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**Tate County School District**

Audited Financial Statements  
For the Year Ended June 30, 2023

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

# Tate County School District

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## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Tate County School District

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tate 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 Tate 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 Tate County School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Tate 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.

**Emphasis-of-Matter**

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

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### ***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 Tate 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 Responsibility for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tate 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 Tate County School District's ability to continue as a going concern for a reasonable period of time.

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and

Changes in Fund Balances—All Governmental Funds, Last Four Years but does not include the basic financial statements and our 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 July 16, 2024, on our consideration of the Tate County Consolidated 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 Tate 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 Tate County School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 16, 2024

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

The following discussion and analysis of Tate 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 \$1,569,449, which represents a 23% increase from fiscal year 2022. Total net position for 2022 increased \$4,507,025, including a prior period adjustment of \$42,210, which represents a 193% increase from fiscal year 2021.
- General revenues amounted to \$17,646,566 and \$17,679,879, or 67% and 68% 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 \$8,684,291, or 33% of total revenues for 2023, and \$8,245,745, or 32% of total revenues for 2022.
- The District had \$24,761,408 and \$21,460,809 in expenses for fiscal years 2023 and 2022; only \$8,684,291 for 2023 and only \$8,245,745 for 2022 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$17,646,566, for 2023 and \$17,679,879, for 2022 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$18,186,346 in revenues and \$18,021,833 in expenditures for 2023, and \$16,832,724 in revenues and \$16,219,756 in expenditures for 2022. The General Fund's fund balance increased by \$82,130, from 2022 to 2023, and decreased by \$2,258,767, from 2021 to 2022.
- Capital assets, net of accumulated depreciation, excluding leased assets and subscription-based assets, increased by \$4,986,203 for 2023 and decreased by \$380,699 for 2022. The increase for 2023 was due primarily to the additions to construction in progress, mobile equipment and furniture and equipment.
- Long-term debt, excluding lease liabilities and bond premium, decreased by \$200,000 for 2023 and decreased by \$1,105,000 for 2022. This decrease for 2023 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$1,382 for 2023 and decreased by \$28,435 for 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

**Government-wide Financial Statements**

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

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, pension expense, OPEB expense, and interest on long-term liabilities.

**Fund Financial Statements**

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

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

**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

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

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

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

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

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

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

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

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

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



**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,417,770 as of June 30, 2023.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**Tate County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

Table 1 presents a summary of the District's net position at June 30, 2023 and June 30, 2022.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Current assets	\$ 16,506,400	18,356,999	(10)%
Capital assets, net	25,779,459	20,773,367	24%
<b>Total assets</b>	<u>42,285,859</u>	<u>39,130,366</u>	8%
 <b>Deferred outflows of resources</b>	 <u>12,135,278</u>	 <u>4,852,054</u>	 150%
 Current liabilities	 2,421,505	 1,261,436	 92%
Long-term debt outstanding	948,720	1,150,102	(18)%
Lease liability	42,369	87,496	(52)%
Net OPEB liability	1,148,179	1,517,426	(24)%
Net pension liability	33,273,657	24,424,524	36%
<b>Total liabilities</b>	<u>37,834,430</u>	<u>28,440,984</u>	33%
 <b>Deferred inflows of resources</b>	 <u>8,168,937</u>	 <u>8,693,115</u>	 (6)%
 <b>Net position:</b>			
Net investment in capital assets	24,902,090	19,650,871	27%
Restricted	4,093,403	4,329,983	(5)%
Unrestricted	(20,577,723)	(17,132,533)	(20)%
<b>Total net position (deficit)</b>	<u>\$ 8,417,770</u>	<u>6,848,321</u>	23%

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:

**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Total unrestricted net position (deficit)	\$ (20,577,723)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>30,455,495</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 9,877,772</u>

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

- Increase in net capital assets, excluding leased assets and subscription-based assets in the amount of \$4,986,203.
- The principal retirement of \$200,00 of long-term debt.
- GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs) was implemented during the fiscal year 2023.
- The principal retirement of \$126,467 of leased assets and subscription IT-based assets.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$26,330,857 and \$25,925,624, respectively. The total cost of all programs and services was \$24,761,408 for 2023 and \$21,460,809 for 2022.

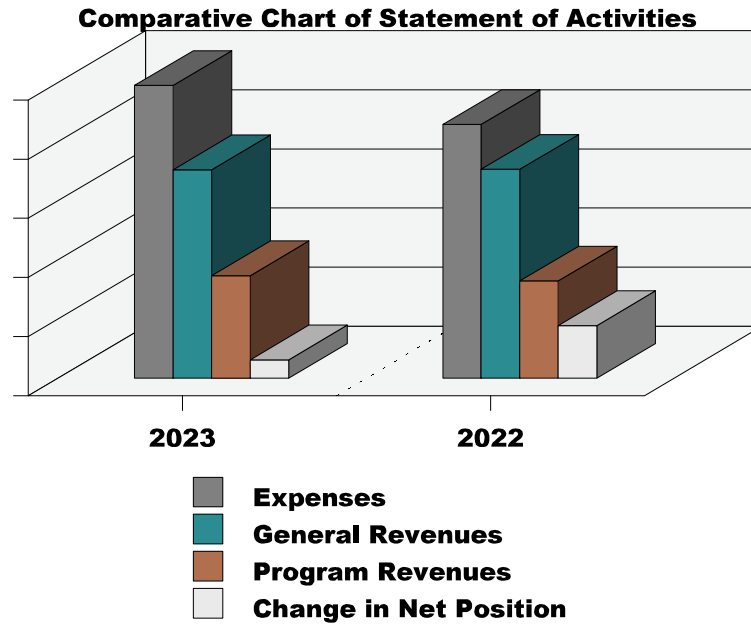
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

