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**TISHOMINGO COUNTY SPECIAL  
MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Audited Financial Statements  
For the Year Ended June 30, 2022**



**Certified Public Accountants**

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**IUKA, MISSISSIPPI**

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## INDEPENDENT AUDITORS' REPORT

Superintendent and School Board  
Tishomingo County Special Municipal Separate School District

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tishomingo County Special Municipal Separate School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tishomingo County Special Municipal Separate School District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tishomingo County Special Municipal Separate 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.

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## ***Auditors' 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 auditors' 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 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 Tishomingo County Special Municipal Separate 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 auditors' 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 September 25, 2024, on our consideration of the Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate School District's internal control over financial reporting and compliance.



The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
September 25, 2024

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

The following discussion and analysis of Tishomingo County Special Municipal Separate 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 \$5,989,835, which represents a 36.95% increase from fiscal year 2021. Total net position for 2021 decreased \$300,335, which represents a 1.89% decrease from fiscal year 2020.
- General revenues amounted to \$26,175,500 and \$25,630,150, or 65.57% and 77.75% 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 \$13,742,706, or 34.43% of total revenues for 2022, and \$7,334,158, or 22.25% of total revenues for 2021.
- The District had \$33,928,371 and \$33,264,643 in expenses for fiscal years 2022 and 2021; only \$13,742,706 for 2022 and \$7,334,158 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$26,175,500 for 2022 were adequate to provide for these programs and General revenues of \$25,630,150 for 2021 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$26,183,204 in revenues and \$26,937,132 in expenditures for 2022, and \$25,199,752 in revenues and \$24,413,273 in expenditures in 2021. The General Fund's fund balance increased by \$5,374,192, from 2021 to 2022, and increased by \$809,645, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, decreased by \$89,764 for 2022 and decreased by \$668,154 for 2021. The decrease for 2022 was due to the addition and disposal of capital assets coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$958,971 for 2022 and decreased by \$324,148 for 2021. This increase for 2022 was due primarily to the issuance of notes payable and principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$15,213 for 2022 and decreased by \$8,124 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, 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.



**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

Bond and note proceeds result in liabilities on government-wide financial statements but are

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions (PERS), Schedule of 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 \$10,218,799 as of 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.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Current assets	\$ 19,633,534	\$ 13,524,637	45.17 %
Restricted assets	2,808,559	2,730,768	2.85 %
Capital assets, net	20,637,957	20,724,721	(0.42) %
<b>Total assets</b>	<b><u>43,080,050</u></b>	<b><u>36,980,126</u></b>	<b>16.50 %</b>
 <b>Deferred outflows of resources</b>	 <u>10,966,320</u>	 <u>8,825,657</u>	 <b>24.25 %</b>
Current liabilities	1,839,831	1,667,127	10.36 %
Long-term debt outstanding	5,961,829	5,002,858	19.17 %
Net OPEB liability	2,227,063	2,649,447	(15.94) %
Net pension liability	39,241,765	47,832,785	(17.96) %
<b>Total liabilities</b>	<b><u>49,270,488</u></b>	<b><u>57,152,217</u></b>	<b>(13.79) %</b>
 <b>Deferred inflows of resources</b>	 <u>14,994,681</u>	 <u>4,862,200</u>	 <b>208.39 %</b>
 <b>Net position</b>			
Net investment in capital assets	16,272,697	15,989,721	1.77 %
Restricted	4,538,659	3,766,595	20.50 %
Unrestricted	<u>(31,030,155)</u>	<u>(35,964,950)</u>	13.72 %
<b>Total net position</b>	<b>\$ <u>(10,218,799)</u></b>	<b>\$ <u>(16,208,634)</u></b>	<b>36.95 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (31,030,155)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>45,497,189</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 14,467,034</u>

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

- Decrease in net capital assets in the amount of \$86,764.
- The increase of \$958,971 of long-term debt.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$39,918,206 and \$32,964,308, respectively. The total cost of all programs and services was \$33,928,371 for 2022 and \$33,264,643 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.

