

To the Superintendent and School Board  
Stone County School District

### Report on 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 Stone County School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Stone County 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 Stone County School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Stone County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

#### *Auditor's Responsibilities 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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

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## **Independent Auditor's Report, Page 2**

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and net pension and OPEB schedules on pages 13 - 21, 69, and 70 - 77 be presented to supplement the basic financial statements. Such information, 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 Stone County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 18, 2024, on our consideration of the Stone County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Stone County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Stone County School District's internal control over financial reporting and compliance.

*Wolfe, McDuff & Oppie*

Wolfe, McDuff & Oppie, P.A.  
Pascagoula, Mississippi  
March 18, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

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

**FINANCIAL HIGHLIGHTS**

- Total net position for 2023 increased \$5,947,363, which represents a 50% increase from fiscal year 2022. Total net position for 2022 increased \$7,532,090, which represents a 39% increase from fiscal year 2021.
- General revenues amounted to \$21,749,309 and \$19,963,317, or 64% and 64% 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 \$12,214,906, or 36% of total revenues for 2023, and \$11,467,924, or 36% of total revenues for 2022.
- The School District had \$28,016,852 and \$23,899,151 in expenses for fiscal years 2023 and 2022; only \$12,214,906 for 2023 and \$11,467,924 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$21,749,309 for 2023 were adequate to provide for these programs. General revenues of \$19,963,317 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$21,307,622 in revenues and \$20,079,699 in expenditures for 2023, and \$20,038,560 in revenues and \$18,075,588 in expenditures in 2022. The General Fund's fund balance decreased by \$(1,188,502) from 2022 to 2023, and increased by \$4,401,516 from 2021 to 2022.
- Capital assets, net of accumulated depreciation, increased by \$5,528,056 for 2023 and increased by \$649,071, including an adjustment for GASB 87 right to use assets, for 2022. The increase for 2023 was due primarily to construction in progress and other capital additions net of the increase in accumulated depreciation.
- Long-term debt increased by \$19,675,918 for 2023 and decreased by \$(870,031) for 2022. This increase for 2023 was due primarily to the issuance of long-term debt. The liability for compensated absences decreased by \$(25,017) for 2023 and decreased by \$(14,082) for 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the School 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 School 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.

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

The Statement of Net Position presents information on all the School 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 School 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 School 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 School District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School District include instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense, and interest on long-term liabilities.

#### **Fund Financial Statements**

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

**Governmental funds** – Most of the School 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 School 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 School 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 School 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.

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

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

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

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

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

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

A net pension liability and net OPEB liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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



**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the School District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$(6,054,286) as of June 30, 2023.

The School 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 School District's net position at June 30, 2023 and June 30, 2022.

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

	2023	2022	Percentage Change
Current assets	\$ 36,924,863	15,732,131	135 %
Restricted assets	750,869	515,636	46 %
Capital assets, net	<u>16,775,858</u>	<u>11,247,802</u>	49 %
<b>Total Assets</b>	<b><u>54,451,590</u></b>	<b><u>27,495,569</u></b>	<b>98 %</b>
 <b>Deferred Outflows of Resources</b>	 <b><u>7,323,192</u></b>	 <b><u>5,471,808</u></b>	 <b>34 %</b>
Current liabilities	1,439,958	1,075,597	34 %
Long-term liabilities	22,672,374	2,996,456	657 %
Leases payable	8,499	108,172	(92)%
Net OPEB liability	1,438,462	1,799,121	(20)%
Net pension liability	<u>40,755,605</u>	<u>28,948,668</u>	41 %
<b>Total Liabilities</b>	<b><u>66,314,898</u></b>	<b><u>34,928,014</u></b>	<b>90 %</b>
 <b>Deferred Inflows of Resources</b>	 <b><u>1,514,170</u></b>	 <b><u>10,041,012</u></b>	 <b>(85)%</b>
 <b>Net Position:</b>			
Net investment in capital assets	(4,739,443)	8,483,170	(156)%
Restricted	22,609,018	1,505,094	1,402 %
Unrestricted	<u>(23,923,861)</u>	<u>(21,989,913)</u>	(9)%
<b>Total Net Position</b>	<b><u>\$ (6,054,286)</u></b>	<b><u>(12,001,649)</u></b>	<b>50 %</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)	\$ (23,923,861)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the deferred outflows and deferred inflows related to pensions and OPEB	<u>35,863,834</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<b><u>\$ 11,939,973</u></b>

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

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

- Increase in net capital assets in the amount of \$5,528,056.
- The principal retirement of \$1,252,376 of long-term debt.
- The issuance of \$20,853,638 of long-term debt.

**Changes in net position**

The School District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$33,964,215 and \$31,431,241, respectively. The total cost of all programs and services was \$28,016,852 for 2023 and \$23,899,151 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.

<b>Table 2</b>			
<b>Changes in Net Position</b>			
	<b>2023</b>	<b>2022</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 826,167	623,281	33 %
Operating grants and contributions	11,388,739	10,844,643	5 %
General revenues:			
Property taxes	7,769,451	6,272,277	24 %
Grants and contributions not restricted	13,596,346	13,103,772	4 %
Investment earnings	203,329	300,084	(32)%
Sixteenth section sources	77,102	159,209	(52)%
Other	103,081	127,975	(19)%
<b>Total Revenues</b>	<b><u>33,964,215</u></b>	<b><u>31,431,241</u></b>	<b>8 %</b>
<b>Expenses:</b>			
Instruction	6,798,064	12,961,132	(48)%
Support Services	8,644,454	8,392,513	3 %
Non-instructional	8,473,134	1,630,779	420 %
Sixteenth section	33,133	26,709	24 %
Pension expense	3,534,060	938,108	277 %
OPEB Expense	(196,296)	(118,533)	(66)%
Interest on long-term liabilities	730,303	68,443	967 %
<b>Total Expenses</b>	<b><u>28,016,852</u></b>	<b><u>23,899,151</u></b>	<b>17 %</b>
<b>Increase (Decrease) in Net Position</b>	<b><u>5,947,363</u></b>	<b><u>7,532,090</u></b>	<b>(21)%</b>
<b>Net Position, July 1</b>	<b><u>(12,001,649)</u></b>	<b><u>(19,533,739)</u></b>	<b>39 %</b>
<b>Net Position, June 30</b>	<b><u>\$ (6,054,286)</u></b>	<b><u>(12,001,649)</u></b>	<b>50 %</b>

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

**Governmental activities**

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
Instruction	\$ 6,798,064	12,961,132	(48)%
Support services	8,644,454	8,392,513	3 %
Non-instructional	8,473,134	1,630,779	420 %
Sixteenth section	33,133	26,709	24 %
Pension expense	3,534,060	938,108	277 %
OPEB expense	(196,296)	(118,533)	66 %
Interest on long-term liabilities	730,303	68,443	967 %
<b>Total Expenses</b>	<b>\$ 28,016,852</b>	<b>23,899,151</b>	<b>17 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
Instruction	\$ 3,006,493	(6,956,852)	143 %
Support services	(6,933,025)	(5,191,994)	(34)%
Non-instructional	(7,774,214)	632,346	(1,329)%
Sixteenth section	(33,133)	(26,709)	(24)%
Pension expense	(3,534,060)	(938,108)	(277)%
OPEB expense	196,296	118,533	(66)%
Interest on long-term liabilities	(730,303)	(68,443)	(967)%
<b>Total Net (Expense) Revenue</b>	<b>\$ (15,801,946)</b>	<b>(12,431,227)</b>	<b>(27)%</b>