**Tate County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

**Table 2**  
**Changes in Net Position**

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 575,899	389,575	48%
Operating grants and contributions	8,020,192	7,856,170	2%
Capital grants and contributions	88,200		N/A
General Revenues:			
Property taxes	5,378,545	5,529,795	(3)%
Grants and contributions not restricted	11,878,558	12,131,297	(2)%
Unrestricted investment earnings	358,600	2,186	16304%
Other	30,863	16,601	86%
<b>Total revenues</b>	<u>26,330,857</u>	<u>25,925,624</u>	2%
<b>Expenses:</b>			
Instruction	11,940,752	11,393,646	5%
Support services	8,912,477	8,016,236	11%
Non-instructional	1,242,439	1,053,688	18%
Pension expense	2,808,782	1,011,483	178%
OPEB expense	(165,346)	(92,912)	(78)%
Interest on long-term liabilities	22,304	78,668	(72)%
<b>Total expenses</b>	<u>24,761,408</u>	<u>21,460,809</u>	15%
<b>Increase (Decrease) in net position</b>	<u>1,569,449</u>	<u>4,464,815</u>	(65)%
<b>Net Position (Deficit), July 1, as previously reported</b>	6,848,321	2,341,296	193%
<b>Prior period adjustment</b>		42,210	(100)%
<b>Net Position (Deficit), July 1, as restated</b>	<u>6,848,321</u>	<u>2,383,506</u>	187%
<b>Net Position (Deficit), June 30</b>	<u>\$ 8,417,770</u>	<u>6,848,321</u>	23%

**Tate County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**



**Governmental activities**

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

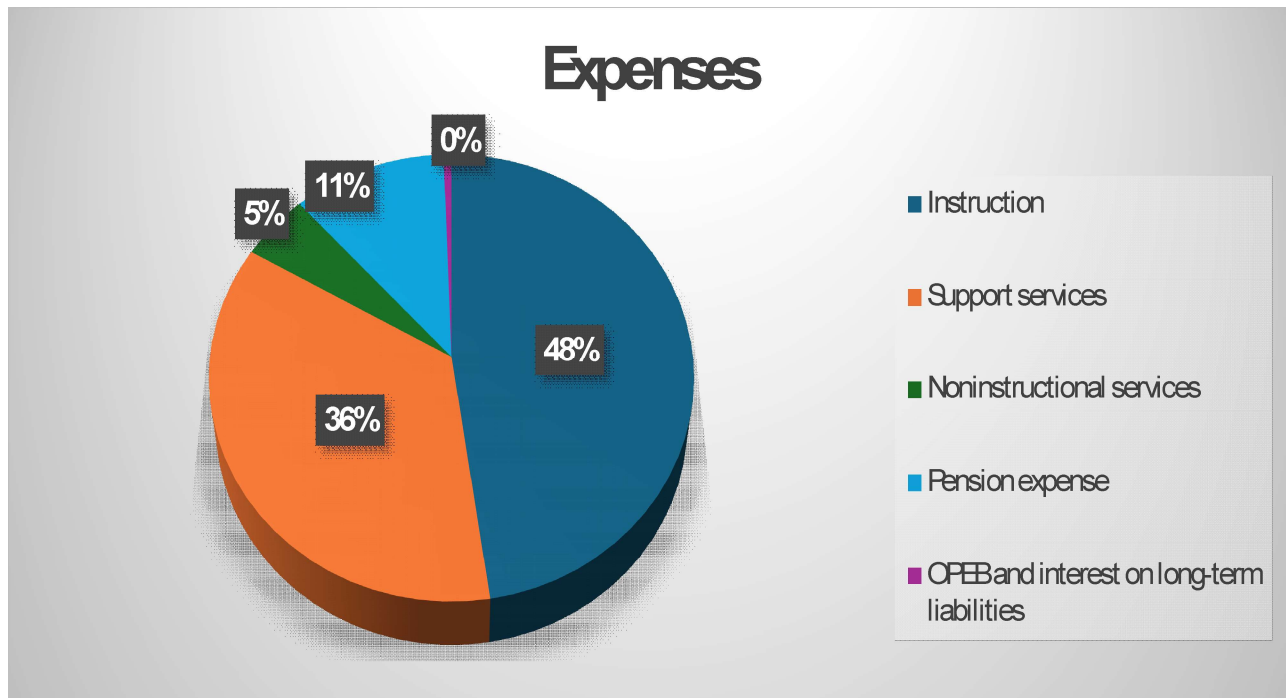
**Table 3**  
**Net Cost of Governmental Activities**

	<u>Total Expenses</u>		<b>Percentage Change</b>
	<b>2023</b>	<b>2022</b>	
Instruction	\$ 11,940,752	11,393,646	5%
Support services	8,912,477	8,016,236	11%
Non-instructional	1,242,439	1,053,688	18%
Pension expense	2,808,782	1,011,483	178%
OPEB expense	(165,346)	(92,912)	(78)%
Interest on long-term liabilities	22,304	78,668	(72)%
<b>Total expenses</b>	<b>\$ 24,761,408</b>	<b>21,460,809</b>	<b>15%</b>

**Tate County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

	<u>Net (Expense) Revenue</u>		
	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Instruction	\$ (8,770,165)	(6,378,866)	(37)%
Support services	(5,539,697)	(6,446,397)	14%
Non-instructional	898,485	607,438	48%
Pension expense	(2,808,782)	(1,011,483)	(178)%
OPEB expense	165,346	92,912	78%
Interest on long-term liabilities	(22,304)	(78,668)	72%
<b>Total net (expense) revenue</b>	<b>\$ (16,077,117)</b>	<b>(13,215,064)</b>	<b>(22)%</b>

- Net cost of governmental activities (\$16,077,117 for 2023 and \$13,215,064 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$5,378,545 for 2023 and \$5,529,795 for 2022) and state and federal revenues (\$11,878,558 for 2023 and \$12,131,297 for 2022).



**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

- Investment earnings amounted to \$358,600 for 2023 and \$2,186 for 2022.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$14,088,133, a decrease of \$3,011,500, which includes a decrease in inventory of \$3,010. \$8,406,346 or 60% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$5,681,787 or 40% 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 or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$82,130. The fund balance of Other Governmental Funds showed an increase in the amount of \$187,992, which includes a decrease in inventory of \$3,010. The increase (decrease) in the fund balance for the other major funds was as follows:

Major Fund	Increase (Decrease)
EPA 2022 Clean School Bus Fund	no increase or decrease
Capital Projects Fund	\$ (3,281,622)

## **BUDGETARY HIGHLIGHTS**

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

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

**Tate County School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2023, the District's total capital assets were \$42,387,208, including land, construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$5,871,512 from 2022. Total accumulated depreciation as of June 30, 2023, was \$16,714,239, and total depreciation expense for the year was \$898,021, resulting in total net capital assets of \$25,672,969.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Land	\$ 500,701	500,701	0%
Construction in progress	4,000,737	293,306	N/A
Buildings	18,008,729	17,549,073	3%
Building improvements	580,774	99,482	484%
Improvements other than buildings	1,073,778	1,142,314	(6)%
Mobile equipment	1,371,650	992,960	38%
Furniture and equipment	136,600	108,930	25%
<b>Total</b>	<b>\$ 25,672,969</b>	<b>20,686,766 *</b>	<b>24%</b>

\* The intangible right to use equipment in the amount of \$86,601 was reported in this table in June 30, 2022.