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,153,490	\$ 823,653	40.05 %
Operating grants and contributions	12,568,204	6,500,143	93.35 %
Capital grants and contributions	21,012	10,362	102.78 %
General revenues:			
Property taxes	8,443,322	8,184,259	3.17 %
Grants and contributions not restricted	17,052,596	16,956,222	0.57 %
Unrestricted investment earnings	51,291	248,133	(79.33) %
Other	628,291	241,536	160.12 %
<b>Total revenues</b>	<u><b>39,918,206</b></u>	<u><b>32,964,308</b></u>	<b>21.10 %</b>
<b>Expenses:</b>			
Instruction	17,924,146	17,213,281	4.13 %
Support services	11,393,264	10,350,616	10.07 %
Non-instructional	2,208,464	1,485,593	48.66 %
Pension expense	2,352,955	4,066,351	(42.14) %
OPEB expense	(89,583)	84,028	(206.61) %
Interest on long-term liabilities	139,125	64,774	114.79 %
<b>Total expenses</b>	<u><b>33,928,371</b></u>	<u><b>33,264,643</b></u>	<b>2.00 %</b>
<b>Increase (Decrease) in net position</b>	<u><b>5,989,835</b></u>	<u><b>(300,335)</b></u>	<b>2,094.38 %</b>
<b>Net Position, July 1</b>	<u><b>(16,208,634)</b></u>	<u><b>(15,908,299)</b></u>	<b>(1.89) %</b>
<b>Net Position, June 30</b>	<u><b>\$ (10,218,799)</b></u>	<u><b>\$ (16,208,634)</b></u>	<b>36.95 %</b>

**Governmental activities**

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ 17,924,146	\$ 17,213,281	4.13 %
Support services	11,393,264	10,350,616	10.07 %
Non-instructional	2,208,464	1,485,593	48.66 %
Pension expense	2,352,955	4,066,351	(42.14) %
OPEB expense	(89,583)	84,028	(206.61) %
Interest on long-term liabilities	139,125	64,774	114.79 %
<b>Total expenses</b>	<b>\$ 33,928,371</b>	<b>\$ 33,264,643</b>	<b>2.00 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2022</b>	<b>2021</b>	
Instruction	\$ (9,796,260)	\$ (13,092,787)	25.18 %
Support services	(8,242,300)	(8,641,125)	4.62 %
Non-instructional	255,392	18,580	1,274.55 %
Pension expense	(2,352,955)	(4,066,351)	42.14 %
OPEB expense	89,583	(84,028)	206.61 %
Interest on long-term liabilities	(139,125)	(64,774)	(114.79) %
<b>Total net (expense) revenue</b>	<b>\$ (20,185,665)</b>	<b>\$ (25,930,485)</b>	<b>22.15 %</b>

- Net cost of governmental activities (\$20,185,665 for 2022 and \$25,930,485 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$8,443,322 for 2022 and \$8,184,259 for 2021) and state and federal revenues (\$17,052,596 for 2022 and \$16,956,222 for 2021).
- Unrestricted investment earnings amounted to \$51,291 for 2022 and \$248,133 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.

**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 \$20,734,237, an increase of \$6,085,694, which includes a increase in inventory of \$9,234. \$15,888,863 or 76.63% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,845,374 or 23.37% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$5,374,192. The fund balance of Other Governmental Funds showed an increase in the amount of \$711,502, which includes an increase in reserve for inventory of \$9,234.

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER III/ARP Fund	No increase or decrease

## **BUDGETARY HIGHLIGHTS**

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

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

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2022, the District's total capital assets were \$44,635,501, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$1,078,155 from 2021. Total accumulated depreciation as of June 30, 2022, was \$23,997,544, and total depreciation expense for the year was \$1,186,359, resulting in total net capital assets of \$20,637,957.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 600,235	\$ 600,235	0.00 %
Construction in progress	437,306	-	N/A %
Buildings	14,245,060	14,766,510	(3.53) %
Building improvements	2,984,142	3,219,076	(7.30) %
Improvements other than buildings	659,121	399,778	64.87 %
Mobile equipment	1,335,638	1,418,320	(5.83) %
Furniture and equipment	376,455	320,802	17.35 %
<b>Total</b>	<b>\$ 20,637,957</b>	<b>\$ 20,724,721</b>	<b>(0.42) %</b>

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**Debt Administration.** At June 30, 2022, the District had \$5,961,829 in outstanding long-term debt, of which \$289,665 is due within one year. The liability for compensated absences decreased \$15,213 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,540,000	\$ 1,735,000	(11.24) %
Energy efficiency loans payable	1,169,184	-	N/A %
Qualified school construction bond payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	252,645	267,858	(5.68) %
<b>Total</b>	<b>\$ 5,961,829</b>	<b>\$ 5,002,858</b>	<b>19.17 %</b>

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

### **CURRENT ISSUES**

The Tishomingo County Special Municipal Separate 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 control 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 increased by 1.72% to 2,841 students.