- Net cost of governmental activities (\$(15,801,946) for 2023 and \$(12,431,227) for 2022) was financed by general revenue, which is primarily made up of property taxes (\$7,769,451 for 2023 and \$6,272,277 for 2022) and state and federal revenues (\$13,596,346 for 2023 and \$13,103,772 for 2022). In addition, there was \$77,102 and \$159,209 in Sixteenth Section sources for 2023 and 2022, respectively.
- Investment earnings amounted to \$203,329 for 2023 and \$300,084 for 2022.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

**Governmental funds.** The focus of the School District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

The financial performance of the School District as a whole is reflected in its governmental funds. As the School District completed the year, its governmental funds reported a combined fund balance of \$35,048,668, an increase of \$20,040,467, which includes an increase in inventory of \$9,599. \$11,901,464 or 34% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$23,147,204 or 66% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the School District. The decrease in fund balance in the General Fund for the fiscal year was \$(1,188,502). The fund balance of Other Governmental Funds showed a increase in the amount of \$1,272,216, which includes an increase in reserve for inventory of \$9,599, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

	<u><b>Major Fund</b></u>	<u><b>Increase/(Decrease)</b></u>
Bond Construction Fund	\$	19,956,753
GCRF Phase I Fund		-
GCRF Phase II Fund		-

## **BUDGETARY HIGHLIGHTS**

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

A schedule showing the original and final budget amounts compared to the School District's actual financial activity for the General Fund is provided in this report as required supplementary information.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2023, the School District's total capital assets were \$28,537,098, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$5,924,921 from 2022. Total accumulated depreciation as of June 30, 2023, was \$11,761,240, and total depreciation expense for the year was \$665,810, resulting in total net capital assets of \$16,775,858.

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

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

	<b>2023</b>	<b>2022</b>	<b>Percentage Change</b>
Land	\$ 922,010	922,010	- %
Construction in progress	5,852,857	300,540	1,847 %
Buildings	4,310,992	4,463,734	(3)%
Building improvements	3,593,240	3,740,303	(4)%
Improvements other than buildings	583,038	614,779	(5)%
Mobile equipment	1,353,556	947,257	43 %
Furniture and equipment	152,045	153,622	(1)%
Intangible right to use equipment	8,120	105,557	(92)%
<b>Total</b>	<b>\$ 16,775,858</b>	<b>11,247,802</b>	<b>49 %</b>

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

**Debt Administration.** At June 30, 2023, the School District had \$22,672,374 in outstanding long-term debt, of which \$1,517,438 is due within one year. The liability for compensated absences decreased \$(25,017) from the prior year.

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

	<b>2023</b>	<b>2022</b>	<b>Percentage Change</b>
General obligation bonds payable	\$ 18,968,000	-	N/A
Premiums/Discounts	129,252	-	N/A
Three mill note payable	\$ 840,000	740,000	14 %
Shortfall notes payable	198,601	188,008	6 %
Energy efficiency lease	1,755,867	1,907,113	(8)%
Installment purchase loans payable	4,793	9,347	(49)%
Other loans payable	648,890	-	N/A
Compensated absences payable	126,971	151,988	(16)%
<b>Total</b>	<b>\$ 22,672,374</b>	<b>2,996,456</b>	<b>657 %</b>

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

## **CURRENT ISSUES**

The Stone County School District is financially stable. The School District is proud of its community support of the public schools.

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Unaudited)  
June 30, 2023

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Stone County School District, 214 Critz Street, Wiggins, MS 39777.

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## **BASIC FINANCIAL STATEMENTS**



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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**STONE COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**  
**June 30, 2023**

**Exhibit A**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,179,692
Investments	19,999,640
Due from other governments	2,153,029
Lease receivable	527,139
Inventories	65,363
Restricted assets	750,869
Capital assets, non-depreciable	
Land	922,010
Construction in process	5,852,857
Capital assets, net of accumulated depreciation	
Buildings	4,310,992
Building improvements	3,593,240
Improvements other than buildings	583,038
Mobile equipment	1,353,556
Furniture and equipment	152,045
Intangible assets	8,120
<b>Total Assets</b>	<u><u>54,451,590</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	6,912,433
Deferred outflows - OPEB	410,759
<b>Total Deferred Outflows of Resources</b>	<u><u>7,323,192</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,342,215
Interest payable on long-term liabilities	97,743
Long-term liabilities, due within one year	
Capital related liabilities	945,808
Non-capital related liabilities	571,630
Leases payable	8,499
Net OPEB liability	68,138
Long-term liabilities, due beyond one year	
Capital related liabilities	20,560,994
Non-capital related liabilities	593,942
Net pension liability	40,755,605
Net OPEB Liability	1,370,324
<b>Total Liabilities</b>	<u><u>66,314,898</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pensions	178,624
Deferred inflows - OPEB	814,335
Deferred inflows - leases	521,211
<b>Total Deferred Inflows of Resources</b>	<u><u>1,514,170</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	(4,739,443)
Restricted for:	
Expendable:	
Capital projects	19,956,753
School-based activities	1,161,218
Debt Service	1,231,416
Forestry improvements	10,067
Unemployment benefits	24,540
Non-expendable	
Sixteenth section	225,024
Unrestricted	(23,923,861)
<b>Total Net Position</b>	<u><u>\$ (6,054,286)</u></u>

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

# STONE COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Exhibit B

For the Year Ended June 30, 2023

				Net (Expense)
				Revenue and
				Changes in
				Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for	Operating	Governmental
		Services	Grants and	Activities
			Contributions	
Governmental Activities:				
Instruction	\$ 6,798,064	465,210	9,339,347	3,006,493
Support services	8,644,454	-	1,711,429	(6,933,025)
Non-instructional	8,473,134	360,957	337,963	(7,774,214)
Sixteenth section	33,133	-	-	(33,133)
Pension expense	3,534,060	-	-	(3,534,060)
OPEB expense	(196,296)	-	-	196,296
Interest on long-term liabilities	730,303	-	-	(730,303)
Total Governmental Activities	\$ 28,016,852	826,167	11,388,739	(15,801,946)
General Revenues:				
Taxes:				
				6,014,555
				1,754,896
				13,464,745
				131,601
				203,329
				77,102
				103,081
Total General Revenues				21,749,309
Change in Net Position				
5,947,363				
Net position - Beginning				
(12,001,649)				
Net position - Ending				
\$ (6,054,286)				

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

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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**STONE COUNTY SCHOOL DISTRICT**

**BALANCE SHEET-GOVERNMENTAL FUNDS**

**Exhibit C**

June 30, 2023

	<b>Major Funds</b>				<b>Other</b>	<b>Total</b>
	<b>General Fund</b>	<b>Bond Construction Fund</b>	<b>GCRF Phase I Fund</b>	<b>GCRF Phase II Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,347,533	2,384	-	-	2,356,136	14,706,053
Investments	44,021	19,955,619	-	-	224,508	20,224,148
Due from other governments	301,698	-	125,760	888,148	837,423	2,153,029
Due from other funds	968,066	-	-	-	341,949	1,310,015
Lease receivable	527,139	-	-	-	-	527,139
Inventories	-	-	-	-	65,363	65,363
<b>Total Assets</b>	<b>\$ 14,188,457</b>	<b>19,958,003</b>	<b>125,760</b>	<b>888,148</b>	<b>3,825,379</b>	<b>38,985,747</b>
<b>LIABILITIES, AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable and accrued liabilities	\$ 1,048,753	1,250	-	-	41,942	1,091,945
Due to other funds	341,949	-	-	-	968,066	1,310,015
<b>Total Liabilities</b>	<b>1,390,702</b>	<b>1,250</b>	<b>-</b>	<b>-</b>	<b>1,010,008</b>	<b>2,401,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leases	521,211	-	-	-	-	521,211
Unavailable revenue	-	-	125,760	888,148	-	1,013,908
<b>Total Deferred Inflows of Resources</b>	<b>521,211</b>	<b>-</b>	<b>125,760</b>	<b>888,148</b>	<b>-</b>	<b>1,535,119</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventory	-	-	-	-	65,363	65,363
Permanent fund principal	-	-	-	-	225,024	225,024
Restricted:						
Debt service	-	-	-	-	1,329,159	1,329,159
Capital projects	-	19,956,753	-	-	-	19,956,753
Forestry improvement purposes	-	-	-	-	10,067	10,067
Student based activities	-	-	-	-	1,161,218	1,161,218
Unemployment benefits	-	-	-	-	24,540	24,540
Assigned:						
Student based activities	375,080	-	-	-	-	375,080
Unassigned	11,901,464	-	-	-	-	11,901,464
<b>Total Fund Balances</b>	<b>12,276,544</b>	<b>19,956,753</b>	<b>-</b>	<b>-</b>	<b>2,815,371</b>	<b>35,048,668</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,188,457</b>	<b>19,958,003</b>	<b>125,760</b>	<b>888,148</b>	<b>3,825,379</b>	<b>38,985,747</b>