The amount was excluded from Table 4 to present it in a separate section.

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

**Debt Administration.** At June 30, 2023, the District had \$948,720 in outstanding long-term debt, of which \$210,000 is due within one year. The liability for compensated absences decreased \$1,382 from the prior year.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 835,000	1,035,000	(19)%
Compensated absences payable	113,720	115,102	(1)%
<b>Total</b>	<b>\$ 948,720</b>	<b>1,150,102</b>	<b>(18)%</b>



**Tate County School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

\* The obligations under leases in the amount of \$87,496 was reported in this table in June 30, 2022.

The amount was excluded from Table 5 to present it in a separate section.

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

## **CURRENT ISSUES**

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

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

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

Average daily attendance for the 2022 - 2023 year decreased to 1,753 students.

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

If you have questions about this report, contact the Superintendent's Office of the Tate County School District, 574 Parkway Street, Coldwater, MS 38618.

## FINANCIAL STATEMENTS

**TATE COUNTY SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 15,255,356
Due from other governments	1,229,468
Inventories	21,576
Capital assets, non-depreciable:	
Land	500,701
Construction in progress	4,000,737
Capital assets, net of accumulated depreciation:	
Buildings	18,008,729
Building improvements	580,774
Improvements other than buildings	1,073,778
Mobile equipment	1,371,650
Furniture and equipment	136,600
Leased assets	41,418
Subscription IT assets	65,072
Total Assets	<u>42,285,859</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	11,889,579
Deferred outflows - OPEB	245,699
Total Deferred Outflows of Resources	<u>12,135,278</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,233,267
Unearned revenue	1,185,000
Interest payable on long-term liabilities	3,238
Long-term liabilities, due within one year:	
Capital related liabilities	210,000
Lease liabilities	42,369
Net OPEB liability	53,901
Long-term liabilities, due beyond one year:	
Capital related liabilities	625,000
Non-capital related liabilities	113,720
Net pension liability	33,273,657
Net OPEB liability	1,094,278
Total Liabilities	<u>37,834,430</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	7,506,316
Deferred inflows - OPEB	662,621
Total Deferred Inflows of Resources	<u>8,168,937</u>
<b>Net Position</b>	
Net Investment in Capital Assets	24,902,090
Restricted For:	
Expendable:	
School-based activities	1,933,991
Debt service	365,864
Capital projects	1,745,934
Unemployment benefits	47,614
Unrestricted	(20,577,723)
Total Net Position	<u>\$ 8,417,770</u>

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

## TATE COUNTY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					<b>Governmental Activities</b>
<i>Instruction</i>	\$ 11,940,752	\$ 435,606	\$ 2,646,781	\$ 88,200	\$ (8,770,165)
<i>Support services</i>	8,912,477	--	3,372,780	--	(5,539,697)
<i>Noninstructional services</i>	1,242,439	140,293	2,000,631	--	898,485
<i>Pension expense</i>	2,808,782	--	--	--	(2,808,782)
<i>OPEB expense</i>	(165,346)	--	--	--	165,346
<i>Interest on long-term liabilities</i>	22,304	--	--	--	(22,304)
<b>Total Governmental Activities</b>	<b>\$ 24,761,408</b>	<b>\$ 575,899</b>	<b>\$ 8,020,192</b>	<b>\$ 88,200</b>	<b>(16,077,117)</b>
<b>General Revenues:</b>					
<b>Taxes:</b>					
<i>General purpose levies</i>					5,189,125
<i>Debt purpose levies</i>					189,420
<b>Unrestricted grants and contributions:</b>					
<i>State</i>					11,836,396
<i>Federal</i>					42,162
<i>Unrestricted investment earnings</i>					358,600
<i>Other</i>					30,863
<b>Total General Revenues</b>					<b>17,646,566</b>
<b>Change in Net Position</b>					<b>1,569,449</b>
<b>Net Position - Beginning,</b>					<b>6,848,321</b>
<b>Net Position - Ending</b>					<b>\$ 8,417,770</b>

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

**TATE COUNTY SCHOOL DISTRICT**  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023

**EXHIBIT C**

	General Fund	EPA 2022 Clean School Bus Fund
	<hr/>	<hr/>
<b>Assets:</b>		
<i>Cash and cash equivalents</i>	\$ 9,938,296	\$ 1,185,000
<i>Due from other governments</i>	273,278	--
<i>Due from other funds</i>	980,083	--
<i>Inventories</i>	--	--
Total Assets	<u>\$ 11,191,657</u>	<u>\$ 1,185,000</u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
<i>Accounts payable and accrued liabilities</i>	\$ 1,200,165	\$ --
<i>Due to other funds</i>	--	--
<i>Unearned revenue</i>	--	1,185,000
Total Liabilities	<u>1,200,165</u>	<u>1,185,000</u>
 <b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	--	--
<b>Restricted:</b>		
Unemployment benefits	--	--
Debt service	--	--
Grant activities	--	--
Food service	--	--
Senatobia/Tate Vo-Tech activities	--	--
Renovations, buses and technology	1,415,755	--
<b>Committed:</b>		
District improvements/renovations	--	--
<b>Assigned:</b>		
Activity/club funds	169,391	--
<b>Unassigned</b>	8,406,346	--
Total Fund Balances	<u>9,991,492</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 11,191,657</u>	<u>\$ 1,185,000</u>

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,779,036	\$ 2,353,024	\$ 15,255,356
--	956,190	1,229,468
--	--	980,083
--	21,576	21,576
<u>\$ 1,779,036</u>	<u>\$ 3,330,790</u>	<u>\$ 17,486,483</u>
\$ 33,102	\$ --	\$ 1,233,267
--	980,083	980,083
--	--	1,185,000
<u>33,102</u>	<u>980,083</u>	<u>3,398,350</u>
--	21,576	21,576
--	47,614	47,614
--	369,102	369,102
--	10,004	10,004
--	1,230,444	1,230,444
--	671,967	671,967
--	--	1,415,755
1,745,934	--	1,745,934
--	--	169,391
--	--	8,406,346
<u>1,745,934</u>	<u>2,350,707</u>	<u>14,088,133</u>
<u>\$ 1,779,036</u>	<u>\$ 3,330,790</u>	<u>\$ 17,486,483</u>

