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Alcorn School District
Audited Financial Statements
For the Year Ended June 30, 2022

Fortenberry & Ballard, PC
Certified Public Accountants

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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
Alcorn 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 Alcorn School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Alcorn 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 Alcorn School District, as of June 30, 2022, 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 Alcorn 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. 87, *Leases*, during the fiscal year ended June 30, 2022.

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

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

Other Information

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

statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the Alcorn 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 Alcorn 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 Alcorn School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2025

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The following discussion and analysis of Alcorn School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2022. 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 2022 increased \$2,895,261, including a prior period adjustment of \$298,912, which represents a 10% increase from fiscal year 2021. Total net position for 2021 decreased \$225,038, which represents a 0.79% decrease from fiscal year 2020.
- General revenues amounted to \$25,776,879 and \$25,686,796, or 72% and 71% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,265,035, or 28% of total revenues for 2022, and \$10,475,450, or 29% of total revenues for 2021.
- The District had \$33,444,085 and \$36,387,284 in expenses for fiscal years 2022 and 2021; only \$10,265,035 for 2022 and only \$10,475,450 for 2021 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$25,776,879 for 2022 were adequate to provide for these programs. However, general revenues of \$25,686,796 for 2021 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$26,787,422 in revenues and \$25,726,735 in expenditures for 2022, and \$26,126,138 in revenues and \$24,971,619 in expenditures for 2021. The General Fund's fund balance increased by \$904,784, which includes a prior period adjustments of \$116,166, from 2021 to 2022, and decreased by \$98,231, from 2020 to 2021.
- Capital assets, including right to use assets - leases, net of accumulated depreciation/amortization, increased by \$313,579 for 2022 and increased by \$2,196,583 for 2021. The increase for 2022 was mainly due to the additions to improvements other than building, mobile equipment and furniture and equipment during the year.
- Long-term debt, including note premium and the liability for compensated absences, decreased by \$675,349 for 2022 and decreased by \$23,073 for 2021. This decrease for 2022 was due primarily to principal payments. The liability for compensated absences decreased by \$21,410 for 2022 and decreased by \$8,842 for 2021.

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,

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

supplementary information, and other information.

Government-wide Financial Statements

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, 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 can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Most 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.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$25,682,423 as of June 30, 2022.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

Table 1 presents a summary of the District's net position at June 30, 2022 and June 30, 2021.

Table 1
Condensed Statement of Net Position

	June 30, 2022	June 30, 2021	Percentage Change
Current assets	\$ 10,416,721	8,667,521	20%
Restricted assets	1,575,550	2,013,810	(22)%
Capital assets, net	18,216,391	17,902,812	2%
Total assets	30,208,662	28,584,143	6%
 Deferred outflows of resources	 10,181,035	 7,632,207	 33%
 Current liabilities	 2,400,425	 2,295,160	 5%
Leases liabilities	26,274		N/A
Long-term debt outstanding	6,363,312	7,064,935	(10)%
Net OPEB liability	2,330,122	2,732,954	(15)%
Net pension liability	39,377,154	51,430,238	(23)%
Total liabilities	50,497,287	63,523,287	(21)%
 Deferred inflows of resources	 15,574,833	 1,270,747	 1,126%
 Net position:			
Net investment in capital assets	12,233,275	11,495,762	6%
Restricted	3,261,992	2,558,013	28%
Unrestricted	(41,177,690)	(42,631,459)	3%
Total net position (deficit)	\$ (25,682,423)	(28,577,684)	10%

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (41,177,690)
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	47,101,074
	<hr/>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	5,923,384
	<hr/> <hr/>

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

- Increase in net capital assets in the amount of \$302,133 excluding right to use assets - leases.
- The addition of right to use assets - leases due to the implementation of GASB 87 in the amount of \$183,129.
- The inception of leases liabilities in the amount of \$100,143.
- The principal retirement of \$668,365 of long-term debt and \$73,869 of leases liabilities.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$36,041,914 and \$36,162,246, respectively. The total cost of all programs and services was \$33,444,085 for 2022 and \$36,387,284 for 2021.

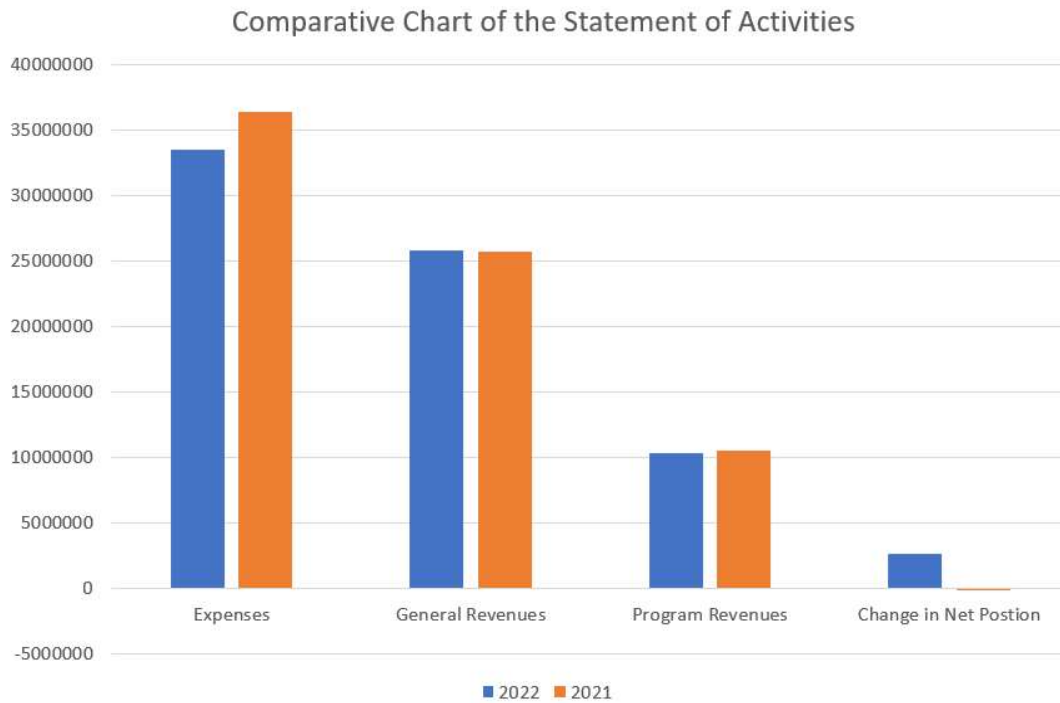
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 2
Changes in Net Position