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



# STONE COUNTY SCHOOL DISTRICT

## 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	\$	35,048,668
<i>Amounts reported for governmental activities in the Statement of Net Position are different than those reported in the fund financial statements because of the following:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,775,858
Some of the School District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		1,013,908
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(40,755,605)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	\$ 6,912,433	
Deferred inflows of resources related to pensions	<u>(178,624)</u>	6,733,809
Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(1,438,462)
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	410,759	
Deferred inflows of resources related to OPEB	<u>(814,335)</u>	(403,576)
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 bond	(18,968,000)	
Educational facilities revolving loan	(648,890)	
Three mill notes payable	(840,000)	
Shortfall notes payable	(198,601)	
Energy efficiency loan payable	(1,755,867)	
Installment purchase loans payable	(4,793)	
Leases payable	(8,499)	
Unamortized premium	(129,252)	
Accrued interest payable	(97,743)	
Retainage payable	(250,270)	
Compensated absences	<u>(126,971)</u>	<u>(23,028,886)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>(6,054,286)</u></b>

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

# STONE COUNTY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS For the Year Ended June 30, 2023

Exhibit D

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Bond Construction Fund	GCRF Phase I Fund	GCRF Phase II Fund		
<b>REVENUES</b>						
Local sources	\$ 6,622,042	175,073	-	-	2,107,848	8,904,963
State sources	14,447,570	-	-	-	711,705	15,159,275
Federal sources	161,919	-	2,866,385	21,702	5,701,260	8,751,266
Sixteenth section	<u>76,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>77,102</u>
<b>Total Revenues</b>	<u>21,307,622</u>	<u>175,073</u>	<u>2,866,385</u>	<u>21,702</u>	<u>8,521,824</u>	<u>32,892,606</u>
<b>EXPENDITURES</b>						
Instruction	12,350,051	-	-	-	2,819,126	15,169,177
Support services	7,404,908	-	-	-	1,905,078	9,309,986
Noninstructional services	-	-	-	-	1,712,966	1,712,966
Sixteenth section	13,354	-	-	-	19,779	33,133
Facilities acquisition and construction	-	104,375	3,778,432	1,137,336	571,644	5,591,787
Debt service						
Principal	262,147	-	-	-	990,229	1,252,376
Interest	<u>49,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,382</u>	<u>670,621</u>
<b>Total Expenditures</b>	<u>20,079,699</u>	<u>104,375</u>	<u>3,778,432</u>	<u>1,137,336</u>	<u>8,640,204</u>	<u>33,740,046</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>1,227,923</u>	<u>70,698</u>	<u>(912,047)</u>	<u>(1,115,634)</u>	<u>(118,380)</u>	<u>(847,440)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds and notes issued	78,693	19,886,055	-	-	888,890	20,853,638
Insurance recovery	13,983	-	-	-	-	13,983
Operating transfers in	470,624	-	912,047	1,115,634	962,731	3,461,036
Operating transfers out	(2,990,412)	-	-	-	(470,624)	(3,461,036)
Other financing sources	<u>10,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,687</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,416,425)</u>	<u>19,886,055</u>	<u>912,047</u>	<u>1,115,634</u>	<u>1,380,997</u>	<u>20,878,308</u>
<b>Net Change in Fund Balances</b>	<u>(1,188,502)</u>	<u>19,956,753</u>	<u>-</u>	<u>-</u>	<u>1,262,617</u>	<u>20,030,868</u>
<b>Fund Balance - Beginning</b>	<u>13,465,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,543,155</u>	<u>15,008,201</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,599</u>	<u>9,599</u>
<b>Fund Balance - Ending</b>	<u>\$ 12,276,544</u>	<u>19,956,753</u>	<u>-</u>	<u>-</u>	<u>2,815,371</u>	<u>35,048,668</u>

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

**STONE COUNTY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

**Exhibit D-1**

Net change in fund balances - total governmental funds	\$	20,030,868
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*Amounts reported for governmental activities in the Statement of Activities are different than those reported in the fund financial statements because of the following:*

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	\$ 5,968,912	
Depreciation expense	<u>(665,810)</u>	5,303,102

In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental fund, 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.	(25,316)
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Receivables that do not meet the "measurable and available" criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, they are recognized as revenue when levied or earned.	1,013,908
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities:

Bonds and notes issued	(20,853,638)	
Payments of debt principal	1,252,376	
Accrued interest payable	<u>(59,682)</u>	(19,660,944)

Some items relating to pensions and reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(3,534,060)	
Contributions subsequent to the measurement date	<u>2,520,755</u>	(1,013,305)

Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB expense	196,296	
Contributions made subsequent to the measurement date	<u>68,138</u>	264,434

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Change in compensated absences	25,017	
Change in inventory reserve	<u>9,599</u>	<u>34,616</u>

Change in net position of governmental activities	\$	<u><u>5,947,363</u></u>
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The notes to the financial statements are an integral part of this statement.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC 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 a "primary government." The School District is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Stone County School District has included all funds and organizations. The School 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 School District are such that exclusion would cause the School 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 School 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 School District.

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

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the School 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 School District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Bond Construction Fund - This fund is used to account for Bond Construction Fund activities. This fund was funded by general obligation bonds.

GCRF Phase I Fund - This fund is used to account for the GCRF Phase I Fund activities. This fund was funded by federal funds from the Gulf Coast Restoration Fund.

GCRF Phase II Fund - This fund is used to account for the GCRF Phase II Fund activities. This fund was funded by federal funds from the Gulf Coast Restoration Fund.

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

Additionally, the School District reports the following fund types:

***GOVERNMENTAL FUNDS***

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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



**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under the terms of grant agreements, the School 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 School District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

**D. Encumbrances**

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

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balances**

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

Cash and cash equivalents

The School 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.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Investments for the School District are reported at fair market value.

***2. Receivables and Payables***

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

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

***3. Due from Other Governments***

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

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

*Inventories*

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

*Prepaid Items*

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

***5. Restricted Assets***

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 School 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:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ -	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased Property, Subscription IT asset, and Intangible assets	**	**

(\*\*) The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports \$6,912,433 of deferred outflows related to its pension plan and \$410,759 related to its OPEB plan.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 reports \$178,624 of deferred inflows related to its pension plan, \$814,335 related to its OPEB plan and \$521,211 of deferred inflows related to leases receivable.

See Note 13 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 School 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 its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. For sixteenth section lease receivables, the district uses the 4% statutory minimum rate imposed on loans from the sixteenth section principal funds.