**TATE COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023*

Total fund balances - governmental funds balance sheet	\$ 14,088,133
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	25,672,969
Liabilities due in one year are not reported in the funds.	(306,270)
Payables for debt interest which are not due in the current period are not reported in the funds.	(3,238)
Payables for notes which are not due in the current period are not reported in the funds.	(625,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(113,720)
Right-to-use subscription IT assets used in governmental activities are not reported in the funds.	65,072
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(33,273,657)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(7,506,316)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	11,889,579
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(1,094,278)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(662,621)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	245,699
Right-to-use lease assets used in governmental activities are not reported in the funds.	41,418
Net position of governmental activities - Statement of Net Position	\$ <u>8,417,770</u>

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

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**TATE COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**EXHIBIT D**

	General Fund	EPA 2022 Clean School Bus Fund
<b>Revenues:</b>		
Local sources	\$ 5,603,900	\$ --
State sources	12,540,284	--
Federal sources	42,162	--
Total Revenues	<u>18,186,346</u>	<u>--</u>
<b>Expenditures:</b>		
Instruction	10,063,963	--
Support services	7,829,514	--
Noninstructional services	--	--
Facilities acquisition and construction	--	--
Debt service:		
Principal	126,467	--
Interest	1,889	--
Other	--	--
Total Expenditures	<u>18,021,833</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>164,513</u>	<u>--</u>
<b>Other Financing Sources (Uses):</b>		
SBITA issued	81,340	--
Operating transfers in	52,253	--
Operating transfers out	(212,223)	--
Other financing uses	(3,753)	--
Total Other Financing Sources (Uses)	<u>(82,383)</u>	<u>--</u>
Net change in fund balances	<u>82,130</u>	<u>--</u>
Fund Balances:		
July 1, 2022	9,909,362	--
Increase (Decrease) in inventory	--	--
June 30, 2023	<u>\$ 9,991,492</u>	<u>\$ --</u>

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

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 772,377	\$ 6,376,277
--	1,722,574	14,262,858
--	5,649,560	5,691,722
--	8,144,511	26,330,857
--	2,649,474	12,713,437
254,737	1,773,954	9,858,205
--	1,309,399	1,309,399
3,026,885	2,159,405	5,186,290
--	200,000	326,467
--	19,507	21,396
--	1,740	1,740
3,281,622	8,113,479	29,416,934
(3,281,622)	31,032	(3,086,077)
--	--	81,340
--	571,823	624,076
--	(411,853)	(624,076)
--	--	(3,753)
--	159,970	77,587
(3,281,622)	191,002	(3,008,490)
5,027,556	2,162,715	17,099,633
--	(3,010)	(3,010)
\$ 1,745,934	\$ 2,350,707	\$ 14,088,133

**TATE COUNTY SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023*

Net change in fund balances - total governmental funds \$ (3,008,490)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	5,884,352
The depreciation of capital assets used in governmental activities is not reported in the funds.	(898,021)
The gain or loss on the sale of capital assets is not reported in the funds.	(128)
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	45,127
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	200,000
(Increase) decrease in accrued interest from beginning of period to end of period.	832
Change in inventory affects fund balance in the funds but affects expense in the SOA.	(3,010)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	1,382
Outlays of right-to-use subscription assets are not reported as expense in the SOA.	81,340
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	1,917,030
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,808,782)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NOL.	53,922
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	165,346
The amortization of right-to-use lease assets used in governmental activities is not reported in the funds.	(45,183)
Repayment of subscription principal is an expenditure in the funds, but is not an expense in the SOA.	81,340
Issuance of subscriptions do not provide revenue in the SOA, but are reported as current resources in the funds.	(81,340)
The amortization of subscription assets used in governmental activities is not reported in the funds.	(16,268)

Change in net position of governmental activities - Statement of Activities \$ 1,569,449

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

**Tate County School District**

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

## **Tate County School District**

Notes to the Financial Statements  
For the 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 selected by the citizens of each defined county district.

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

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

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling

## **Tate County School District**

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

legislation.

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

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

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

The school district reports the following major governmental funds:

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

**EPA 2022 Clean School Bus Fund** - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the EPA 2022 Clean School Bus program.

**Capital Projects Fund** - This is a capital projects fund that accounts for transfers from the General Fund and the expenditures incurred for the construction and/or renovation of various school facilities.

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.

## **Tate County School District**

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

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

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

#### **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

## **Tate County School District**

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

collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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

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

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

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

#### **D. Encumbrances**

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

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

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

###### **Cash and cash equivalents**

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



## **Tate County School District**

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

specify how these depositories are to be selected.

#### **Investments**

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

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

Investments for the district are reported at fair market value.

#### **2. Receivables and payables**

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

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

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

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

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

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

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.

## **Tate County School District**

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

#### **5. Restricted Assets**

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

#### **6. Capital Assets**

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

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

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

The following schedule details the capitalization thresholds:

## Tate County School District

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

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

(\*\*) The estimated useful life is the term of the lease or subscription 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 has deferred outflows which are presented as deferred outflow related to pensions, and a deferred outflow related to OPEB.

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

See Note 11 for further details.

## **Tate County School District**

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

#### **8. Compensated Absences**

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

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

#### **9. Leases**

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

The school district uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. See Note 5 for details.

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

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. See Note 5 for details.

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

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

## Tate County School District

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

#### 12. Pensions

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

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

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

#### 14. Fund Balances

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

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

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

## Tate County School District

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 15% of total revenues.

#### 15. Accounting Standards Update

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

## Tate County School District

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

### Note 2 - Cash and Cash Equivalents

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$15,255,356.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Institution Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2023, none of the district's bank balance of \$17,188,803 was exposed to custodial credit risk.

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

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

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

		Amount
Receivable Fund	Payable Fund	
General Fund	Other Governmental Funds	\$ <u>980,083</u>

The primary purpose of the inter-fund balance is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

## Tate County School District

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

### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 52,253
Other Governmental Funds	General Fund	212,223
	Other Governmental Funds	359,600
Total		<u>\$ 624,076</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, the transfer of unemployment compensation and other routine operating transfers.