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Tishomingo County Special Municipal Separate School District, 1620 Paul Edmondson Drive, Iuka, MS 38852.

## **BASIC FINANCIAL STATEMENTS**



## TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

## Statement of Net Position

June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 18,153,785
Cash with fiscal agent	174,740
Due from other governments	1,235,955
Inventories	69,054
Restricted assets	2,808,559
Capital assets, non-depreciable:	
Land	600,235
Construction in progress	437,306
Capital assets, net of accumulated depreciation:	
Buildings	14,245,060
Building improvements	2,984,142
Improvements other than buildings	659,121
Mobile equipment	1,335,638
Furniture and equipment	376,455
Total Assets	<u>43,080,050</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension	10,408,063
Deferred outflows - OPEB	558,257
Total Deferred Outflows of Resources	<u>10,966,320</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,660,673
Unearned revenue	47,183
Interest payable on long-term liabilities	131,975
Long-term liabilities, due within one year:	
Capital related liabilities	200,000
Non-capital related liabilities	89,665
Net OPEB liability	72,127
Long-term liabilities, due beyond one year:	
Capital related liabilities	4,340,000
Non-capital related liabilities	1,332,164
Net pension liability	39,241,765
Net OPEB liability	2,154,936
Total Liabilities	<u>49,270,488</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension	14,222,984
Deferred inflows - OPEB	771,697
Total Deferred Inflows of Resources	<u>14,994,681</u>
<b>Net Position</b>	
Net investment in capital assets	16,272,697
Restricted for:	
Expendable:	
School-based activities	1,721,376
Debt service	2,761,787
Unemployment benefits	55,496
Unrestricted	(31,030,155)
Total Net Position	<u>\$ (10,218,799)</u>

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 17,924,146	\$ 1,050,127	\$ 7,063,255	\$ 14,504	\$ (9,796,260)
Support services	11,393,264	-	3,150,964	-	(8,242,300)
Non-instructional	2,208,464	103,363	2,353,985	6,508	255,392
Pension expense	2,352,955	-	-	-	(2,352,955)
OPEB expense	(89,583)	-	-	-	89,583
Interest on long-term liabilities	139,125	-	-	-	(139,125)
Total Governmental Activities	\$ 33,928,371	\$ 1,153,490	\$ 12,568,204	\$ 21,012	\$ (20,185,665)
<b>General Revenues:</b>					
Taxes:					
General purpose levies					7,935,977
Debt purpose levies					507,345
Unrestricted grants and contributions:					
State					16,098,578
Federal					954,018
Unrestricted investment earnings					51,291
Other					628,291
Total General Revenues					26,175,500
Change in Net Position					5,989,835
Net Position - Beginning					(16,208,634)
Net Position - Ending					\$ (10,218,799)

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	Major Funds			
	General Fund	ESSER III/ARP Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 17,348,186	\$ 47,183	\$ 1,281,666	\$ 18,677,035
Cash with Fiscal Agent	-	-	174,740	174,740
Investments	-	-	2,285,309	2,285,309
Due from other governments	283,270	612,381	340,304	1,235,955
Due from other funds	866,725	-	1,843	868,568
Inventories	-	-	69,054	69,054
<b>Total Assets</b>	<b>\$ 18,498,181</b>	<b>\$ 659,564</b>	<b>\$ 4,152,916</b>	<b>\$ 23,310,661</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,618,142	\$ -	\$ 42,531	\$ 1,660,673
Due to other funds	-	612,381	256,187	868,568
Unearned revenue	-	47,183	-	47,183
<b>Total Liabilities</b>	<b>1,618,142</b>	<b>659,564</b>	<b>298,718</b>	<b>2,576,424</b>
<b>Fund Balances:</b>				
Nonspendable:				
Inventory	-	-	69,054	69,054
Restricted:				
Debt service	-	-	2,893,762	2,893,762
Capital improvements	-	-	174,740	174,740
Unemployment benefits	-	-	55,496	55,496
Grant activities	-	-	650,212	650,212
Assigned:				
Other district activities	14,518	-	10,934	25,452
Student activities	976,658	-	-	976,658
Unassigned	15,888,863	-	-	15,888,863
<b>Total Fund Balances</b>	<b>16,880,039</b>	<b>-</b>	<b>3,854,198</b>	<b>20,734,237</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,498,181</b>	<b>\$ 659,564</b>	<b>\$ 4,152,916</b>	<b>\$ 23,310,661</b>