***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. The School District did not have any SBITAs material to the financial statements that required GASB 96 implementation during fiscal year 2023.

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

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 7 for details.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. 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 School 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 School District's highest level of decision-making authority. This formal action is a vote by the board to commit funds. Currently there is no committed fund balance.
- *Assigned fund balance* includes amounts that are constrained by the School 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 management pursuant to authorization established by the School Board.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *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 School 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 School District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

**15. Accounting Standards Update**

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

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Cash and Cash Equivalents**

The carrying amount of the School District's deposits with financial institutions reported in the governmental funds was \$14,706,053.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District. As of June 30, 2023, \$16,657,517 of the district's bank balance of \$16,907,517 was exposed to custodial credit risk.

**Investments**

As of June 30, 2023, the School District had the following investments.

<b>Investment Type</b>	<b>Rating</b>	<b>Maturities (in years)</b>	<b>Fair Value</b>
Certificates of deposit	N/A	1 to 5 years	\$ 250,799
U.S. Government securities	AA+	1 to 5 years	19,973,349
<b>Total</b>			<b>\$ 20,224,148</b>

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

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

- U.S. government securities and certificates of deposit types of investments of \$20,224,148 are valued using quoted market prices (Level 1 inputs)

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

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Certificates of deposit	\$ 250,799	1 %
U.S. Government Securities	19,973,349	99 %
Total	<u>\$ 20,224,148</u>	<u>100 %</u>

**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**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
General fund	Other governmental funds	968,066
Other governmental funds	General Fund	<u>341,949</u>
Total		<u>\$ 1,310,015</u>

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

**B. Inter-fund Transfers**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Activities		
General Fund	Other governmental funds	\$ 470,624
GCRF Phase I fund	General Fund	912,047
GCRF Phase II fund	General Fund	1,115,634
Other governmental funds	General Fund	<u>962,731</u>
Total		<u>\$ 3,461,036</u>

The primary purpose of the inter-fund transfers was to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.



**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 4. RESTRICTED ASSETS**

The restricted assets represent the cash balance and investment balance, totaling \$516 and \$224,508, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance, totaling \$525,845, of the debt service funds whose assets are restricted for future debt service requirements.

**NOTE 5. CAPITAL ASSETS**

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

	<b>Primary Government Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Non-depreciable capital assets:				
Land	\$ 922,010	-	-	922,010
Construction in progress	<u>300,540</u>	<u>5,552,317</u>	-	<u>5,852,857</u>
Total non-depreciable capital assets	<u>1,222,550</u>	<u>5,552,317</u>	-	<u>6,774,867</u>
Depreciable capital assets:				
Buildings	10,673,557	-	-	10,673,557
Buildings improvements	4,597,002	39,470	-	4,636,472
Improvements other than buildings	1,368,677	-	-	1,368,677
Mobile equipment	3,728,357	586,400	(248,594)	4,066,163
Furniture and equipment	819,040	40,995	(45,667)	814,368
Intangible right to use equipment	<u>202,994</u>	-	-	<u>202,994</u>
Total depreciable capital assets	<u>21,389,627</u>	<u>666,865</u>	<u>(294,261)</u>	<u>21,762,231</u>
Total governmental activities capital assets	<u>22,612,177</u>	<u>6,219,182</u>	<u>(294,261)</u>	<u>28,537,098</u>
Less accumulated depreciation for:				
Buildings	6,209,823	152,742	-	6,362,565
Buildings improvements	856,699	186,533	-	1,043,232
Improvements other than buildings	753,898	31,741	-	785,639
Mobile equipment	2,781,100	155,242	(223,735)	2,712,607
Furniture and equipment	665,418	42,115	(45,210)	662,323
Intangible right to use equipment	<u>97,437</u>	<u>97,437</u>	-	<u>194,874</u>
Total accumulated depreciation	<u>11,364,375</u>	<u>665,810</u>	<u>(268,945)</u>	<u>11,761,240</u>
Total depreciable capital assets, net	<u>10,025,252</u>	<u>1,055</u>	<u>(25,316)</u>	<u>10,000,991</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 11,247,802</u></b>	<b><u>5,553,372</u></b>	<b><u>(25,316)</u></b>	<b><u>16,775,858</u></b>
Total capital assets, net excluding intangible right to use assets				\$ 16,767,738
Intangible right to use assets, net (Note 6)				<u>8,120</u>
Total capital assets, net as reported in the statement of net position				<b><u>\$ 16,775,858</u></b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 5. CAPITAL ASSETS**

Depreciation expense was charged to the following governmental functions:

<b>Governmental activities:</b>	<b>Amount</b>
Instruction	\$ 314,102
Support services	338,486
Non-instructional	<u>13,222</u>
<b>Total depreciation expense</b>	<b>\$ <u>665,810</u></b>

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

<b>Governmental activities:</b>	<b>Spent to June 30, 2023</b>	<b>Remaining Commitment</b>
New CTE Building	\$ 5,464,068	2,941,636
New PES Activity	<u>388,789</u>	<u>273,505</u>
<b>Total construction-in-progress</b>	<b>\$ <u>5,852,857</u></b>	<b><u>3,215,141</u></b>

Construction projects included in governmental activities are funded by the general fund and other capital projects funds of the district.

**NOTE 6. LEASES**

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

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

The school district generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception. The lease term includes the noncancellable period of the lease plus any additional periods covered by either a school district or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 6. LEASES (Continued)**

**As Lessee:**

The following is a summary of changes in lease assets and liabilities:

**Lease Assets**

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Amortization</b>	<b>Balance June 30, 2023</b>
2019 Copier and Printer Lease	\$ 105,557	-	(97,437)	8,120
<b>Total</b>	<b>\$ 105,557</b>	<b>-</b>	<b>(97,437)</b>	<b>8,120</b>

See Note 5 for further details regarding intangible right to use equipment, which represents leased assets.

**Lease Liabilities**

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Principal Payments</b>	<b>Balance June 30, 2023</b>
2019 Copier and Printer Lease	\$ 108,172	-	(99,673)	8,499
<b>Total</b>	<b>\$ 108,172</b>	<b>-</b>	<b>(99,673)</b>	<b>8,499</b>

**2019 Copier and Printer Lease:**

The district has entered into a 48-month lease on copiers and printers from Owens Business Machines for a fixed \$8,752.50 per month. The lease agreement can only be cancelled if both parties agree. There are no options to extend the lease agreement and no variable payment options.

<b>Description</b>	<b>Discount Rate</b>	<b>Term</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Monthly Payment</b>	<b>Amount Outstanding</b>
Copiers and Printers	5.00%	48 Months	8/1/2019	7/31/2023	\$ 8,753	8,499

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 8,499	5,357	13,856
<b>Total</b>	<b>\$ 8,499</b>	<b>5,357</b>	<b>13,856</b>

**As Lessor:**

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-21 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of lease.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 6. LEASES (Continued)**

For the year ending June 30, 2023, the district recognized \$61,087 in revenue related to its sixteenth section lease receivables.