# Tate County School District

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

### Note 4 - Capital Assets

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

	Balance 7-1-2022	Additions	Deletions	Completed Construction	Adjustments	Balance 6-30-2023
<u>Non-depreciable capital assets:</u>						
Land	\$ 500,701					500,701
Construction in progress	293,306	5,186,290		(1,478,859)		4,000,737
Total non-depreciable capital assets	794,007	5,186,290	0	(1,478,859)	0	4,501,438
<u>Depreciable capital assets:</u>						
Buildings	28,292,390			965,999		29,258,389
Building improvements	276,338			512,860		789,198
Improvements other than buildings	1,890,796					1,890,796
Mobile equipment	4,385,355	633,600				5,018,955
Furniture and equipment	876,810	64,462	12,840			928,432
Total depreciable capital assets	35,721,689	698,062	12,840	1,478,859	0	37,885,770
<u>Less accumulated depreciation for:</u>						
Buildings	10,743,317	506,343				11,249,660
Building improvements	176,856	31,568				208,424
Improvements other than buildings	748,482	68,536				817,018
Mobile equipment	3,392,395	254,910				3,647,305
Furniture and equipment	767,880	36,664	12,712			791,832
Total accumulated depreciation	15,828,930	898,021	12,712	0	0	16,714,239
Total depreciable capital assets, net	19,892,759	(199,959)	128	1,478,859	0	21,171,531
Governmental activities capital assets, net	\$ 20,686,766*	4,986,331	128	0	0	25,672,969
Lease and subscription IT assets, net (Note 5)						106,490
Total capital assets, net, as reported in the statement of net position						25,779,459

\* The beginning balance from prior year was \$20,773,367 less the lease asset in the amount of \$86,601 (see Note 5) equals the \$20,686,766 which is the revised beginning balance shown above.

## Tate County School District

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

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 616,996
Support services	275,500
Non-instructional	5,525
Total depreciation expense	\$ 898,021

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

Governmental Activities:	Spent to June 30, 2023	Remaining Commitment
CES HVAC	\$ 646,035	633,025
SES HVAC	902,167	672,010
CTE Re-Roof	701,963	82,255
SES Re-Roof	66,979	532,536
CES Re-Roof	809,551	264,559
CHS Re-Roof	828,607	397,532
HVAC ETE	27,300	1,644,122
HVAC CHS	12,675	800,393
HVAC CTE	5,460	577,216
Total	\$ 4,000,737	5,603,648

Construction projects included in governmental activities are funded with transfers from the General Fund.

# Tate County School District

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

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

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

		Balance 7-1-2022	Additions	Balance 6-30-2023
<u>Lease assets:</u>				
Furniture and equipment	\$	131,784		131,784
Total lease assets		131,784	0	131,784
<u>Less accumulated depreciation:</u>				
Furniture and equipment		45,183	45,183	90,366
Total accumulated depreciation		45,183	45,183	90,366
Total lease assets, net		86,601	(45,183)	41,418
<u>Subscription IT assets:</u>				
	\$		81,340	81,340
Less accumulated amortization			16,268	16,268
Subscription IT assets, net		0	65,072	65,072
Total lease and subscription IT assets, net	\$	86,601	19,889	106,490

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

		Balance 7-1-2022	Additions	Reductions	Balance 6-30-2023	Amounts due within one year
Lease liabilities	\$	87,496	0	45,127	42,369	42,369
Subscription IT liabilities		0	81,340	81,340	0	
Total	\$	87,496	81,340	126,467	42,369	42,369

### 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.

## Tate County School District

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

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, plus 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.

#### As Lessee:

##### Canon Lease

The district has entered into a 36 month lease of copiers. An initial lease liability was recorded in the amount of \$131,784. As of June 30, 2023, the value of the lease liability is \$42,369. The district is required to make monthly fixed payments of \$3,900. The lease has an interest rate of 2.50%.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier lease	2.50%	07-01-21	05-31-24	\$ 131,784	42,369

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

Year Ending		Principal payments	Interest payments	Total
June 30				
2024	\$	42,369	531	42,900

# Tate County School District

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

### Note 6 - Long-term liabilities

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

		Balance 7-1-2022	Reductions	Balance 6-30-2023	Amounts due within one year
A. Three mill notes payable	\$	1,035,000	200,000	835,000	210,000
B. Compensated absences payable		115,102	1,382	113,720	
Total	\$	<u>1,150,102*</u>	<u>201,382</u>	<u>948,720</u>	<u>210,000</u>

\* The beginning balance from prior year was \$1,237,598 less the lease liabilities in the amount of \$87,496 (see Note 5) equals the \$1,150,102 which is the revised beginning balance shown above.

#### A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes Series 2017	1.50-2.55%	08-16-17	05-01-27	\$ <u>1,975,000</u>	<u>835,000</u>

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

#### 1. Three mill notes issue of August 16, 2017:

Year Ending June 30	Principal	Interest	Total
2024	\$ 210,000	19,700	229,700
2025	215,000	15,185	230,185
2026	215,000	10,240	225,240
2027	<u>195,000</u>	<u>4,973</u>	<u>199,973</u>
Total	\$ <u>835,000</u>	<u>50,098</u>	<u>885,098</u>

This debt will be retired from the 3 Mill Levy - 2017 Debt Service Fund.

## **Tate County School District**

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

### **B. Compensated absences payable**

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

## **Note 7 - Defined Benefit Pension Plan**

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

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school district. 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 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.