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,159,476	1,132,549	2%
Operating grants and contributions	9,105,559	9,342,901	(3)%
General Revenues:			
Property taxes	8,001,328	7,857,581	2%
Grants and contributions not restricted	17,455,936	17,238,427	1%
Unrestricted investment earnings	(103,090)	139,708	(174)%
Other	422,705	451,080	(6)%
Total revenues	36,041,914	36,162,246	0%
Expenses:			
Instruction	18,245,134	20,596,656	(11)%
Support services	10,398,693	9,033,556	15%
Non-instructional	1,777,992	1,227,755	45%
Pension expense	2,796,060	5,240,890	(47)%
OPEB expense	(117,794)	56,046	(310)%
Interest on long-term liabilities	344,000	232,381	48%
Total expenses	33,444,085	36,387,284	(8)%
			??
Transfers	(1,480)	0	N/A
Increase (Decrease) in net position	2,596,349	(225,038)	1254%
Net position (deficit), July 1, as previously reported	(28,577,684)	(28,352,646)	(1)%
Prior period adjustment	298,912	0	N/A
Net position (deficit), July 1, as restated	(28,278,772)	(28,352,646)	0%
Net Position (deficit), June 30	\$ (25,682,423)	(28,577,684)	10%

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022



Governmental activities

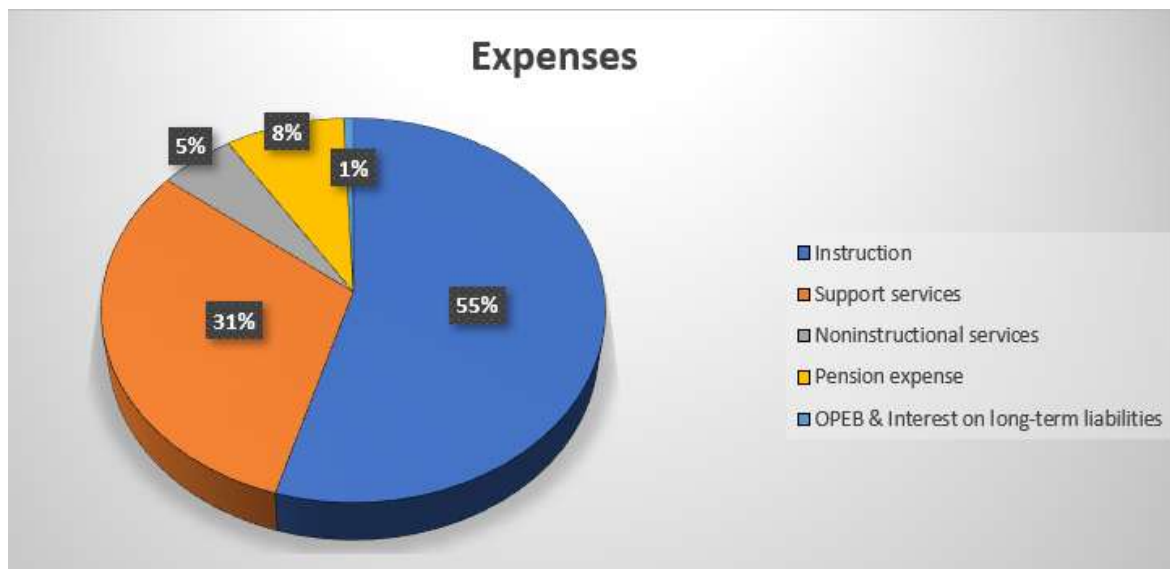
The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated 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

	Total Expenses		
	2022	2021	Percentage Change
Instruction	\$ 18,245,134	20,596,656	(11)%
Support services	10,398,693	9,033,556	15%
Non-instructional	1,777,992	1,227,755	45%
Pension expense	2,796,060	5,240,890	(47)%
OPEB expense	(117,794)	56,046	(310)%
Interest on long-term liabilities	344,000	232,381	48%
Total expenses	\$ 33,444,085	36,387,284	(8)%

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

	<u>Net (Expense) Revenue</u>		
	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Instruction	\$ (13,365,946)	(12,633,645)	(6)%
Support services	(7,418,346)	(8,263,912)	10%
Non-instructional	627,508	515,040	(22)%
Pension expense	(2,796,060)	(5,240,890)	47%
OPEB expense	117,794	(56,046)	310%
Interest on long-term liabilities	(344,000)	(232,381)	(48)%
Total net (expense) revenue	\$ (23,179,050)	(25,911,834)	11%



- Net cost of governmental activities (\$23,179,050 for 2022 and \$25,911,834 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$8,001,328 for 2022 and \$7,857,581 for 2021) and state and federal revenues (\$17,455,936 for 2022 and \$17,238,427 for 2021).
- Investment earnings amounted to (\$103,090) for 2022 due to the change in fair market value (FMV) of investments and \$139,708 for 2021.

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.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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 \$9,705,504, an increase of \$1,272,908, which includes a prior period adjustment of (\$75,287) and an increase in inventory of \$47,263. \$5,482,079 or 56% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been committed, restricted, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,223,425 or 44% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

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 \$904,784, which includes a prior period adjustment of \$116,166. The fund balance of Other Governmental Funds showed an increase in the amount of \$243,930, including a prior period adjustment of (\$285,009) and an increase in inventory in the amount of \$47,263. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
ESSER III Fund	no increase or decrease
QSCB Retirement Fund	\$ 30,638

BUDGETARY HIGHLIGHTS

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

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

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2022, the District's total capital assets were \$41,359,251, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles, furniture and equipment and the right to use assets - leases. This amount represents an increase of \$1,286,948 from 2021. Total accumulated depreciation/amortization as of June 30, 2022, was \$23,142,860, and total depreciation/amortization expense for the year was \$911,105, resulting in total net capital assets of \$18,216,391.

Table 4
Capital Assets, Net of Accumulated Depreciation/Amortization

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 227,522	227,522	0%
Construction in progress	260,135	1,404,967	(81)%
Buildings	10,585,720	10,855,662	(2)%
Building improvements	4,156,319	2,382,981	74%
Improvements other than buildings	1,111,657	1,043,170	7%
Mobile equipment	1,436,491	997,118	44%
Furniture and equipment	427,101	410,171	4%
Leased property under capital leases		581,221	(100)%
Right to use assets - leases	11,446	0	N/A
Total	\$ <u>18,216,391</u>	<u>17,902,812</u>	<u>2%</u>

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

Debt Administration. At June 30, 2022, the District had \$6,389,586 in outstanding long-term debt including note premium and leases liabilities, of which \$631,323 is due within one year. The liability for compensated absences decreased \$21,410 from the prior year.

Alcorn School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 3,452,000	3,875,000	(11)%
Note premium	94,784	106,632	(11)%
Installment purchases loans payable	250,058	0	N/A
Obligations under capital leases	0	495,423	(100)%
Qualified school construction bonds payable	2,160,000	2,160,000	0%
Leases liabilities	26,274	0	N/A
Compensated absences payable	406,470	427,880	(5)%
Total	<u>\$ 6,389,586</u>	<u>7,064,935</u>	<u>(10)%</u>

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

CURRENT ISSUES

The Alcorn 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.

Enrollment for the 2021 - 2022 year decreased 1% to 3,105 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Alcorn School District, P.O. Box 1420, Corinth, MS 38835.