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2022**

	<u>Amount</u>
Total fund balances for governmental funds	\$ 20,734,237
Amounts reported for governmental activities in the statement of net position are different because:	
1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Land	\$ 600,235
Construction in progress	437,306
Buildings	29,436,041
Building improvements	6,803,188
Improvements other than buildings	1,520,591
Mobile equipment	4,247,352
Furniture and equipment	1,590,788
Accumulated depreciation	<u>(23,997,544)</u>
	20,637,957
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(39,241,765)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	10,408,063
Deferred inflows of resources related to pensions	<u>(14,222,984)</u>
	(43,056,686)
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net OPEB liability	(2,227,063)
Deferred outflows and deferred inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to OPEB	558,257
Deferred inflows of resources related to OPEB	<u>(771,697)</u>
	(2,440,503)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:	
Notes payable	(2,709,184)
Qualified school construction bond	(3,000,000)
Compensated absences	(252,645)
Accrued interest payable	<u>(131,975)</u>
	(6,093,804)
Net position of governmental activities	\$ <u><u>(10,218,799)</u></u>

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds			
	General Fund	ESSER III/ARP Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 9,530,598	\$ -	\$ 612,174	\$ 10,142,772
State sources	15,698,588	-	1,829,333	17,527,921
Federal sources	954,018	4,337,350	6,805,518	12,096,886
Total Revenues	<u>26,183,204</u>	<u>4,337,350</u>	<u>9,247,025</u>	<u>39,767,579</u>
<b>Expenditures:</b>				
Instruction	16,352,329	575,718	2,618,621	19,546,668
Support services	10,011,028	189,590	2,299,636	12,500,254
Noninstructional services	136,469	-	1,961,048	2,097,517
Facilities acquisition and construction	437,306	-	-	437,306
Debt service:				
Principal	-	-	195,000	195,000
Interest	-	-	67,415	67,415
Other	-	-	166,770	166,770
Total Expenditures	<u>26,937,132</u>	<u>765,308</u>	<u>7,308,490</u>	<u>35,010,930</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(753,928)</u>	<u>3,572,042</u>	<u>1,938,535</u>	<u>4,756,649</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	-	1,169,184	1,169,184
Insurance recovery	29,814	-	-	29,814
Sale of other property	116,385	-	-	116,385
Sale of transportation equipment	4,428	-	-	4,428
Operating transfers in	5,992,937	-	358,137	6,351,074
Operating transfers out	(15,444)	(3,572,042)	(2,763,588)	(6,351,074)
Total Other Financing Sources (Uses)	<u>6,128,120</u>	<u>(3,572,042)</u>	<u>(1,236,267)</u>	<u>1,319,811</u>
Net Change in Fund Balances	<u>5,374,192</u>	<u>-</u>	<u>702,268</u>	<u>6,076,460</u>
<b>Fund Balances:</b>				
July 1, 2021	11,505,847	-	3,142,696	14,648,543
Increase (Decrease) in reserve for inventory	-	-	9,234	9,234
June 30, 2022	<u>\$ 16,880,039</u>	<u>\$ -</u>	<u>\$ 3,854,198</u>	<u>\$ 20,734,237</u>

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2022**

	<u>Amount</u>	
Net change in fund balances - total governmental funds	\$ 6,076,460	
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 1,106,637	
Depreciation expense	<u>(1,186,359)</u>	(79,722)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Donated Assets		
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		(7,042)
3. This issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Notes payable issued	(1,169,184)	
Payments of debt principal	195,000	
Accrued interest payable	<u>(71,710)</u>	(1,045,894)
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense for the current year	(2,352,955)	
Pension contributions made subsequent to the measurement date	<u>3,212,831</u>	859,876
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	89,583	
Contributions subsequent to the measurement date	<u>72,127</u>	161,710
6. Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	15,213	
Change in inventory reserve	<u>9,234</u>	24,447
Change in net position of governmental activities	\$ <u><u>5,989,835</u></u>	

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

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

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

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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

The school district reports the following major governmental funds:

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

ESSER III/ARP Fund – This fund is used to account for and report funds received and expended from the American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) program.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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



**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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

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

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

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

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

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

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

**D. Encumbrances**

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders, and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year end are 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.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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

Investments for the District are reported at fair market value.