## Tate County School District

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022, and 2021, were \$1,917,030, \$1,936,366, and \$1,911,806, respectively, which equaled the required contributions for each year.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the school district reported a liability of \$33,273,657 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2023 net pension liability was 0.161651 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.003598 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$2,808,782. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 214,242	\$
Net difference between projected and actual earnings on pension plan investments		6,575,808
Change in assumptions	1,176,421	
Changes in proportion and differences between District contributions and proportionate share of contributions	8,581,886	930,508
District contributions subsequent to the measurement date	1,917,030	
Total	<u>\$ 11,889,579</u>	<u>\$ 7,506,316</u>

\$1,917,030 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:

## Tate County School District

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

Year Ending June 30:		
2024	\$	843,248
2025		502,291
2026		(328,976)
2027		1,449,670
Total	\$	<u><u>2,466,233</u></u>

*Actuarial assumptions.* The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

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

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

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



## Tate County School District

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00%	4.60%
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	<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 current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ <u>43,425,522</u>	<u>33,273,657</u>	<u>24,903,963</u>

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

### Note 8 - Other Postemployment Benefits (OPEB)

#### General Information about the OPEB Plan.

*Plan description.* State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et. seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate

## **Tate County School District**

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

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 \$53,922 for the year ended June 30, 2023.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2023, the District reported a liability of \$1,148,179 for its proportionate share of the

## Tate County School District

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

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 0.23304579 percent. This was a decrease of 0.00269574 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$165,346). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	951	\$	497,439
Changes of assumptions		179,077		106,306
Net difference between projected and actual earnings on OPEB plan investments		79		
Changes in proportion and differences between District contributions and proportionate share of contributions		11,670		58,876
District contributions subsequent to the measurement date		53,922		
Total	\$	245,699	\$	662,621

\$53,922 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

## Tate County School District

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

#### Year Ending June 30:

2024	\$	(114,069)
2025		(99,087)
2026		(111,480)
2027		(85,209)
2028		(43,567)
Thereafter		(17,432)
Total	\$	<u>(470,844)</u>

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

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

## Tate County School District

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

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 expected rate of return on OPEB plan investments is 4.50%.

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

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

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37 percent) or 1-percentage point higher (4.37 percent) than the current discount rate:

		1% Decrease (2.37%)		Current Discount Rate (3.37%)		1% Increase (4.37%)
Net OPEB liability	\$	1,264,861	\$	1,148,179	\$	1,047,951

*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:

## Tate County School District

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

		1%		Healthcare Cost Trend Rates Current		1% Increase
		Decrease				
Net OPEB liability	\$	1,068,298	\$	1,148,179	\$	1,238,074

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

### Note 9 - Risk Management

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

#### Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). 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 losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. 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 Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). 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 liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be

## **Tate County School District**

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

required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

#### **Note 10 - Contingencies**

**Federal Grants** - The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

**Litigation** - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

#### **Note 11 - Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$20,577,723) 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 \$1,917,030 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 \$9,972,549 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 3 years.

The unrestricted net position amount of (\$20,577,723) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$7,506,316 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 4 years.

The unrestricted net position amount of (\$20,577,723) 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 \$53,922 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$191,777 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 (\$20,577,723) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$662,621 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.

## **Tate County School District**

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

### **Note 12 - Other Commitments**

Commitments under construction contracts are described in Note 4.

### **Note 13 - Alternative School Consortium**

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

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

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

### **Note 14 - Vocational School Consortium**

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

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

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

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



## Tate County School District

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

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

Revenues		
Local sources		
Ad valorem	\$	274,721
Tuition from other LEA's within the state		105,000
Miscellaneous		1,000
Total Local sources		<u>380,721</u>
State sources		496,242
Federal sources		58,179
Total revenues		<u>935,142</u>
Expenditures		
Salaries		503,694
Employee benefits		158,070
Purchased property services		61,990
Other purchased services		18,303
Supplies		48,041
Property		111,669
Other		1,070
Total Expenditures		<u>902,837</u>
Net Change in Fund Balance		<u>32,305</u>
Fund Balance:		
July 1, 2022		<u>639,668</u>
June 30, 2023	\$	<u><u>671,973</u></u>

### 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 Tate County School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statement:

On September 12, 2023, the School District approved a contract with Lawrence, S.M. Company Inc. For \$2,186,000 for mechanical upgrades. Also, on February 1, 2024, the School District entered in a Memorandum of Understanding with Senatobia Mississippi Municipal Separate School District to upgrade equipment, furnishings and facilities at the Career Technical Center in the amount of \$500,000. The funding for these projects will be state appropriations.

## REQUIRED SUPPLEMENTARY INFORMATION

**TATE COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 4,995,047	5,603,899	5,603,900	608,852	1
State sources	10,405,917	12,540,282	12,540,284	2,134,365	2
Federal sources	21,000	42,164	42,162	21,164	(2)
Total Revenues	<u>15,421,964</u>	<u>18,186,345</u>	<u>18,186,346</u>	<u>2,764,381</u>	<u>1</u>
<b>Expenditures:</b>					
Instruction	8,902,588	10,064,180	10,063,963	(1,161,592)	217
Support services	6,583,257	7,876,313	7,829,514	(1,293,056)	46,799
Debt service:					
Principal	-	-	126,467	-	(126,467)
Interest	-	-	1,889	-	(1,889)
Total Expenditures	<u>15,485,845</u>	<u>17,940,493</u>	<u>18,021,833</u>	<u>(2,454,648)</u>	<u>(81,340)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(63,881)</u>	<u>245,852</u>	<u>164,513</u>	<u>309,733</u>	<u>(81,339)</u>
<b>Other Financing Sources (Uses):</b>					
SBITA issued	-	-	81,340	-	81,340
Operating transfers in	88,147	225,977	52,253	137,830	(173,724)
Operating transfers out	(227,462)	(385,948)	(212,223)	(158,486)	173,725
Other financing uses	-	(3,753)	(3,753)	(3,753)	-
Total Other Financing Sources (Uses)	<u>(139,315)</u>	<u>(163,724)</u>	<u>(82,383)</u>	<u>(24,409)</u>	<u>81,341</u>
Net Change in Fund Balances	<u>(203,196)</u>	<u>82,128</u>	<u>82,130</u>	<u>285,324</u>	<u>2</u>
<b>Fund Balances:</b>					
July 1, 2022	<u>7,900,000</u>	<u>9,909,362</u>	<u>9,909,362</u>	<u>2,009,362</u>	<u>-</u>
June 30, 2023	\$ <u>7,696,804</u>	<u>9,991,490</u>	<u>9,991,492</u>	<u>2,294,686</u>	<u>2</u>

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

**TATE COUNTY SCHOOL DISTRICT**

Budgetary Comparison Schedule  
 EPA 2022 Clean School Bus Fund  
 For the Year Ended June 30, 2023

**Exhibit 2**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)		
	Original	Final		Original to Final	Final to Actual	
<b>Revenues:</b>						
Federal sources	\$	-	1,185,000	-	1,185,000	(1,185,000)
Total Revenues		-	1,185,000	-	1,185,000	(1,185,000)
<b>Expenditures:</b>						
Support services		-	1,309,092	-	(1,309,092)	1,309,092
Total Expenditures		-	1,309,092	-	(1,309,092)	1,309,092
 Net Change in Fund Balances		-	(124,092)	-	(124,092)	124,092
 Fund Balances:						
July 1, 2022		-	-	-	-	-
June 30, 2023	\$	-	(124,092)	-	(124,092)	124,092