FINANCIAL STATEMENTS

ALCORN SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,692,498
Due from other governments	1,599,460
Inventories	124,763
Restricted assets	1,575,550
Capital assets, non-depreciable:	
Land	227,522
Construction in progress	260,135
Capital assets, net of accumulated depreciation/amortization:	
Buildings	10,585,720
Building improvements	4,156,319
Improvements other than buildings	1,111,657
Mobile equipment	1,436,491
Furniture and equipment	427,101
Right to use assets - leases	11,446
Total Assets	<u>30,208,662</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	9,586,520
Deferred outflows - OPEB	594,515
Total Deferred Outflows of Resources	<u>10,181,035</u>
Liabilities	
Accounts payable and accrued liabilities	2,286,768
Interest payable on long-term liabilities	113,657
Long-term liabilities (due within one year):	
Lease liabilities	26,274
Capital related liabilities	605,049
Net OPEB liability	92,471
Long-term liabilities (due beyond one year):	
Capital related liabilities	5,268,857
Non-capital related liabilities	406,470
Note premiums	82,936
Net pension liability	39,377,154
Net OPEB liability	2,237,651
Total Liabilities	<u>50,497,287</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	14,703,993
Deferred inflows - OPEB	870,840
Total Deferred Inflows of Resources	<u>15,574,833</u>
Net Position:	
Net Investment in Capital Assets	12,233,275
Restricted For:	
Expendable:	
School-based Activities	1,320,971
Debt Services	1,878,092
Unemployment benefits	62,929
Unrestricted	(41,177,690)
Total Net Position (Deficit)	<u>\$ (25,682,423)</u>

The accompanying notes are an integral part of this statement.

ALCORN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
Instruction	18,245,134	1,001,402	3,877,786	(13,365,946)
Support services	10,398,693	--	2,980,347	(7,418,346)
Noninstructional services	1,777,992	158,074	2,247,426	627,508
Pension expense	2,796,060	--	--	(2,796,060)
OPEB expense	(117,794)	--	--	117,794
Interest on long-term liabilities	344,000	--	--	(344,000)
Total Governmental Activities	<u>\$ 33,444,085</u>	<u>\$ 1,159,476</u>	<u>\$ 9,105,559</u>	<u>(23,179,050)</u>
General Revenues:				
Taxes:				
General purpose levies				7,539,933
Debt purpose levies				461,395
Unrestricted grants and contributions:				
State				17,194,037
Federal				261,899
Unrestricted investment earnings				(103,090)
Other				422,705
Total General Revenues				<u>25,776,879</u>
Transfers In				993,346
Transfers Out				(994,826)
Total General Revenues and Transfers				<u>25,775,399</u>
Change in Net Position				<u>2,596,349</u>
Net Position (Deficit) - Beginning, as previously reported				(28,577,684)
Prior Period Adjustment				298,912
Net Position (Deficit) - Beginning, as restated				<u>(28,278,772)</u>
Net Position (Deficit) - Ending				<u>\$ (25,682,423)</u>

The accompanying notes are an integral part of this statement.

ALCORN SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	ESSER III Fund
	<hr/>	<hr/>
Assets		
Cash and cash equivalents	\$ 6,762,348	\$ --
Cash with fiscal agents	--	--
Investments	--	--
Due from other governments	296,918	545,587
Due from other funds	1,254,812	--
Inventories	--	--
Total Assets	<u>\$ 8,314,078</u>	<u>\$ 545,587</u>
	<hr/>	<hr/>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,984,223	\$ --
Due to other funds	--	545,587
Total Liabilities	<u>1,984,223</u>	<u>545,587</u>
	<hr/>	<hr/>
Fund Balances:		
Nonspendable:		
Inventory	--	--
Restricted:		
Unemployment benefits	--	--
Debt service	--	--
Grant activities	--	--
Food service	--	--
Assigned:		
School activities	847,776	--
Unassigned	<u>5,482,079</u>	<u>--</u>
Total Fund Balances	<u>6,329,855</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 8,314,078</u>	<u>\$ 545,587</u>
	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

EXHIBIT C

QSCB Retirement Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 1,930,151	\$ 8,692,499
2	--	2
1,575,548	--	1,575,548
--	756,955	1,599,460
--	10,062	1,264,874
--	124,763	124,763
<u>\$ 1,575,550</u>	<u>\$ 2,821,931</u>	<u>\$ 13,257,146</u>
\$ --	\$ 302,545	\$ 2,286,768
--	719,287	1,264,874
<u>--</u>	<u>1,021,832</u>	<u>3,551,642</u>
--	124,763	124,763
--	62,929	62,929
1,575,550	416,199	1,991,749
--	260,672	260,672
--	935,536	935,536
--	--	847,776
--	--	5,482,079
<u>1,575,550</u>	<u>1,800,099</u>	<u>9,705,504</u>
<u>\$ 1,575,550</u>	<u>\$ 2,821,931</u>	<u>\$ 13,257,146</u>

ALCORN SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances for governmental funds	\$ 9,705,504
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.	18,204,945
Right to use assets - leases used in governmental activities are not reported in the funds.	11,446
Liabilities due in one year are not recognized in the funds.	(723,794)
Payables for bond principal which are not due in the current period are not reported in the funds.	(2,160,000)
Payables for interest not due in the current period are not reported in the funds.	(113,657)
Payables for notes not due in the current period are not reported in the funds.	(3,024,000)
Payables for compensated absences not due in the current period are not reported in the funds.	(406,470)
Other long-term liabilities not due and payable in the current period are not reported in the funds.	(84,857)
Note premiums are presented in the SNP but not recognized in the funds.	(82,936)
Recognition of the SD's proportionate share of the net pension liability is not reported in the funds.	(39,377,154)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(14,703,993)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	9,586,520
Recognition of the SD's proportionate share of the net OPEB liability is not reported in the funds.	(2,237,651)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(870,840)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	594,515
Rounding difference	(1)
Net position of governmental activities	\$ <u>(25,682,423)</u>

The accompanying notes are an integral part of this statement.

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ALCORN SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	ESSER III Fund
Revenues:		
Local sources	\$ 8,680,821	\$ --
State sources	17,848,862	--
Federal sources	257,739	852,418
Total Revenues	<u>26,787,422</u>	<u>852,418</u>
Expenditures:		
Instruction	16,926,849	250,956
Support services	8,172,378	568,047
Noninstructional services	8,563	--
Facilities acquisition and construction	115,622	--
Debt service:		
Principal	316,671	--
Interest	181,522	--
Other	5,130	--
Total Expenditures	<u>25,726,735</u>	<u>819,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,060,687	33,415
Other Financing Sources (Uses):		
Inception of leases	100,143	--
Insurance recovery	75,904	--
Sale of other property	76,926	--
Operating transfers in	286,586	--
Payment from QSCB escrow agent	--	--
Operating transfers out	(667,627)	(33,415)
Payment to QSCB escrow agent	(144,001)	--
Total Other Financing Sources (Uses)	<u>(272,069)</u>	<u>(33,415)</u>
Net Change in Fund Balances	<u>788,618</u>	<u>--</u>
Fund Balances:		
July 1, 2021, as previously reported	5,425,071	(93,556)
Prior period adjustments	116,166	93,556
July 1, 2021, as restated	<u>5,541,237</u>	<u>--</u>
Increase (decrease) in inventory	--	--
June 30, 2022	<u>\$ 6,329,855</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