**2. Receivables and Payables**

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

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

**3. Due from Other Governments**

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

**4. Inventories**

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.

**5. Restricted Assets**

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

**6. Capital Assets**

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

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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	**	**

*\*\* A capitalization threshold amount has not been set for right to use property assets. Right to use leased property assets will be amortized in a rational and systematic manner over the shorter of the lease term or the useful life of the underlying asset.*

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

See Note 5 for details.

**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 District presents deferred outflows related to pensions and OPEB.

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

See Notes 7, 8 and 12 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.

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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.

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

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

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 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.

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

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

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

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

13. 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 district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with the financial institutions reported in the governmental funds was \$18,677,035.

*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 \$19,764,865 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 \$174,740.

**Investments**

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
QSCB Construction Bonds Common Trust Funds 2012-A	N/A	Various	\$ 2,285,309
Total			\$ <u>2,285,309</u>

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

The District has the following recurring fair value measurement as of June 30, 2022:

- QSCB Construction Bonds Common Trust Funds 2012-A type of investments of \$2,285,309 are valued using quoted market prices (Level 1 inputs).

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*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. Of the District's investments in QSCB Construction Bonds Common Trust Funds 2012-A, \$2,285,309, of underlying securities are held by the investment's counterparty, not in the name of the District.

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

Issuer	Fair Value	% of Total Investments
QSCB Construction Bonds Common Trust Funds 2012-A	\$ 2,285,309	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/ARP Fund	\$ 612,381
General Fund	Other governmental funds	254,344
Other governmental funds	Other governmental funds	1,843
Total		\$ 868,568

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 15,444
ESSER III/ARP	General Fund	3,572,042
Other governmental funds	General Fund	2,420,895
Other governmental funds	Other governmental funds	342,693
Total		\$ 6,351,074

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

**Note 4 – Restricted Assets**

The restricted assets represent the cash and investment balance, totaling \$2,808,559 of debt service funds whose balances are legally restricted and may not be used except for their restricted purposes. Included in the restricted assets balance is the Investments balance of \$2,285,309 of the QSCB Bond

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Retirement Fund. The remaining \$523,250 represents debt service funds whose balances are restricted for future debt services requirements.

**Note 5 – Capital Assets**

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

	Balance 7/1/2021	Increases	Decreases	Balance 6/30/2022
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 600,235	\$ -	\$ -	\$ 600,235
Construction-in-progress	-	437,306	-	437,306
Total non-depreciable capital assets	<u>600,235</u>	<u>437,306</u>	<u>-</u>	<u>1,037,541</u>
<u>Depreciable capital assets:</u>				
Buildings	29,436,041	-	-	29,436,041
Building improvements	6,761,796	41,392	-	6,803,188
Improvements other than buildings	1,221,496	299,095	-	1,520,591
Mobile equipment	4,112,482	163,352	(28,482)	4,247,352
Furniture and equipment	1,425,296	165,492	-	1,590,788
Total depreciable capital assets	<u>42,957,111</u>	<u>669,331</u>	<u>(28,482)</u>	<u>43,597,960</u>
<u>Less accumulated depreciation for:</u>				
Buildings	14,669,531	521,450	-	15,190,981
Building improvements	3,542,720	276,326	-	3,819,046
Improvements other than buildings	821,718	39,752	-	861,470
Mobile equipment	2,694,162	238,992	(21,440)	2,911,714
Furniture and equipment	1,104,494	109,839	-	1,214,333
Total accumulated depreciation	<u>22,832,625</u>	<u>1,186,359</u>	<u>(21,440)</u>	<u>23,997,544</u>
Total depreciable capital assets, net	<u>20,124,486</u>	<u>(517,028)</u>	<u>(7,042)</u>	<u>19,600,416</u>
Governmental activities capital assets, net	<u>\$ 20,724,721</u>	<u>\$ (79,722)</u>	<u>\$ (7,042)</u>	<u>\$ 20,637,957</u>