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

**Tate County School District**

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

PERS

Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 33,273,657	24,424,524	33,054,248	29,548,709	27,348,264	28,255,448	29,677,288	25,112,339	19,125,627
District's proportion of the net pension liability	0.161651%	0.165249%	0.170745%	0.167967%	0.164422%	0.169974%	0.166143%	0.162455%	0.157566%
District's covered payroll	11,128,540	10,987,391	11,369,483	9,901,931	10,499,924	10,903,905	10,628,597	10,149,263	9,628,121
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**Tate County School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,917,030	1,936,366	1,911,806	1,978,290	1,722,936	1,653,738	1,717,365	1,674,004	1,598,509
Contributions in relation to the contractually required contribution	1,917,030	1,936,366	1,911,806	1,978,290	1,722,936	1,653,738	1,717,365	1,674,004	1,598,509
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 11,017,414	11,128,540	10,987,391	11,369,483	10,939,276	10,499,924	10,903,905	10,628,597	10,149,263
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

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

	2023	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 1,148,179	1,517,426	1,869,270	2,073,027	1,867,418	1,887,214
District's proportion of the net OPEB liability	0.23304579%	0.23574153%	0.24020189%	0.24430488%	0.24140888%	0.24052921%
District's covered-employee payroll	\$ 11,451,768	11,207,619	11,576,184	11,187,761	10,918,759	10,806,316 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

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

**Tate County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years\*

	2023	2022	2021	2020	2019	2018	
Actuarially determined contribution	\$ 53,922	46,791	60,991	74,546	83,093	80,455	**
Contributions in relation to the actuarially determined contribution	53,922	46,791	60,991	74,546	83,093	80,455	**
Contribution deficiency (excess)	\$ -	-	-	-	-	-	
District's covered-employee payroll	\$ 10,228,879	11,128,540	10,987,391	12,560,571	10,939,276	9,730,019	
Contributions as a percentage of covered-employee payroll	0.53%	0.42%	0.56%	0.59%	0.76%	0.83%	

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

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

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.



## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## Tate County School District

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

#### Budgetary Comparison Schedules

##### (1) Basis of Presentation

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

##### (2) Budget Amendments and Revisions

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

#### Pension Schedules

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

###### 2015:

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

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

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

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

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

###### 2016:

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

###### 2017:

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

## **Tate County School District**

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

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

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

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

#### 2019:

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

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

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

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

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

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

#### 2021:

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

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

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

## Tate County School District

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

be used to project future improvements in life expectancy generationally.

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

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

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

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

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

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

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

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

##### 2016:

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

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

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

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

## Tate County School District

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

#### OPEB Schedules

##### (1) Changes of assumptions

###### 2017:

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

###### 2018:

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

###### 2019:

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

###### 2020:

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

###### 2021:

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

###### 2022:

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

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

###### 2017:

None

###### 2018:

None

###### 2019:

None

###### 2020:

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

## Tate County School District

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

#### 2021:

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

#### 2022:

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

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

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

## SUPPLEMENTARY INFORMATION

**TATE COUNTY SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	235MS326N1099	10.555	\$ 1,376,867
Total Child Nutrition Cluster			<u>1,376,867</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,376,867</u>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A220024	84.010	1,120,110
Career and Technical Education - Basic Grants to States	V048A220024	84.048	58,179
Rural Education	S358B220024	84.358	74,783
English Language Acquisition State Grants	S365A220024	84.365	12,903
Supporting Effective Instruction State Grants	S367A220023	84.367	210,132
Student Support and Academic Enrichment Program	S424A220025	84.424	82,188
Subtotal			<u>1,558,295</u>
Special Education Cluster:			
Special Education - Grants to States	H027A220108	84.027A	514,640
Positive Behavior Specialist	H027A220108	84.027A	4,720
COVID-19 - IDEA, Part B ARP Grant	H027X210108	84.027X	96,231
COVID-19 - Special Education - Preschool Grants, ARP GRANT	H173X210113	84.173X	8,562
Special Education - Preschool Grants	H173A220113	84.173A	23,374
Total Special Education Cluster			<u>647,527</u>
Education Stabilization Funds:			
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	S425D200031	84.425D	6,138
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	1,410,630
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U210031	84.425U	474,154
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>1,890,922</u>
Total passed-through the Mississippi Department of Education			<u>4,096,744</u>
<b>Total U.S. Department of Education</b>			<u>4,096,744</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	2305MS5ADM	93.778	32,204
Total passed-through the Mississippi Department of Education			<u>32,204</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>32,204</u>
<b><u>U. S. Department of Social Security Administration</u></b>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	N/A	96.001	98
Total passed-through the Mississippi Department of Rehabilitation Services			<u>98</u>
<b>Total U.S. Department of Social Security Administration</b>			<u>98</u>
Total for All Federal Awards			\$ <u>5,505,913</u>

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.



## Tate County School District

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

#### (1) Basis of Presentation

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

#### (2) Summary of Significant Accounting Policies

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

#### (3) Indirect Cost Rate

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

#### (4) Other Items

Donated commodities of \$118,863 are included in the National School Lunch Program.

**TATE COUNTY SCHOOL DISTRICT**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	16,191,668	12,231,035	791,179	1,268,482	1,900,972
Other	13,225,266	2,876,394	297,230	30,795	10,020,847
Total	<u>\$ 29,416,934</u>	<u>15,107,429</u>	<u>1,088,409</u>	<u>1,299,277</u>	<u>11,921,819</u>
Total number of students *	<u>1,753</u>				
Cost per student	<u>\$ 16,781</u>	<u>8,618</u>	<u>621</u>	<u>741</u>	<u>6,801</u>