QSCB Retirement Fund	Other Governmental Funds	Total Governmental Funds
\$ (113,363)	\$ 778,824	\$ 9,346,282
--	949,364	18,798,226
--	6,634,420	7,744,577
<u>(113,363)</u>	<u>8,362,608</u>	<u>35,889,085</u>
--	3,469,401	20,647,206
--	2,053,002	10,793,427
--	1,814,062	1,822,625
--	429,916	545,538
--	425,563	742,234
--	101,964	283,486
--	--	5,130
<u>--</u>	<u>8,293,908</u>	<u>34,839,646</u>
(113,363)	68,700	1,049,439
--	--	100,143
--	--	75,904
--	--	76,926
--	706,760	993,346
144,001	--	144,001
--	(293,784)	(994,826)
--	--	(144,001)
<u>144,001</u>	<u>412,976</u>	<u>251,493</u>
30,638	481,676	1,300,932
1,544,912	1,556,169	8,432,596
--	(285,009)	(75,287)
<u>1,544,912</u>	<u>1,271,160</u>	<u>8,357,309</u>
--	47,263	47,263
<u>\$ 1,575,550</u>	<u>\$ 1,800,099</u>	<u>\$ 9,705,504</u>

ALCORN 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, 2022

Net change in fund balances - total governmental funds	\$ 1,300,932
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	787,453
The depreciation of capital assets used in governmental activities is not reported in the funds.	(865,323)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(6,642)
Outlays for right to use assets are not reported as expenses in the SOA.	183,129
Repayment of installment purchases principal is an expenditure in the funds but not an expense in SOA.	245,365
Repayment of leases liabilities principal is an expenditure in the funds but not an expense in SOA.	73,869
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	423,000
Note premiums are amortized in the SOA but not in the funds.	11,848
The amortization of right to use assets - leases is not reported in the funds.	(45,782)
(Increase) decrease in accrued interest from beginning of period to end of period.	(67,232)
Change in inventory affects expense in the SOA but affects fund balance in the Funds.	47,263
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	21,410
Inception of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(100,143)
Implicit rate subsidy fluctuation.	(29)
Pension contributions after measurement date but in current FY were de-expended & reduced NPL.	3,190,701
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,796,060)
OPEB contributions after measurement date but in current FY were de-expended & reduced NOL.	74,797
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	117,794
Rounding difference	(1)
Change in net position of governmental activities	\$ <u>2,596,349</u>

The accompanying notes are an integral part of this statement.

ALCORN SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2022

Private-purpose
Trust
Fund

Debbie Wilhite
Scholarship
Fund

Assets:

Total Assets

\$ --

Liabilities:

Total Liabilities

--

Net Position:

Total Net Position

\$ --

The accompanying notes are an integral part of this statement.

ALCORN SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	Private Purpose Trusts
	<hr/>
	Debbie Wilhite Scholarship Fund
	<hr/>
Additions	
Total Additions	\$ --
	<hr/>
	--
	<hr/>
Deductions	
Administrative expense	1,480
Total Deductions	<hr/> 1,480
	<hr/>
Net increase (decrease) in fiduciary net position	(1,480)
	<hr/>
Transfers In	1,480
	<hr/>
Change in Net Position	--
	<hr/>
Net Position - Beginning	--
Net Position - Ending	\$ --
	<hr/>

The accompanying notes are an integral part of this statement.

Alcorn School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Alcorn School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

For financial reporting purposes, Alcorn 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.

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

ESSER III Fund - This fund is used to account for the activity of the ESSER III grant.

QSCB Debt Retirement Fund - This is a debt retirement fund that accounts for the payments of the Qualified School Construction Bonds when the bonds and the interest becomes due.

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:

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

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

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

Alcorn School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

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 column 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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

(**) Intangible assets for the district represent right to use assets - leases and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Deferred outflows/inflows of resources

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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 then. The School District has incurred deferred inflows which are presented as deferred inflows related to pensions and deferred inflows related to OPEB.

See Note 15 for further details.

8. Compensated Absences

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

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

9. Leases

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

See Note 6 for details.

10. 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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

11. 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.

12. 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.

13. 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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

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

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

balance in the General Fund at fiscal-year end of not less than 7% of total revenues.

14. Accounting Standards Update

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

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

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$8,692,499.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$9,506,062 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$2.

Investments

As of June 30, 2022, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Common Funds 2010-A	N/A	Various	<u>\$1,575,548</u>

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

The district has the following recurring fair value measurements as of June 30, 2022:

Level 1 type of investments of \$1,575,548 are valued using quoted market prices (Level 1 inputs)

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

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

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

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2022, the district had the following investments:

Issuer	Fair Value	% of Total Investments
QSCB Construction Bonds Common Funds 2010-A	\$1,575,548	100%

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER III Fund	\$ 545,587
	Other Governmental Funds	709,225
Other Governmental Funds	Other Governmental Funds	10,062
Total		\$ <u>1,264,874</u>

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Inter-fund receivables and payables consist primarily of loans from the General Fund to various special revenue funds to cover cash deficits in pooled bank accounts.

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	ESSER III Fund	\$ 33,415
	Other Governmental Funds	253,171
Other Governmental Funds	General Fund	666,147
	Other Governmental Funds	40,613
Fiduciary Funds	General Fund	1,480
Total		<u>\$ 994,826</u>

Inter-fund transfers were made for budgetary purposes and for the payment of indirect costs.

Note 4 - Restricted Assets

The restricted assets represent investment and cash with fiscal agents balance, totaling \$1,575,548 and \$2, respectively, of the QSCB Bond Retirement Fund.

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Note 5 - Capital Assets

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

	Balance 7-1-2021	Additions	Decreases	Adjustments	Completed Construction	Balance 6-30-2022
<u>Non-depreciable capital assets:</u>						
Land	\$ 227,522					227,522
Construction in progress	1,404,967	429,915		386,645	(1,961,392)	260,135
Total non-depreciable capital assets	1,632,489	429,915	0	386,645	(1,961,392)	487,657
<u>Depreciable capital assets:</u>						
Buildings	27,329,173					27,329,173
Building improvements	3,624,571				1,961,392	5,585,963
Improvements other than buildings	1,092,785	115,623				1,208,408
Mobile equipment	3,760,694	43,500		797,450		4,601,644
Furniture and equipment	1,835,141	198,415	70,279			1,963,277
Leased property under capital leases	797,450			(797,450)		0
Total depreciable capital assets	38,439,814	357,538	70,279	0	1,961,392	40,688,465
<u>Less accumulated depreciation for:</u>						
Buildings	16,473,511	269,942				16,743,453
Building improvements	1,241,590	188,054				1,429,644
Improvements other than buildings	49,615	47,136				96,751
Mobile equipment	2,763,576	185,348		216,229		3,165,153
Furniture and equipment	1,424,970	174,843	63,637			1,536,176
Leased property under capital leases	216,229			(216,229)		0
Total accumulated depreciation	22,169,491	865,323	63,637	0	0	22,971,177
Total depreciable capital assets, net	16,270,323	(507,785)	6,642	0	1,961,392	17,717,288
Governmental activities capital assets, net	\$ 17,902,812	(77,870)	6,642	386,645	0	18,204,945

Adjustments were needed to properly present items that did not qualify as leases under GASB 87 to the proper category and to properly present construction in progress at year end.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 273,272
Support services	479,584
Non-instructional	112,467
Total depreciation expense	\$ 865,323

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

The details of construction in progress are as follows:

Governmental activities	Spent to June 30, 2022	Remaining Commitment
Kossuth Football Field Renovation	\$ <u>260,135</u>	\$ <u>67,121</u>

Construction projects included in governmental activities are funded with District funds.