Sixteenth Section Lands

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

<b>Year Ending June 30</b>	<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total Payments</b>
2024	\$ 97,070	17,784	114,854
2025	100,000	13,915	113,915
2026	35,735	12,516	48,251
2027	36,899	11,072	47,971
2028	38,402	9,569	47,971
2029-2033	212,871	23,072	235,943
2034-2038	3,918	718	4,636
2039-2043	1,834	226	2,060
2044	410	-	410
<b>Total</b>	<b>\$ 527,139</b>	<b>88,872</b>	<b>616,011</b>

**NOTE 7. LONG-TERM LIABILITIES**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental activities:</b>					
A. General Obligation Bonds	\$ -	19,750,000	(782,000)	18,968,000	714,000
General obligation refunding bonds payable premium	-	136,055	(6,803)	129,252	6,803
B. Three Mill Notes Payable	\$ 740,000	240,000	(140,000)	840,000	385,000
C. Shortfall Notes Payable	188,008	78,693	(68,100)	198,601	123,143
D. Energy Efficiency loan payable	1,907,113	-	(151,246)	1,755,867	155,323
E. Installment purchase loans payable	9,347	-	(4,554)	4,793	4,793
F. Other loans payable	-	648,890	-	648,890	64,889
G. Compensated absences	151,988	-	(25,017)	126,971	63,487
<b>Total governmental activities long-term liabilities</b>	<b>\$ 2,996,456</b>	<b>20,853,638</b>	<b>(1,177,720)</b>	<b>22,672,374</b>	<b>1,517,438</b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

**A. General Obligation Bonds Payable**

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation Bonds, Series 2022	3.51%	7/15/2022	6/1/2042	\$ 19,750,000	18,968,000
Premium	3.51%	7/15/2022	6/1/2042	<u>136,055</u>	<u>129,252</u>
<b>Total</b>				<b><u>\$ 19,886,055</u></b>	<b><u>19,097,252</u></b>

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

**General obligation bond issue of 2022:**

<u>Amounts due fiscal year ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 720,803	665,952	1,386,755
2025	750,803	640,715	1,391,518
2026	776,803	614,601	1,391,404
2027	804,803	587,574	1,392,377
2028	832,803	559,564	1,392,367
2029 - 2033	4,617,014	2,342,292	6,959,306
2034 - 2038	5,480,014	1,479,465	6,959,479
2039-2042	<u>5,114,209</u>	<u>454,054</u>	<u>5,568,263</u>
<b>Total</b>	<b><u>\$ 19,097,252</u></b>	<b><u>7,344,217</u></b>	<b><u>26,441,469</u></b>

This debt will be retired from the bonds payable 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 14% of property assessments as of October 1, 2022.

**B. Three Mill Notes Payable**

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax note, Series 2017	2.075-2.225%	7/12/2016	7/12/2026	\$ 1,400,000	600,000
Limited tax note, Series 2022	3.12 %	7/15/2022	7/15/2023	<u>240,000</u>	<u>240,000</u>
<b>Total</b>				<b><u>\$ 1,640,000</u></b>	<b><u>840,000</u></b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

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

<b>Limited Tax Note Issue Date 2017:</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 145,000	13,287	158,287
2025	150,000	10,133	160,133
2026	150,000	6,833	156,833
2027	155,000	3,495	158,495
<b>Total</b>	<b>\$ 600,000</b>	<b>33,748</b>	<b>633,748</b>

This debt will be retired from the Three Mill Note fund.

<b>Limited Tax Note Issue Date 2022:</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 240,000	7,488	247,488
<b>Total</b>	<b>\$ 240,000</b>	<b>7,488</b>	<b>247,488</b>

This debt will be retired from the Three Mill Note fund.

<b>Total Three Mill Note Payable For All Issues:</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 385,000	20,775	405,775
2025	150,000	10,133	160,133
2026	150,000	6,833	156,833
2027	155,000	3,495	158,495
<b>Total</b>	<b>\$ 840,000</b>	<b>41,236</b>	<b>881,236</b>

**C. Shortfall Notes Payable**

Debt currently outstanding is as follows:

<b>Description</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
Shortfall notes payable, Series 2020	2.15 %	7/15/2020	7/15/2023	225,084	76,383
Shortfall notes payable, Series 2021	0.99 %	7/15/2021	7/15/2024	64,965	43,525
Shortfall notes payable, Series 2022	4.42 %	8/9/2022	8/9/2025	78,693	78,693
<b>Total</b>				<b>\$ 368,742</b>	<b>198,601</b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

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

<b>Shortfall Note Payable Issue Date 2020:</b>			
<b>Governmental Activities</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 76,383	1,673	78,056
<b>Total</b>	<b>\$ 76,383</b>	<b>1,673</b>	<b>78,056</b>

This debt will be retired from the 2020 shortfall notes payable fund.

<b>Shortfall Note Payable Issue Date 2021:</b>			
<b>Governmental Activities</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 21,655	435	22,090
2025	21,870	219	22,089
<b>Total</b>	<b>\$ 43,525</b>	<b>654</b>	<b>44,179</b>

This debt will be retired from the 2021 shortfall notes payable fund.

<b>Shortfall Note Payable Issue Date 2022:</b>			
<b>Governmental Activities</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 25,105	3,478	28,583
2025	26,215	2,369	28,584
2026	27,373	1,210	28,583
<b>Total</b>	<b>\$ 78,693</b>	<b>7,057</b>	<b>85,750</b>

This debt will be retired from the 2022 shortfall notes payable fund.

<b>Total Shortfall Note Payable For All Issues:</b>			
<b>Governmental Activities</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 123,143	5,586	128,729
2025	48,085	2,588	50,673
2026	27,373	1,210	28,583
<b>Total</b>	<b>\$ 198,601</b>	<b>9,384</b>	<b>207,985</b>

**D. Energy Efficiency Loan**

Debt currently outstanding is as follows:

<b>Description</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
Energy Efficiency Loan payable	2.68 %	2/28/2017	2/8/2033	\$ 2,506,500	1,755,867
<b>Total</b>				<b>\$ 2,506,500</b>	<b>1,755,867</b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (Continued)**

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

<b>Energy Efficiency Loan</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 155,323	45,989	201,312
2025	159,510	41,801	201,311
2026	163,810	37,501	201,311
2027	168,227	33,085	201,312
2028	172,762	28,550	201,312
2029 - 2033	936,235	70,324	1,006,559
<b>Total</b>	<b>\$ 1,755,867</b>	<b>257,250</b>	<b>2,013,117</b>

This debt will be retired from the District Maintenance Fund.

An energy efficiency loan agreement dated 2/28/2017, was executed by and between the district, the lessee, and U.S. Bancorp Government Leasing and Finance.

The agreement authorized the borrowing of \$2,506,500 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments shall be made from the district maintenance fund and not exceed fifteen (15) years.

The district entered into this energy efficiency agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the district has the option of repaying the total amount due as set forth by the agreement.

**E. Installment purchase loan payable**

The Stone County School District has entered into an installment purchase agreement for financing the acquisition of band equipment at a cost of \$22,831. Debt currently outstanding is as follows:

<b>Description</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
Band Equipment	5.24 %	7/19/2019	8/1/2023	\$ 22,831	4,793
<b>Total</b>				<b>\$ 22,831</b>	<b>4,793</b>



**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 7. LONG-TERM LIABILITIES (continued)**

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

<b>Installment purchase loan payable</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 4,793	251	5,044
<b>Total</b>	<b>\$ 4,793</b>	<b>251</b>	<b>5,044</b>

This debt will be retired from the District Maintenance Fund.

**F. Other Loans Payable**

In accordance with MS Code 37-47-24, the district has received an Educational Facilities Revolving Loan. The Educational Facilities Revolving Loan Fund (EFRLF) is a new initiative passed by the Mississippi Legislature designed to support public education infrastructure. Specifically, the program makes funds available for school districts to pay down district debt, repair or renovate buildings, or build new Pre-Kindergarten or Career and Technical Education Centers across the state.