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 648,790
Support services	465,377
Non-instructional	72,192
Total Depreciation Expense	<u>\$ 1,186,359</u>

  

	Spent to June 30, 2022	Remaining Commitment
<b>Governmental Activities:</b>		
Belmont Classroom	\$ 437,306	\$ 389,596
	<u>\$ 437,606</u>	<u>\$ 389,596</u>

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



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**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A Three mill notes payable	\$ 1,735,000	\$ -	\$ 195,000	\$ 1,540,000	\$ 200,000
B Energy efficiency loans payable	-	1,169,184	-	1,169,184	89,665
C Qualified school construction bond payable series 2009-B	3,000,000	-	-	3,000,000	-
D Compensated absences payable	267,858	-	15,213	252,645	-
Total	<u>\$ 5,002,858</u>	<u>\$ 1,169,184</u>	<u>\$ 210,213</u>	<u>\$ 5,961,829</u>	<u>\$ 289,665</u>

**A. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill note payable, series 2016	2.07%	07/01/16	07/01/26	\$ 2,500,000	\$ 1,540,000
Total				<u>\$ 2,500,000</u>	<u>\$ 1,540,000</u>

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

- Three mill notes payable issue of 07/01/16.

Year Ending June 30	Principal	Interest	Total
2023	\$ 200,000	\$ 31,878	\$ 231,878
2024	200,000	27,738	227,738
2025	190,000	23,598	213,598
2026	470,000	19,665	489,665
2027	480,000	9,936	489,936
Total	<u>\$ 1,540,000</u>	<u>\$ 112,815</u>	<u>\$ 1,652,815</u>

This debt will be retired from the 3 Mill 2016 Debt Fund.

**B. Energy efficiency loan payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. LED Upgrade	1.29%	11/12/21	11/12/33	\$ 1,169,184	\$ 1,169,184
Total				<u>\$ 1,169,184</u>	<u>\$ 1,169,184</u>

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

1. Energy efficiency loan payable issue of 11/12/21.

Year Ending June 30	Principal	Interest	Total
2023	\$ 89,665	\$ 22,641	\$ 112,306
2024	73,583	20,905	94,488
2025	77,939	19,480	97,419
2026	82,468	17,971	100,439
2027	87,175	16,374	103,549
2028-2032	513,169	54,595	567,764
2033-2034	245,185	7,181	252,366
Total	\$ <u>1,169,184</u>	\$ <u>159,147</u>	\$ <u>1,328,331</u>

An energy efficiency agreement dated November 11, 2021, was executed by and between the District and Bank of America.

The agreement authorized the borrowing of \$1,169,184 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the agreement shall be made from the Bank of America Debt Service Fund and not exceed fifteen (15) years.

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

Upon written notice to Bank of America, the District has the option of repaying the total amount due as set forth by the agreement.

**C. Qualified school construction bonds payable**

As more fully explained in Note 11, 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
1. Qualified school construction bond series 2009-B	1.05%	12/04/09	9/15/24	\$ 3,000,000	\$ 3,000,000
Total				\$ <u>3,000,000</u>	\$ <u>3,000,000</u>

Year Ending June 30	Principal	Interest	Total
2023	-	31,500	31,500
2024	-	31,500	31,500
2025	3,000,000	31,500	3,031,500
Total	\$ <u>3,000,000</u>	\$ <u>94,500</u>	\$ <u>3,094,500</u>

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**D. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022, was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021, and 2020 were \$3,212,831, \$3,071,606, and \$2,862,791, 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 \$39,241,765 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

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entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2022, net pension liability was 0.265498 percent, which was based on a measurement date of June 30, 2021. This was a increase of 0.018413 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 \$2,352,955. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 627,477	\$ -
Net difference between projected and actual earnings on pension plan investments	-	11,817,945
Changes of assumptions	3,019,631	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,548,124	2,405,039
District contributions subsequent to the measurement date	3,212,831	-
Total	\$ <u>10,408,063</u>	\$ <u>14,222,984</u>