Note 6 - Intangible Right-to-Use Leases Assets

A summary of lease asset activity during the year ended June 30, 2022 is as follows:

	Balance 7-1-2021	Additions	Adjustments	Balance 6-30-2022
<u>Lease assets:</u>				
Equipment	\$ 0	183,129		183,129
Total lease assets	0	183,129	0	183,129
<u>Less accumulated amortization:</u>				
Equipment	0	45,782	125,901	171,683
Total accumulated amortization	0	45,782	125,901	171,683
Total lease assets, net	\$ 0	137,347	(125,901)	11,446

The adjustment was to reflect leases in accordance with GASB 87 that were added in fiscal year 2018.

A summary of lease liability activity during the year ended June 30, 2022 is as follows:

	Balance 7-1-2021	Additions	Reductions	Balance 6-30-2022	Amounts due within one year
Lease liabilities	\$ <u> </u>	<u>100,143</u>	<u>73,869</u>	<u>26,274</u>	<u>26,274</u>

Leases

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

At lease commencement, the school district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset

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Notes to the Financial Statements For the Year Ended June 30, 2022

is initially measured as the initial amount of the lease liability, plus 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 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.

DEX Copier:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	5.00%	10-01-18	09-01-22	\$ <u>100,143</u>	<u>26,274</u>

The following is a schedule by year of the total payments due on this lease:

Year Ending June 30	Principal	Interest	Total
2023	\$ <u>26,274</u>	<u>2,670</u>	<u>28,944</u>

Note 7 - Long-term liabilities

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

	Balance 7-1-2021	Reductions	Adjustments	Balance 6-30-2022	Amounts due within one year
A. Three mill notes payable	\$ 3,875,000	423,000		3,452,000	428,000
Series 2017 premium	106,632	11,848		94,784	11,848
B. Obligations under leases	495,423		(495,423)	0	
C. Installment purchases loans payable		245,365	495,423	250,058	165,201
D. Qualified school construction bond payable	2,160,000			2,160,000	
E. Compensated absences payable	427,880	21,410		406,470	
Total	\$ <u>7,064,935</u>	<u>701,623</u>	<u>0</u>	<u>6,363,312</u>	<u>605,049</u>

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

A. Three Mill Notes Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Notes Payable, Series 2015	2.00-2.50%	09-01-15	03-01-23	\$ 1,430,000	190,000
Three Mill Notes Payable, Series 2017	3.00%	09-12-17	09-01-29	4,250,000	2,760,000
Three Mill Notes Payable, Series 2021	1.66%	03-18-21	03-18-27	1,000,000	502,000
Total				\$ <u>6,680,000</u>	<u>3,452,000</u>

1. Three Mill Notes Payable, Series 2015:

Year Ending June 30	Principal	Interest	Total
2023	\$ <u>190,000</u>	<u>1,900</u>	<u>191,900</u>

This debt will be retired from the Three Mill Notes Retirement Fund.

2. Three Mill Notes Payable, Series 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 140,000	80,700	220,700
2024	340,000	73,500	413,500
2025	350,000	63,150	413,150
2026	365,000	52,200	417,200
2027	375,000	41,325	416,325
2028 - 2030	<u>1,190,000</u>	<u>54,300</u>	<u>1,244,300</u>
Total	\$ <u>2,760,000</u>	<u>365,175</u>	<u>3,125,175</u>

This debt will be retired from the Three Mill Notes Retirement Fund.

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

3. Three Mill Notes Payable, Series 2021:

Year Ending June 30	Principal	Interest	Total
2023	\$ 98,000	8,333	106,333
2024	98,000	6,706	104,706
2025	101,000	5,080	106,080
2026	102,000	3,403	105,403
2027	103,000	1,710	104,710
Total	<u>\$ 502,000</u>	<u>25,232</u>	<u>527,232</u>

This debt will be retired from the Three Mill Notes Retirement Fund.

Total Three Mill Notes Payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 428,000	90,933	518,933
2024	438,000	80,206	518,206
2025	451,000	68,230	519,230
2026	467,000	55,603	522,603
2027	478,000	43,035	521,035
2028-2030	1,190,000	54,300	1,244,300
Total	<u>\$ 3,452,000</u>	<u>392,307</u>	<u>3,844,307</u>

B. Obligations under leases

Due to the implementation of GASB 87, Leases, the items previously shown in this category were reclassified to another long-term debt category to comply with the definition of leases as stated in the new GASB standard.

C. Installment purchases loans payable

The school district has entered into an installment purchases agreements as listed below. Property under these installment purchases agreements are composed of the following with debt currently outstanding also as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Buses	3.63%	10-18-18	10-23-23	<u>\$ 784,250</u>	<u>250,058</u>

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 165,201	7,591	172,792
2024	84,857	1,540	86,397
Total	<u>\$ 250,058</u>	<u>9,131</u>	<u>259,189</u>

This debt will be retired from the District Maintenance Fund.

D. Qualified school constructions bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	2.90%	11-19-10	11-15-25	<u>\$ 2,160,000</u>	<u>2,160,000</u>

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

Year Ending June 30	Principal	Interest	Total
2023	\$	126,360	126,360
2024		126,360	126,360
2025		126,360	126,360
2026	2,160,000	126,360	2,286,360
Total	<u>\$ 2,160,000</u>	<u>505,440</u>	<u>2,665,440</u>

E. Compensated absences payable

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

Note 8 - Other Commitments

Commitments under construction contracts are described in Note 5.

Alcorn School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 9 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are

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Notes to the Financial Statements For the Year Ended June 30, 2022

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, 2022, 2021, and 2020, were \$3,190,701, \$3,082,201, and \$3,078,090, 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, 2022, the school district reported a liability of \$39,377,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022 net pension liability was 0.266414 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.000746 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$2,796,060. At June 30, 2022 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	\$ 628,883	\$
Net difference between projected and actual earnings on pension plan investments		14,333,290
Changes of assumptions	3,031,778	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,735,158	370,703
District contributions subsequent to the measurement date	3,190,701	
Total	<u>\$ 9,586,520</u>	<u>\$ 14,703,993</u>

\$3,190,701 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Year Ending June 30:		
2023	\$	(1,429,344)
2024		(1,514,255)
2025		(1,830,742)
2026		(3,533,833)
Total	\$	<u>(8,308,174)</u>

Actuarial assumptions. The total pension liability as of June 30, 2021 was determined by actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

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

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.60%
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	1.00	(1.00)
Total	<u>100%</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-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ <u>55,767,281</u>	\$ <u>39,377,154</u>	\$ <u>25,870,385</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 10 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$74,797 for the year ended June 30, 2022.