<b>Description</b>	<b>Interest Rate</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
EFRLF Loan	0.00%	5/1/2023	5/1/2033	\$ 648,890	648,890
				<u>\$ 648,890</u>	<u>648,890</u>

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

<b>EFRLF Loan</b>			
<b>Amounts due fiscal year ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 64,889	-	64,889
2025	64,889	-	64,889
2026	64,889	-	64,889
2027	64,889	-	64,889
2028	64,889	-	64,889
2029 - 2033	324,445	-	324,445
<b>Total</b>	<b>\$ 648,890</b>	<b>-</b>	<b>648,890</b>

This debt will be retired from the District Maintenance Fund.

**G. Compensated Absences Payable**

As more fully explained in Note 1(F)(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.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 8. DEFINED BENEFIT PENSION PLAN**

**General Information about the Pension Plan**

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the 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 ended June 30, 2023, 2022, and 2021 were \$2,520,755, \$2,368,415 and \$2,265,929, 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 \$40,755,605 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 School 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 0.198 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.002 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.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended June 30, 2023, the School District recognized pension expense of \$3,534,060. At June 30, 2023 the School 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 experiences	\$ 577,071	-
Net difference between projected and actual earnings on pension plan investments	2,140,679	-
Changes of assumptions	264,348	178,624
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,409,580	-
School District contributions subsequent to the measurement date	2,520,755	-
<b>Total</b>	<b>\$ 6,912,433</b>	<b>178,624</b>

\$2,520,755 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:

<b>Year ending June 30,</b>	<b>Amount</b>
2024	\$ 1,283,351
2025	976,763
2026	(258,571)
2027	2,211,511
<b>Total</b>	<b>\$ 4,213,054</b>

*Actuarial assumptions.* The total pension liability in the 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%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investments expense, including inflation

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)**

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
Domestic equity	25.00 %	4.60
International equity	20.00	4.50
Global equity	12.00	4.85
Fixed income	18.00	1.40
Real estate	10.00	3.65
Private equity	10.00	6.00
Private infrastructure	2.00	4.00
Private credit	2.00	4.00
Cash equivalents	1.00	(0.10)
<b>Total</b>	<u>100.00 %</u>	

*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 former employer contribution rate (15.75%) through June 30, 2019 and the current contribution rate (17.40%) thereafter. 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 School District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the School 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 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
School District's proportionate share of the net pension liability	\$ 53,190,227	40,755,605	30,503,892

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

**Plan description**

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

**Benefits provided**

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

**Contributions**

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$68,138 for the year ended June 30, 2023.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**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 \$1,438,462 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the District's proportion was 0.29196447 percent. This was an increase of 0.0124598 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 \$(196,296). 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	\$ 1,191	623,201
Changes of assumption	224,351	133,183
Net difference between projected and actual earnings on OPEB plan investments	99	-
Changes in proportion and differences between District contributions and proportionate share of contributions	116,980	57,951
District contributions subsequent to the measurement date	68,138	-
<b>Total</b>	<b>\$ 410,759</b>	<b>814,335</b>

\$68,138 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending 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:

<b>Year ending June 30,</b>	<b>Amount</b>
2024	\$ (128,268)
2025	(103,557)
2026	(115,477)
2027	(74,383)
2028	(35,732)
Thereafter	(14,297)
<b>Total</b>	<b>\$ (471,714)</b>

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Actuarial assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.65-17.90%, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, Net of OPEB Plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2029 FYE

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

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

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

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Discount rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37%. 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%) or 1-percentage-point higher (4.37%) than the current discount rate:

	<b>1% Decrease (2.37%)</b>	<b>Current Discount Rate (3.37%)</b>	<b>1% Increase (4.37%)</b>
Net OPEB Liability	\$ 1,584,643	1,438,462	1,312,894

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates**

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates Current</b>	<b>1% Increase</b>
Net OPEB Liability	\$ 1,338,386	1,438,462	1,551,085

**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>.



**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 10. CONTINGENCIES**

**A. 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 disallowance resulting from the grantor audit may become a liability of the School District.

**B. 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 11. 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 School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Participation in Public Entity Risk Pool**

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

If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

**NOTE 12. INSURANCE LOSS RECOVERIES**

The Stone County School District received \$13,983 in insurance loss recoveries related to bus damage during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as non-instructional charges for services.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For Year Ended June 30, 2023

**NOTE 13. EFFECT OF DEFERRED AMOUNTS ON NET POSITION**

The unrestricted net position amount of \$(23,923,861) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$2,520,755 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 \$4,391,678 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of \$(23,923,861) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$178,624 balance of deferred inflow of resources, at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(23,923,861) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$68,138 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$342,621 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$(23,923,861) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$814,335 balance of deferred inflow of resources at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$(23,923,861) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$521,211 balance of deferred inflow of resources related to leases, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 21 years.

**NOTE 14. STATE COMPLIANCE TESTING**

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

**NOTE 15. 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 Stone County School District evaluated the activity of the School District through March 18, 2024, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

- In July 2023, the district approved a resolution to issue \$179,603 in ad valorem shortfall notes payable.
- In July 2023, the district approved a resolution to issue up to \$950,000 in notes payable for construction purposes. The district issued a note of \$260,000 at 4.98%.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
(UNAUDITED)

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# STONE COUNTY SCHOOL DISTRICT

## Required Supplementary Information (Unaudited)

### BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

For the Year Ended June 30, 2023

	Budgeted Amounts			Variances Positive (Negative)	
	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
<b>REVENUES</b>					
Local sources	\$ 6,089,364	6,189,800	6,622,042	100,436	432,242
State sources	14,427,680	13,043,159	14,447,570	(1,384,521)	1,404,411
Federal sources	118,800	131,600	161,919	12,800	30,319
Sixteenth section sources	91,560	-	76,091	(91,560)	76,091
<b>Total Revenues</b>	<u>20,727,404</u>	<u>19,364,559</u>	<u>21,307,622</u>	<u>(1,362,845)</u>	<u>1,943,063</u>
<b>EXPENDITURES</b>					
Instruction	13,327,756	10,244,579	12,350,051	3,083,177	(2,105,472)
Support services	7,917,722	6,957,374	7,404,908	960,348	(447,534)
Sixteenth section	10,000	-	13,354	10,000	(13,354)
Facilities acquisition and construction	120,000	104,508	-	15,492	104,508
Debt service:					
Principal	152,319	156,289	262,147	(3,970)	(105,858)
Interest	54,037	50,067	49,239	3,970	828
<b>Total Expenditures</b>	<u>21,581,834</u>	<u>17,512,817</u>	<u>20,079,699</u>	<u>4,069,017</u>	<u>(2,566,882)</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>(854,430)</u>	<u>1,851,742</u>	<u>1,227,923</u>	<u>2,706,172</u>	<u>(623,819)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds and notes issued	-	78,693	78,693	78,693	-
Insurance recovery	-	13,983	13,983	13,983	-
Operating transfers in	1,276,936	2,290	470,624	(1,274,646)	468,334
Operating transfers out	(3,319,250)	(1,606,250)	(2,990,412)	1,713,000	(1,384,162)
Other financing sources	294,297	221,012	10,687	(73,285)	(210,325)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,748,017)</u>	<u>(1,290,272)</u>	<u>(2,416,425)</u>	<u>457,745</u>	<u>(1,126,153)</u>
<b>Net Change in Fund Balances</b>	<u>(2,602,447)</u>	<u>561,470</u>	<u>(1,188,502)</u>	<u>3,163,917</u>	<u>(1,749,972)</u>
<b>Fund Balance - Beginning</b>	<u>5,655,520</u>	<u>5,655,520</u>	<u>13,465,046</u>	<u>-</u>	<u>7,809,526</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,053,073</u>	<u>6,216,990</u>	<u>12,276,544</u>	<u>3,163,917</u>	<u>6,059,554</u>