\$3,212,831 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:

Year Ending June 30:	
2023	\$ (926,385)
2024	(1,488,294)
2025	(1,091,396)
2026	(3,521,677)

*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 61-75 and 101% for ages above 77. For females, 84% of the female rates up to 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-210 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 purpose 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	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>100.00</u>	%		

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.55%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-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	\$ 55,575,539	\$ 39,241,765	\$ 25,781,436

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

**Note 8 – Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan.**

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
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**For Year Ended June 30, 2022**

*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 \$72,127 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 \$2,227,063 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 0.34598805 percent. This was an increase of 0.0055332 percent from the proportionate share as of the measurement date of June 30, 2020.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

For the year ended June 30, 2022, the District recognized OPEB expense of \$(89,583). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,423	\$ 696,373
Changes of assumptions	360,689	75,324
Net difference between projected and actual earnings on OPEB plan investments	104	-
Changes in proportion and differences between District contributions and proportionate share of contributions	122,914	-
District contributions subsequent to the measurement date	72,127	-
<b>Total</b>	<b>\$ 558,257</b>	<b>\$ 771,697</b>

\$72,127 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	\$ (64,356)
2024	(59,637)
2025	(45,913)
2026	(69,114)
2027	(46,547)

*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 4.50% by 2030
Pre-Medicare	

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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 the 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. Morality rates for contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rate 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%.

**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	\$ 2,465,040	\$ 2,227,063	\$ 2,024,151

**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	\$ 2,062,836	\$ 2,227,063	\$ 2,412,914

**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/>.



**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

**Note 9 – Contingencies**

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

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

**Note 10 – Risk Management**

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

**Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 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 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.

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 43 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The District has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 43 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

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

**Note 11 - 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 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. The school district did not apply for any subsidies for the year ended June 30, 2022.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$2,285,309. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 225,000
2024	227,000
2025	241,000
Total	<u>\$ 693,000</u>

**Note 12 – Effects of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$31,030,155) 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 \$3,212,831 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$7,195,232 balance of deferred outflow of resources related to pensions, 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 amount of (\$31,030,155) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$14,222,984 balance of deferred inflow of resources related to pensions, at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$31,030,155) 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 \$72,127 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 \$486,129 balance of deferred outflow of resources related to OPEB, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2022**

The unrestricted net position amount of (\$31,030,155) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$771,697 balance of deferred inflow of resources related to OPEB, at June 30, 2022 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

**Note 13 – Insurance Loss Recoveries**

The Tishomingo County Special Municipal Separate School District received \$29,814 in insurance loss recoveries related to a totaled SRO vehicle during the 2021-2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other revenues.

**Note 14 – 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 Tishomingo County Special Municipal Separate School District evaluated the activity of the District through September 25, 2024 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements. No adjustments were considered necessary to the financial statements:

- Approved Educational Facilities Revolving Loan from the Mississippi Department of Education for roof repairs in the amount of \$750,000.
- Approved Apple purchase for \$1,008,045 to purchase 2100 iPads and associated cases and Apple Care. Cost to be offset with a \$840,000 grant.
- Approved amendment 2 to the TSCD PACT agreement with TRANE US, Inc. in the amount of \$919,057
- Approved Advantage Roofing Construction for roofing projects in the amount of \$866,134.
- Approved S.H.O.T.S. computers bid in the amount of \$660,620.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 9,183,530	\$ 9,530,598	\$ 9,530,598	\$ 347,068	\$ -
State sources	15,343,428	15,698,588	15,698,588	355,160	-
Federal sources	1,083,250	954,018	954,018	(129,232)	-
Total Revenues	25,610,208	26,183,204	26,183,204	572,996	-
<b>Expenditures:</b>					
Instruction	16,387,721	16,352,329	16,352,329	35,392	-
Support services	9,757,169	10,008,338	10,011,028	(251,169)	(2,690)
Noninstructional services	123,745	136,469	136,469	(12,724)	-
Facilities acquisition and construction	880,000	439,996	437,306	440,004	2,690
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	27,148,635	26,937,132	26,937,132	211,503	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,538,427)	(753,928)	(753,928)	784,499	-
<b>Other Financing Sources (Uses):</b>					
Indirect Costs	25,000	25,000	-	-	(25,000)
Sale of other property	100	116,385	116,385	116,285	-
Sale of transportation equipment	-	4,428	4,428	4,428	-
Insurance recoveries	1,000	29,814	29,814	28,814	-
Other sources	100	-	-	(100)	-
Operating transfers in	1,653,746	7,751,622	5,992,937	6,097,876	(1,758,685)
Operating transfers out	(1,657,746)	(1,799,129)	(15,444)	(141,383)	1,783,685
Total Other Financing Sources (Uses)	22,200	6,128,120	6,128,120	6,105,920	-
Net Change in Fund Balances	(1,516,227)	5,374,192	5,374,192	6,890,419	-
<b>Fund Balances:</b>					
July 1, 2021	11,048,558	11,505,847	11,505,847	457,289	-
June 30, 2022	\$ 9,532,331	\$ 16,880,039	\$ 16,880,039	\$ 7,347,708	\$ -