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

At June 30, 2022, the District reported a liability of \$2,330,122 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the District's proportion was 0.36199895 percent. This was an increase of 0.01081344 percent from the proportionate share as of the measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$117,794). At June 30, 2022, 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	\$ 2,534	\$ 728,599
Change of assumptions	377,380	78,807
Net difference between projected and actual earnings on OPEB plan investments	109	
Changes in proportion and differences between District contributions and proportionate share of contributions	139,695	63,434
District contributions subsequent to the measurement date	74,797	
Total	<u>\$ 594,515</u>	<u>\$ 870,840</u>

\$74,797 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2023	\$ (91,398)
2024	(80,481)
2025	(55,284)
2026	(81,575)
2027	(42,384)
Total	<u>\$ (351,122)</u>

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, 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	2.13%
Prior Measurement Date	2.19%
Year FNP is projected to be depleted	
Measurement Date	2021
Prior Measurement Date	2020
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate rate of
Pre-Medicare	4.50% by 2030

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

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

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.13 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.19% to 2.13%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. 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, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage-point higher (3.13 percent) than the current discount rate:

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 2,579,112	\$ 2,330,122	\$ 2,177,821

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 2,158,296	\$ 2,330,122	\$ 2,524,573

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

Note 11 - 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.

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 52 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 12 - 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 13 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2022, the subsidy payments amounted to \$113,251.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$1,575,550. The amount accumulated in the sinking fund at the end of the fourteen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2023	\$	144,000
2024		144,000
2025		144,000
2026		144,000
Total	\$	<u>576,000</u>

Note 14 - Prior Period Adjustments

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

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1 To correctly present construction in progress at year end	\$ 386,645
2 To record the effect of GASB 87 implementation for 2018 leases	(125,901)
3 To correct net pension liability components from prior year	113,455
4 See explanation below	(75,287)
	<u>\$ 298,912</u>

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

Fund	Explanation	Amount
General Fund	To correct assets (liabilities) from prior year	\$ 116,166
ESSER III Fund	To correct beginning fund balance	93,556
Other Governmental Funds	To correct assets (liabilities) from prior year	(285,009)
Total		\$ <u>(75,287)</u>

Note 15 - Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$41,177,690) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$3,190,701 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, 2023. The \$6,395,819 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$41,177,690) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$14,703,993 balance of deferred inflow of resources related to pensions, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$41,177,690) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$74,797 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, 2023. The \$519,718 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position (deficit) amount of (\$41,177,690) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$870,840 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

Note 16 - Insurance Loss Recoveries

The Alcorn School District received \$75,904 in insurance loss recoveries related to storm,

Alcorn School District

Notes to the Financial Statements For the Year Ended June 30, 2022

property, equipment and vehicle damage during the 2021-2022 fiscal year. In the government-side Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to the expense functions instruction and non-instructional services.

	Insurance Loss Recoveries	Percentage	Expense Functions
\$	6,930	9%	Instruction
	68,974	91%	Non-instructional
\$	<u>75,904</u>	100%	

Note 17 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Alcorn 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 events have occurred requiring disclosure in the notes to the financial statements:

- 1) On August 15, 2022 the school purchased two buses totaling \$193,790
- 2) On November 14, 2022 the school district approved a bid of \$2,649,000 for HVAC.
- 3) On February 13, 2023 the school district approved a 3 year agreement with Apple \$1,915,155
- 4) On April 10, 2023 approval was granted to purchase a bus for \$104,500.
- 5) On May 8, 2023 a loan agreement for an Education Facilities Revolving Loan Fund was approved for \$287,993.
- 6) On September 11, 2023 the district approved the purchase of 3 buses for \$112,350 per bus.
- 7) On February 19, 2024 the district approved the purchase of 3 buses for \$133,056 per bus.
- 8) On April 8, 2024 the school district approved a bid for \$220,859 for a parking lot project.
- 9) On June 1, 2024 a loan agreement for an EFRLF was approved for \$850,000
- 10) On September 9, 2024 the school district approved the purchase of 3 buses for \$129,460 under a State contract.

REQUIRED SUPPLEMENTARY INFORMATION

ALCORN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2022

Exhibit 1

			Actual (GAAP Basis)	Variances Positive (Negative)	
	Budgeted Amounts			Original to Final	Final to Actual
	Original	Final			
Revenues:					
Local sources	\$ 8,310,519	8,680,821	8,680,821	370,302	-
State sources	17,582,764	17,848,863	17,848,862	266,099	(1)
Federal sources	242,122	257,739	257,739	15,617	-
Total Revenues	26,135,405	26,787,423	26,787,422	652,018	(1)
Expenditures:					
Instruction	16,904,712	16,851,855	16,926,849	52,857	(74,994)
Support services	8,898,820	8,161,645	8,172,378	737,175	(10,733)
Noninstructional services		8,563	8,563	(8,563)	-
Facilities acquisition and construction	75,000	129,981	115,622	(54,981)	14,359
Debt service:					
Principal	390,647	389,365	316,671	1,282	72,694
Interest	141,070	141,068	181,522	2	(40,454)
Other	5,250	5,130	5,130	120	-
Total Expenditures	26,415,499	25,687,607	25,726,735	727,892	(39,128)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(280,094)	1,099,816	1,060,687	1,379,910	(39,129)
Other Financing Sources (Uses):					
Inception of leases			100,143	-	100,143
Insurance recovery		75,904	75,904	75,904	-
Sale of other property		76,926	76,926	76,926	-
Operating transfers in	3,404,858	2,973,831	286,586	(431,027)	(2,687,245)
Operating transfers out	(3,136,164)	(3,355,022)	(667,627)	(218,858)	2,687,395
Other financing uses			(144,001)	-	(144,001)
Total Other Financing Sources (Uses)	268,694	(228,361)	(272,069)	(497,055)	(43,708)
Net Change in Fund Balances	(11,400)	871,455	788,618	882,855	(82,837)
Fund Balances:					
July 1, 2021, as previously reported	4,673,859	5,458,109	5,425,071	784,250	(33,038)
Prior period adjustments		(159)	116,166	(159)	116,325
July 1, 2021, as restated	4,673,859	5,457,950	5,541,237	784,091	83,287
June 30, 2022	\$ 4,662,459	6,329,405	6,329,855	1,666,946	450

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

ALCORN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 ESSER III Fund
 For the Year Ended June 30, 2022

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 568,225	852,418	852,418	284,193	-
Total Revenues	<u>568,225</u>	<u>852,418</u>	<u>852,418</u>	<u>284,193</u>	<u>-</u>
Expenditures:					
Instruction	-	250,955	250,956	(250,955)	(1)
Support services	-	568,048	568,047	(568,048)	1
Total Expenditures	<u>-</u>	<u>819,003</u>	<u>819,003</u>	<u>(819,003)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>568,225</u>	<u>33,415</u>	<u>33,415</u>	<u>(534,810)</u>	
Other Financing Sources (Uses):					
Operating transfers out	(417,414)	(33,415)	(33,415)	(383,999)	-
Total Other Financing Sources (Uses)	<u>(417,414)</u>	<u>(33,415)</u>	<u>(33,415)</u>	<u>(383,999)</u>	<u>-</u>
Net Change in Fund Balances	<u>150,811</u>	<u>-</u>	<u>-</u>	<u>(150,811)</u>	<u>-</u>
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	<u>\$ 150,811</u>	<u>-</u>	<u>-</u>	<u>(150,811)</u>	<u>-</u>