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

# STONE COUNTY SCHOOL DISTRICT

## Required Supplementary Information (Unaudited)

### SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY\*

#### Public Employees Retirement System of Mississippi (PERS)

#### Last 10 Fiscal Years\*\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	0.198 %	0.196 %	0.196 %	0.198 %	0.204 %	0.206 %	0.214 %	0.210 %	0.208 %
School District's proportionate share (amount) of the net pension liability	\$40,755,605	28,948,668	37,902,863	34,811,524	33,931,261	34,263,313	38,225,744	32,461,859	25,181,967
School District's covered payroll	\$13,611,580	13,022,580	13,037,247	12,887,866	12,994,241	13,222,381	13,688,959	13,224,819	12,676,959
School District's proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	299.42 %	222.30 %	290.73 %	270.11 %	261.13 %	259.13 %	279.25 %	245.46 %	198.64 %
Plan fiduciary net position as a percentage of the total pension liability	62.54 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %	67.21 %

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

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 68 was implemented in fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

# STONE COUNTY SCHOOL DISTRICT

## Required Supplementary Information (Unaudited)

### SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS-PERS

#### Public Employees Retirement System of Mississippi (PERS)

#### Last 10 Fiscal Years\*\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,520,755	2,368,415	2,265,929	2,268,481	2,029,806	2,046,593	2,082,525	2,156,011	2,082,909
Contributions in relation to the contractually required contribution	<u>(2,520,755)</u>	<u>(2,368,415)</u>	<u>(2,265,929)</u>	<u>(2,268,481)</u>	<u>(2,029,806)</u>	<u>(2,046,593)</u>	<u>(2,082,525)</u>	<u>(2,156,011)</u>	<u>(2,082,909)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's covered payroll	\$ 14,487,093	13,611,580	13,022,580	13,037,247	12,887,886	12,994,241	13,222,381	13,688,959	13,224,819
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 %

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 68 was implemented in fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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



# STONE COUNTY SCHOOL DISTRICT

## Required Supplementary Information (Unaudited)

### SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY\*

#### Other Postemployment Benefits (OPEB)

#### Last 10 Fiscal Years\*\*

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.29196447 %	0.27950467 %	0.27434492 %	0.28376951 %	0.28728106 %	0.28242119 %
District's proportionate share of the net OPEB liability	\$ 1,438,462	1,799,121	2,134,974	2,407,901	2,222,263	2,215,901
District's covered-employee payroll	\$ 13,611,580	13,022,580	13,037,247	12,887,886	12,994,241	13,222,381
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.57 %	13.82 %	16.38 %	18.68 %	17.10 %	16.76 %
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 amounts presented for each fiscal year were determined as the measurement date of June 30 of the year prior to the fiscal year presented.

\*\*This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE June 30, 2018, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

# STONE COUNTY SCHOOL DISTRICT

## Required Supplementary Information (Unaudited)

### SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS-OPEB

#### Other Postemployment Benefits (OPEB)

#### Last 10 Fiscal Years\*\*

	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 68,138	58,621	72,313	85,142	96,516	94,467
Contributions in relation to the actuarially determined contribution	(68,138)	(58,621)	(72,313)	(85,142)	(96,516)	(94,467)
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered-employee payroll	\$ 14,487,093	13,611,580	13,022,580	13,037,247	12,887,886	12,994,241
Contributions as a percentage of covered- employee payroll	0.47 %	0.43 %	0.56 %	0.65 %	0.75 %	0.73 %

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 1. BUDGETARY COMPARISON SCHEDULE**

**A. Basis of Presentation**

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

**B. Budget Amendments and Revisions**

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

**NOTE 2. PENSION SCHEDULES**

**A. 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.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 2. PENSION SCHEDULES (continued)**

**A. Changes of assumptions (continued)**

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

**2019:**

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

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

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

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

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

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

**2021:**

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

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

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

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

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

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

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

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

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

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

## **B. 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.

## **C. 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

## **NOTE 3. OPEB SCHEDULES**

### **A. 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.

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 3. OPEB SCHEDULES (Continued)**

**B. 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.

**C. Method 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 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 percent
Salary increases, including wage inflation	3.00 percent to 18.25 percent
Initial health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	6.50 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	4.75 percent
Years of ultimate trend rates	
Medicare Supplemental Claims Pre-Medicare	2030
Long-term investment rate of return, net of pension plan investment expense, including price inflation	2.13 percent

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## **SUPPLEMENTARY INFORMATION**



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**STONE COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Numbers</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Mississippi Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	205MS326N1099	\$ 392,538
National School Lunch Program	10.555	205MS326N1099	1,273,238
Total Child Nutrition Cluster			1,665,776
<i>Total Passed through Mississippi Department of Education</i>			1,665,776
<i>Passed through Stone County, Mississippi</i>			
School and Roads - Grants to States	10.665	N/A	87,290
<b>Total U.S. Department of Agriculture</b>			<b>1,753,066</b>
<b><u>Federal Communications Commission</u></b>			
<i>Administered through the Universal Service Administrative Company:</i>			
The schools and libraries program of the universal service fund	32.xxx	N/A	44,059
<b>Total Federal Communications Commission</b>			<b>44,059</b>
<b><u>U.S. Department of Education</u></b>			
<i>Passed-through Mississippi Department of Education</i>			
Special Education Cluster (IDEA)			
Special Education-Grants to States	84.027	H027A230108	777,504
IDEA, Part B ARP Grants	84.027x	H027X230108	34,397
Special Education-Preschool Grants	84.173	H173A230113	27,471
IDEA, Part B ARP Grants	84.173x	H173X230113	3,114
Total Special Education Cluster (IDEA)			842,486
Title I Grants to Local Educational Agencies	84.010A	ES010A230024	926,366
Career and Technical Education-Basic Grants to States	84.048	VO048A230024	73,719
Student Support and Academic Enrichment Program	84.424	ES424A230025	56,779
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	7,865
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	1,055,260
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	801,242
Elementary & Secondary School Emergency Relief ARP Homeless Children & Youth II	84.425W	S425W210031	15,000
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,879,367
Supporting Effective Instruction State Grants	84.367A	ES367A230023	181,245
Small, Rural School Achievement Program	84.358B	ES424A230025	75,523
<i>Total Passed through Mississippi Department of Education</i>			4,035,485
<b>Total U.S. Department of Education</b>			<b>4,035,485</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed-through Mississippi Department of Education</i>			
Medical Assistance Program	93.778	2105MS5ADM	30,318
<i>Total Passed through Mississippi Department of Education</i>			30,318
<b>Total U.S. Department of Health and Human Services</b>			<b>30,318</b>
<b><u>Social Security Administration</u></b>			
<i>Passed-through the Mississippi Department of Rehabilitation Services</i>			
Social Security Disability Insurance	96.001	041904MSD100	252
<i>Total Passed through the Mississippi Department of Rehabilitation Services</i>			252
<b>Total Social Security Administration</b>			<b>252</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,863,180</b>

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

# STONE COUNTY SCHOOL DISTRICT

## Supplementary Information

### SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 20,042,844	15,350,488	982,471	1,281,514	2,428,371
Other	13,697,202	2,075,155	207,598	15,290	11,399,159
<b>Total</b>	<b>\$ 33,740,046</b>	<b>17,425,643</b>	<b>1,190,069</b>	<b>1,296,804</b>	<b>13,827,530</b>
Total number of students*	2,510				
Cost per student	\$ 13,442	6,942	474	517	5,509

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

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

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

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

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

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

**STONE COUNTY SCHOOL DISTRICT**  
**NOTES TO THE SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2023

**NOTE 1. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**A. Basis of Presentation**

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

**B. Summary of Significant Accounting Policies**

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

**C. Indirect Cost Rate**

The School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The School District has elected to use the Fixed with Carry-Forward Method which is approved by the Mississippi Department of Education (the Department) for grants that passed through to the Department.