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

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

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

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

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

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

## OTHER INFORMATION

**TATE COUNTY SCHOOL DISTRICT**

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

## General Fund

## Last Four Years

**"UNAUDITED"**

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 5,603,900	4,884,532	4,767,213	4,528,232
State sources	12,540,284	11,885,462	11,831,565	12,465,548
Federal sources	42,162	62,730	64,099	78,037
Total Revenues	18,186,346	16,832,724	16,662,877	17,071,817
<b>Expenditures:</b>				
Instruction	10,063,963	9,523,388	9,129,061	9,549,298
Support services	7,829,514	6,649,568	6,889,098	6,645,000
Debt service:				
Principal	126,467	44,288	-	23,441
Interest	1,889	2,512	-	841
Total Expenditures	18,021,833	16,219,756	16,018,159	16,218,580
Excess (Deficiency) of Revenues over (under) Expenditures	164,513	612,968	644,718	853,237
<b>Other Financing Sources (Uses):</b>				
SBITA issued	81,340	-	-	-
Operating transfers in	52,253	2,259,615	164,525	51,083
Operating transfers out	(212,223)	(5,122,596)	(688,335)	(149,650)
Other financing uses	(3,753)	(8,754)	-	-
Total Other Financing Sources (Uses)	(82,383)	(2,871,735)	(523,810)	(98,567)
Net Change in Fund Balances	82,130	(2,258,767)	120,908	754,670
<b>Fund Balances:</b>				
Beginning of period, as previously reported	9,909,362	12,168,129	12,047,221	11,252,082
Fund reclassification	-	-	-	40,469
Beginning of period, as restated	9,909,362	12,168,129	12,047,221	11,292,551
End of period	\$ 9,991,492	9,909,362	12,168,129	12,047,221

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**TATE COUNTY SCHOOL DISTRICT**

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

"UNAUDITED"

	2023	2022*	2021*	2020*
<b>Revenues:</b>				
Local sources	\$ 6,376,277	5,934,090	6,440,341	6,965,112
State sources	14,262,858	12,772,366	12,780,294	13,334,062
Federal sources	5,691,722	7,219,168	4,697,192	2,885,303
Total Revenues	<u>26,330,857</u>	<u>25,925,624</u>	<u>23,917,827</u>	<u>23,184,477</u>
<b>Expenditures:</b>				
Instruction	12,713,437	12,297,641	11,851,984	11,293,115
Support services	9,858,205	8,330,498	9,778,701	8,256,078
Noninstructional services	1,309,399	1,112,048	784,867	1,072,196
Facilities acquisition and construction	5,186,290	293,306	-	27,405
Debt service:				
Principal	326,467	1,149,288	1,100,000	1,848,441
Interest	21,396	46,119	75,415	113,781
Other	1,740	1,940	3,680	3,880
Total Expenditures	<u>29,416,934</u>	<u>23,230,840</u>	<u>23,594,647</u>	<u>22,614,896</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(3,086,077)</u>	<u>2,694,784</u>	<u>323,180</u>	<u>569,581</u>
<b>Other Financing Sources (Uses):</b>				
SBITA issued	81,340	-	-	-
Insurance recovery	-	-	-	80,000
Operating transfers in	624,076	7,974,052	1,711,256	1,229,426
Operating transfers out	(624,076)	(7,974,052)	(1,711,256)	(1,229,426)
Other financing uses	(3,753)	(8,754)	-	-
Total Other Financing Sources (Uses)	<u>77,587</u>	<u>(8,754)</u>	<u>-</u>	<u>80,000</u>
Net Change in Fund Balances	<u>(3,008,490)</u>	<u>2,686,030</u>	<u>323,180</u>	<u>649,581</u>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	17,099,633	14,378,426	14,079,509	13,349,023
Fund reclassification	-	-	-	40,469
Prior period adjustments	-	33,439	-	(354)
Beginning of period, as restated	<u>17,099,633</u>	<u>14,411,865</u>	<u>14,079,509</u>	<u>13,389,138</u>
Increase (decrease) in reserve for inventory	<u>(3,010)</u>	<u>1,738</u>	<u>(24,263)</u>	<u>40,790</u>
End of period	<u>\$ 14,088,133</u>	<u>17,099,633</u>	<u>14,378,426</u>	<u>14,079,509</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Tate 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 (Government Auditing Standards), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tate 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 Tate County School District's basic financial statements, and have issued our report thereon dated July 16, 2024.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 16, 2024

Certified Public Accountants



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Tate County School District

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

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

We have audited Tate County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tate County School District's major federal programs for the year ended June 30, 2023. The Tate 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, Tate County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

We are required to be independent of Tate 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 Tate 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 Tate 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 Tate 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tate County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Tate 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 Tate 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 Tate 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 the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 16, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Tate County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tate County School District as of and for the year ended June 30, 2023, which collectively comprise Tate County School District's basic financial statements and have issued our report thereon dated July 16, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

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

### **Finding 1:**

#### Criteria:

Mississippi Accounting Manual for School Districts dictates prenumbered tickets are utilized and beginning and ending ticket numbers are recorded on the count sheets to ensure accurate counting of tickets sold.

#### Condition:

Out of eight games tested, ticket sales for two games did not properly reconcile.

#### Cause:

The tickets sellers at two games did not realize they were improperly tearing tickets, and the administrators inadvertently ran out of tickets at one game.

#### Effect:

As a result, two games had more tickets issued than tickets than sold by \$47 due to improper tearing of tickets, and one game's sales were out of balance by \$4,258 due to an inadequate supply of tickets.

#### Recommendation:

The District should update its ticket preparation procedures and instructions for ticket sales to sporting events.

#### Response:

Tate County School District will update its ticket preparation procedures and instructions for ticket sales to sporting events.

### **Finding 2:**

#### Criteria:

Mississippi Code Annotated 1972 - Section 27-105-5 requires to ensure the amount on the State Treasurer's report by the banking institution is sufficient to collateralize the remaining school district's bank balances and the school district has reviewed the state treasurer's report summarizing the collateralization of district funds to ensure proper reporting of each bank balance on deposit for all accounts.

#### Condition:

One bank account balance was listed incorrectly on the 6/30/23 Public Depositor Annual Report.

#### Cause:

The account balances reported by the District's banks were not compared to the District's actual bank balances before report submission.

Effect:

As a result, the District underreported its bank balance by \$20,000 on the 6/30/23 Public Depositor Annual Report.

Recommendation:

The District should verify that each bank's reported balances agree with the District's actual bank balances before submitting the Public Depositor Annual Report to State Treasurer.

Response:

Tate County School District will compare account balances reported by the District's banks to the District's actual bank balances before submitting report.

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

The Tate County School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
July 16, 2024

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS



## **Tate 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 on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### **Federal Awards:**

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
*84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I & II)
*84.425U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund

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

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

#### Section II: Financial Statements Findings

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

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

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