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

Alcorn School District

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

PERS

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 39,377,154	51,430,238	47,518,558	44,018,660	40,861,301	48,015,106	40,841,656	32,994,578
District's proportion of the net pension liability	0.266414%	0.265668%	0.270115%	0.264647%	0.245806%	0.268804%	0.264210%	0.271825%
District's covered payroll	17,713,799	17,690,172	15,923,701	16,900,241	15,768,578	17,196,057	16,506,356	16,609,917
District's proportionate share of the net pension liability as a percentage of its covered payroll	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	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

Alcorn School District

Schedule of District Contributions

PERS

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,190,701	3,082,201	3,078,090	2,770,724	2,661,788	2,483,551	2,708,379	2,599,751
Contributions in relation to the contractually required contribution	3,190,701	3,082,201	3,078,090	2,770,724	2,661,788	2,483,551	2,708,379	2,599,751
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 18,337,362	17,713,799	17,690,172	17,591,898	16,900,241	15,768,578	17,196,057	16,506,356
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Alcorn School District

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

OPEB

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 2,330,122	2,732,954	3,047,671	2,722,982	2,675,141
District's proportion of the net OPEB liability	0.36199895%	0.35118551%	0.35916576%	0.35201097%	0.34095218%
District's covered-employee payroll	17,210,147	16,924,880	16,447,730	15,921,217	15,318,044 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	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 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Alcorn School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 74,797	93,656	108,990	122,160	114,045 **
Contributions in relation to the actuarially determined contribution	74,797	93,656	108,990	122,160	114,045 **
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered-employee payroll	\$ 16,914,049	18,165,787	15,317,896	15,846,536	15,321,541
Contributions as a percentage of covered-employee payroll	0.44%	0.52%	0.71%	0.77%	0.74%

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Alcorn School District

Notes to the Required Supplementary Information

For the Year Ended June 30, 2022

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

Alcorn School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

made to the Mortality Table for disabled lives.

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

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

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

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 females 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.

Alcorn School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 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	28.8 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

Alcorn School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

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.

(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 deductions and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

2021:

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

Alcorn School District

Notes to the Required Supplementary Information (Continued) For the Year Ended June 30, 2022

beginning January 1, 2022.

- (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, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

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	7.00%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

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SUPPLEMENTARY INFORMATION

ALCORN SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	225MS326N1099	10.555	\$ 2,234,831
Summer Food Service Program for Children	225MS326N1099	10.559	15,668
Total Child Nutrition Cluster			<u>2,250,499</u>
Child and Adult Care Food Program	225MS326N1099	10.558	4,724
Total passed-through the Mississippi Department of Education			<u>2,255,223</u>
Total U.S. Department of Agriculture			<u>2,255,223</u>
<u>U. S. Department of Education</u>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A210024	84.010	1,140,260
Career and Technical Education - Basic Grants to States	V048A210024	84.048	38,698
Education for Homeless Children and Youth	S196A210025	84.196	51,931
Twenty-First Century Community Learning Centers	S287C210024	84.287	232,677
Rural Education	S3588210024	84.358	17,699
Supporting Effective Instruction State Grants	S367A210023	84.367	68,244
Student Support and Academic Enrichment Program	S424A210025	84.424	15,836
Subtotal			<u>1,565,345</u>
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	1,794,152
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U200031	84.425U	852,417
COVID-19 - Homeless Children & Youth (ARP)	S425W200031	84.425W	24,014
Subtotal			<u>2,670,583</u>
Special Education Cluster:			
Special Education - Grants to States	H027A210108	84.027	1,000,430
COVID-19 - IDEA, Part B ARP Grant	H027X210108	84.027X	18,944
Subtotal			<u>1,019,374</u>
Special Education - Preschool Grants	H173A210113	84.173	24,248
Total Special Education Cluster			<u>1,043,622</u>
Total passed-through the Mississippi Department of Education			<u>5,279,550</u>
Total U.S. Department of Education			<u>5,279,550</u>
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medicaid Cluster:			
Medical Assistance Program	1805MS5ADM	93.778	61,627
Total Medicaid Cluster			<u>61,627</u>
Total passed-through the Mississippi Department of Education			<u>61,627</u>
Total U.S. Department of Health and Human Services			<u>61,627</u>
<u>U. S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	H126A210034	96.001	392
Total passed-through the Mississippi Department of Rehabilitation Services			<u>392</u>
Total U.S. Department of Social Security Administration			<u>392</u>
Total for All Federal Awards			\$ <u>7,596,792</u>

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

Alcorn School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the school district under programs of the federal government for the year ended June 30, 2022. 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 did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$163,440 are included in the National School Lunch Program.

ALCORN SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2022

		Instruction and Other Student			
		Instructional	General	School	
Expenditures	Total	Expenditures	Administration	Administration	Other
Salaries and fringe benefits	\$ 29,293,669	19,795,225	858,216	1,907,480	6,732,748
Other	5,545,977	4,737,759	202,455	16,990	588,773
Total	\$ <u>34,839,646</u>	<u>24,532,984</u>	<u>1,060,671</u>	<u>1,924,470</u>	<u>7,321,521</u>
Total number of students	* <u>3,105</u>				
Cost per student	\$ <u>11,220</u>	<u>7,901</u>	<u>342</u>	<u>620</u>	<u>2,358</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

ALCORN SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 8,680,821	8,663,703	8,358,089	7,914,001
State sources	17,848,862	17,224,778	16,937,890	16,755,439
Federal sources	257,739	237,657	129,237	317,252
Total Revenues	<u>26,787,422</u>	<u>26,126,138</u>	<u>25,425,216</u>	<u>24,986,692</u>
Expenditures:				
Instruction	16,926,849	16,802,010	17,302,816	16,775,429
Support services	8,172,378	7,690,582	7,627,358	8,240,892
Noninstructional services	8,563	8,170	21,471	28,606
Facilities acquisition and construction	115,622	28,639	201,962	
Debt service:				
Principal	316,671	287,383	275,026	115,214
Interest	181,522	149,705	41,026	26,475
Other	5,130	5,130	5,130	4,930
Total Expenditures	<u>25,726,735</u>	<u>24,971,619</u>	<u>25,474,789</u>	<u>25,191,546</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,060,687</u>	<u>1,154,519</u>	<u>(49,573)</u>	<u>(204,854)</u>
Other Financing Sources (Uses):				
Leases issued	100,143		258,023	906,222
Insurance recovery	75,904	300,008	252,450	44,701
Payment from QSCB debt escrow agent			(140,047)	(143,942)
Payment to QSCB debt escrow agent	(144,001)	(135,674)		
Sale of other property	76,926			
Operating transfers in	286,586		10,819	110,089
Operating transfers out	(667,627)	(1,417,084)	(175,242)	
Total Other Financing Sources (Uses)	<u>(272,069)</u>	<u>(1,252,750)</u>	<u>206,003</u>	<u>917,070</u>
Net Change in Fund Balances	<u>788,618</u>	<u>(98,231)</u>	<u>156,430</u>	<u>712,216</u>
Fund Balances:				
Beginning of period, as previously reported	5,425,071	5,523,302	5,208,237	4,496,021
Prior period adjustment	116,166		158,635	
Beginning of period, as restated	<u>5,541,237</u>	<u>5,523,302</u>	<u>5,366,872</u>	<u>4,496,021</u>
End of period	<u>\$ 6,329,855</u>	<u>5,425,071</u>	<u>5,523,302</u>	<u>5,208,237</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