**D. Donated Commodities**

Donated commodities of \$142,275 are included in the National School Lunch Program.

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**OTHER INFORMATION  
(UNAUDITED)**

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# STONE COUNTY SCHOOL DISTRICT

## Other Information

(Unaudited)

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- GENERAL FUND

**Last Four Years**

	2023	2022*	2021*	2020*
<b>REVENUES</b>				
Local sources	\$ 6,622,042	6,602,485	6,433,406	6,234,309
State sources	14,447,570	13,013,505	12,738,270	13,048,209
Federal sources	161,919	191,585	143,882	186,247
Sixteenth section	<u>76,091</u>	<u>230,985</u>	<u>166,166</u>	<u>124,032</u>
<b>Total Revenues</b>	<u>21,307,622</u>	<u>20,038,560</u>	<u>19,481,724</u>	<u>19,592,797</u>
<b>EXPENDITURES</b>				
Instruction	12,350,051	11,053,119	10,949,972	11,106,114
Support services	7,404,908	6,699,615	6,674,535	6,821,651
Sixteenth section	13,354	11,468	11,391	7,930
Debt service				
Principal	262,147	246,425	147,520	144,688
Interest	49,239	64,961	58,836	61,668
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,235</u>
<b>Total Expenditures</b>	<u>20,079,699</u>	<u>18,075,588</u>	<u>17,842,254</u>	<u>18,263,286</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>1,227,923</u>	<u>1,962,972</u>	<u>1,639,470</u>	<u>1,329,511</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and notes issued	78,693	64,965	225,084	197,563
Capital leases issued	-	-	-	22,831
Insurance recovery	13,983	-	-	-
Operating transfers in	470,624	3,099,459	96,484	43,386
Operating transfers out	(2,990,412)	(721,465)	(616,070)	(459,987)
Other financing sources	10,687	-	500	-
Other financing uses	<u>-</u>	<u>(4,415)</u>	<u>(16,915)</u>	<u>(6,370)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(2,416,425)</u>	<u>2,438,544</u>	<u>(310,917)</u>	<u>(202,577)</u>
<b>Net Change in Fund Balances</b>	<u>(1,188,502)</u>	<u>4,401,516</u>	<u>1,328,553</u>	<u>1,126,934</u>
<b>Fund Balance - Beginning, as originally reported</b>	13,465,046	9,063,530	7,734,977	6,592,553
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,490</u>
<b>Fund Balance - Beginning, as restated</b>	<u>13,465,046</u>	<u>9,063,530</u>	<u>7,734,977</u>	<u>6,608,043</u>
<b>Fund Balance - Ending</b>	<u>\$ 12,276,544</u>	<u>13,465,046</u>	<u>9,063,530</u>	<u>7,734,977</u>

\*Source - Prior Year Audit Reports



# STONE COUNTY SCHOOL DISTRICT

## Other Information

(Unaudited)

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- ALL GOVERNMENTAL FUNDS

**Last Four Years**

	2023	2022*	2021*	2020*
<b>REVENUES</b>				
Local sources	\$ 8,904,963	7,222,857	6,973,664	7,009,126
State sources	15,159,275	13,902,816	13,679,356	14,011,663
Federal sources	8,751,266	10,045,600	5,484,565	3,251,479
Sixteenth section	<u>77,102</u>	<u>248,020</u>	<u>971,964</u>	<u>128,600</u>
<b>Total Revenues</b>	<u>32,892,606</u>	<u>31,419,293</u>	<u>27,109,549</u>	<u>24,400,868</u>
<b>EXPENDITURES</b>				
Instruction	15,169,177	14,322,752	14,047,744	13,240,212
Support services	9,309,986	9,306,042	8,817,812	8,230,060
Noninstructional services	1,712,966	1,732,121	1,362,922	1,215,726
Sixteenth section	33,133	26,709	784,373	26,550
Debt service				
Principal	1,252,376	1,029,818	792,174	332,087
Interest	670,621	84,905	119,426	88,026
Facilities acquisition and construction	<u>5,591,787</u>	<u>494,262</u>	<u>276,120</u>	<u>611,896</u>
<b>Total Expenditures</b>	<u>33,740,046</u>	<u>26,996,609</u>	<u>26,200,571</u>	<u>23,744,557</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>(847,440)</u>	<u>4,422,684</u>	<u>908,978</u>	<u>656,311</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and notes issued	20,853,638	64,965	712,084	197,563
Capital leases issued	-	-	-	22,831
Insurance recovery	13,983	-	-	-
Operating transfers in	3,461,036	4,282,358	1,089,508	664,699
Operating transfers out	(3,461,036)	(4,282,358)	(1,089,508)	(664,699)
Other financing sources	10,687	1,116	11,771	6,613
Other financing uses	<u>-</u>	<u>(7,358)</u>	<u>(16,915)</u>	<u>(6,370)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>20,878,308</u>	<u>58,723</u>	<u>706,940</u>	<u>220,637</u>
<b>Net Change in Fund Balances</b>	<u>20,030,868</u>	<u>4,481,407</u>	<u>1,615,918</u>	<u>876,948</u>
<b>Fund Balance - Beginning, as originally reported</b>	15,008,201	10,525,046	8,910,670	7,828,695
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,543</u>
<b>Fund Balance - Beginning, as restated</b>	<u>15,008,201</u>	<u>10,525,046</u>	<u>8,910,670</u>	<u>7,993,238</u>
Increase (Decrease) in reserve for inventory	<u>9,599</u>	<u>1,748</u>	<u>(1,542)</u>	<u>40,484</u>
<b>Fund Balance - Ending</b>	<u>\$ 35,048,668</u>	<u>15,008,201</u>	<u>10,525,046</u>	<u>8,910,670</u>

\*Source - Prior Year Audit Reports

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

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**Wolfe • McDuff & Oppie**

**CERTIFIED PUBLIC ACCOUNTANTS**

(A Professional Association)

Michelle Oppie Gist, CPA

Julia Whitley Johnson, CPA

Jesse J. Wolfe, CPA (1927-2009)

Grover B. McDuff, CPA (1923-2016)

Jack A. Oppie, CPA (1960-2014)

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**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***

To the Superintendent and School Board  
Stone County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stone County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Stone County School District's basic financial statements and have issued our report thereon dated March 18, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Stone County School District's internal control over financial reporting (internal control) to determine the 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 Stone County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stone County School District's internal control.

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

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

**Report on Compliance and Other Matters**

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

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AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



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## Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Page 2

### 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.

*Wolfe, McDuff & Oppie*

Wolfe, McDuff & Oppie, P.A.

Pascagoula, Mississippi

March 18, 2024



**Wolfe • McDuff & Oppie**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Superintendent and School Board  
Stone County School District

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

**Opinion on Each Major Federal Program**

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

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

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

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

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

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Stone County 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 Stone County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

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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 Stone County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

#### **Report on Internal Control over Compliance**

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

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

*Wolfe, McDuff & Oppie*

Wolfe, McDuff & Oppie, P.A.  
Pascagoula, Mississippi  
March 18, 2024

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



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**STONE COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2023

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

**Financial Statements:**

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

**Federal Awards:**

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

7. Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN Numbers</u>
Child Nutrition Cluster	10.553, 10.555
Special Education Cluster	84.027, 84.027x, 84.173, 84.173x

- |  |           |
|--|-----------|
| 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 which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No        |

**Section II: Financial Statement Findings**

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

**Section III: Federal Award Findings and Questioned Costs**

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