ALCORN SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 9,346,282	9,441,410	9,298,525	8,911,721
State sources	18,798,226	18,531,658	18,093,141	17,978,969
Federal sources	7,744,577	7,889,170	3,695,380	4,116,497
Total Revenues	<u>35,889,085</u>	<u>35,862,238</u>	<u>31,087,046</u>	<u>31,007,187</u>
Expenditures:				
Instruction	20,647,206	22,476,477	20,236,056	19,631,292
Support services	10,793,427	9,995,624	8,745,604	9,710,278
Noninstructional services	1,822,625	1,365,352	1,432,591	1,457,333
Facilities acquisition and construction	545,538	2,419,102	410,398	2,379,236
Debt service:				
Principal	742,234	1,002,383	1,102,446	862,194
Interest	283,486	248,413	154,626	221,730
Other	5,130	5,130	5,130	4,930
Total Expenditures	<u>34,839,646</u>	<u>37,512,481</u>	<u>32,086,851</u>	<u>34,266,993</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,049,439</u>	<u>(1,650,243)</u>	<u>(999,805)</u>	<u>(3,259,806)</u>
Other Financing Sources (Uses):				
Bonds and notes issued		1,000,000		
Leases issued	100,143		258,023	919,423
Insurance recovery	75,904	300,008	253,950	44,701
Payment from QSCB debt escrow agent	144,001	135,674	140,047	143,942
Payment to QSCB debt escrow agent	(144,001)	(135,674)	(140,047)	(143,942)
Sale of other property	76,926			
Operating transfers in	993,346	1,853,315	521,226	399,286
Operating transfers out	(994,826)	(1,853,315)	(521,226)	(399,286)
Total Other Financing Sources (Uses)	<u>251,493</u>	<u>1,300,008</u>	<u>511,973</u>	<u>964,124</u>
Net Change in Fund Balances	<u>1,300,932</u>	<u>(350,235)</u>	<u>(487,832)</u>	<u>(2,295,682)</u>
Fund Balances:				
Beginning of period, as previously reported	8,432,596	8,765,525	8,991,096	10,781,547
Prior period adjustment	(75,287)		246,050	514,814
Beginning of period, as restated	<u>8,357,309</u>	<u>8,765,525</u>	<u>9,237,146</u>	<u>11,296,361</u>
Increase (decrease) in inventory	47,263	17,306	16,211	(9,583)
End of period	<u>\$ 9,705,504</u>	<u>8,432,596</u>	<u>8,765,525</u>	<u>8,991,096</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

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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
Alcorn School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alcorn School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Alcorn School District's basic financial statements, and have issued our report thereon dated March 28, 2025.

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.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2025

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
Alcorn School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alcorn 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 Alcorn School District's major federal programs for the year ended June 30, 2022. The Alcorn 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, Alcorn 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, 2022.

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 Alcorn 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 Alcorn 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 Alcorn 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 Alcorn 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 Alcorn 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 Alcorn 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 Alcorn 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 Alcorn School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2025

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
Alcorn School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcorn School District as of and for the year ended June 30, 2022, which collectively comprise Alcorn School District's basic financial statements and have issued our report thereon dated March 28, 2025. 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:

The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-127, Miss. Code Ann. (1972), school districts hiring PERS service retirees to file PERS Form 4B “Certification/Acknowledgment of Re-employment of Retiree” with the PERS office within five days from the date of employment of the retiree and within five days of termination of employment.

Condition:

During the review of the School District’s PERS Form 4Bs, we noted that the School District failed to submit three (3) employees’ PERS Form 4Bs within five (5) days.

Cause:

The client was unable to get retiree employees to come to the district office to fill out forms to be submitted to PERS within five days of being rehired.

Effect:

The retirees’ retirement income could be affected by the district not filing PERS Form 4B upon re-employment of PERS service retirees each year. In addition, the Mississippi Public Employees Retirement System may assess a penalty per occurrence payable by the district for not filing PERS Form 4B within five days of re-employment and within five days of termination of the service retiree.

Recommendation:

PERS Form 4B must be submitted to the PERS office within five days from the date of re-employment and employees to avoid having employees being paid in excess of the maximum amount allowed.

Response:

To ensure we meet the guidelines set forth by PERS, immediately following Board approval of the employee will be required to sign their PERS 4B form before being able to clock in for any shifts.

Finding 2:

Criteria:

The Mississippi Department of Education has communicated guidance to the Mississippi Public School Districts based upon an Attorney General’s opinion issued on October 8, 1980 by the Office of the Attorney General of Mississippi stating in part that, “We are unable to find any authority whereby the school board could administer a scholarship fund”. (MS AG Opinion 1980 WL 28797)

Condition:

During our test, we noted that the District administered a scholarship fund.

Cause:

At the time, the client was not aware of the regulation.

Effect:

This caused the District to be in noncompliance with applicable guidance of the Mississippi Department of Education regarding the lack of authority to administer a scholarship fund as stated in MS AG Opinion 1980 WL28797.

Recommendation:

The District should comply with the applicable guidance of the Mississippi Department of Education as stated in MS AG Opinion 1980 WL 28797.

Response:

The scholarship funds were liquidated in FY21 when we were made aware that we were no longer able to administer scholarships. In FY22, the check was returned to us because the students were attending a different college, requiring the district to reissue the check that same year. The funds are now dissolved.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2025

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Alcorn School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
10.555 & 10.559	Child Nutrition Cluster
84.425 D	COVID-19 - Elementary and Secondary School Emergency Relief Grant (ESSER II)
84.425 U	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)
84.425 W	COVID-19 - Homeless Children & Youth - ARP
84.027, 84.027 X & 84.173	Special Education Cluster

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 finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). Yes.

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 finding and questioned cost related to the federal awards.

PRIOR YEAR AUDIT FINDINGS FOLLOW-UP

Brandon Quinn
Superintendent



P.O. Box 1420
Corinth, MS 38835

Katriena Burgess – 1st District
Charles Seago – 4th District

Board of Education
Charlette Foster – 2nd District

Derrick Johnson – 3rd District
Judd Chapman – 5th District

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Alcorn School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2022:

<u>Finding</u>	<u>Status</u>
2021-001	Corrected
2021-002	Corrected