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - ESSER III/ARP Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	5,542,948	4,337,350	5,542,948	(1,205,598)
Total Revenues	-	5,542,948	4,337,350	5,542,948	(1,205,598)
<b>Expenditures:</b>					
Instruction	-	1,553,663	575,718	(1,553,663)	977,945
Support services	-	317,666	189,590	(317,666)	128,076
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	-	1,871,329	765,308	(1,871,329)	1,106,021
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	3,671,619	3,572,042	3,671,619	(99,577)
<b>Other Financing Sources (Uses):</b>					
Indirect Costs	-	-	-	-	-
Sale of other property	-	-	-	-	-
Sale of transportation equipment	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Other sources	-	-	-	-	-
Operating transfers in	-	(3,671,619)	(3,572,042)	(3,671,619)	99,577
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(3,671,619)	(3,572,042)	(3,671,619)	99,577
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PERS**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.265498%	0.247085%	0.276994%	0.245475%	0.256807%	0.254915%	0.267975%	0.268823%
District's proportionate share of the net pension liability	\$ 39,241,765	\$ 47,832,785	\$ 48,728,710	\$ 40,829,786	\$ 42,690,039	\$ 45,534,184	\$ 41,423,651	\$ 32,630,190
District's covered payroll	\$ 17,652,913	\$ 16,452,822	\$ 18,039,911	\$ 15,675,937	\$ 16,474,306	\$ 16,307,526	\$ 16,741,558	\$ 16,426,501
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.63%
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 amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERS**  
**Last 10 Fiscal Years\***

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 3,212,831	\$ 3,071,606	\$ 2,862,791	\$ 2,841,286	\$ 2,468,961	\$ 2,594,703	\$ 2,568,435	\$ 2,636,795
Contributions in relation to the contractually required contribution	<u>(3,212,831)</u>	<u>(3,071,606)</u>	<u>(2,862,791)</u>	<u>(2,841,286)</u>	<u>(2,468,961)</u>	<u>(2,594,703)</u>	<u>(2,568,435)</u>	<u>(2,636,795)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	18,464,545	17,652,913	16,452,822	18,039,911	15,675,937	16,474,306	16,307,526	16,741,558
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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.



**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OPEB**  
**Last 10 Fiscal Years\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.34598805%	0.34045485%	0.33699039%	0.33008511%	0.32335607%
District's proportionate share of the net OPEB liability	\$ 2,227,063	\$ 2,649,447	\$ 2,859,498	\$ 2,553,373	\$ 2,537,080
District's covered-employee payroll	\$ 16,472,667	\$ 17,495,096	\$ 16,941,429	\$ 14,929,525	\$ 16,474,306
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.52%	15.14%	16.88%	17.10%	15.40%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**OPEB**  
**Last 10 Fiscal Years\***

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially determined contribution	\$ 72,127	\$ 89,486	\$ 105,660	\$ 114,618	\$ 108,160
Contributions in relation to the actuarially determined contribution	<u>(72,127)</u>	<u>(89,486)</u>	<u>(105,660)</u>	<u>(114,618)</u>	<u>(108,160)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 16,893,615	 16,472,667	 17,495,096	 16,941,429	 16,772,887
Contributions as a percentage of covered-employee payroll	0.43%	0.54%	0.60%	0.68%	0.64%

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2022**

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

Pension Schedules

(1) *Changes of assumptions.*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2022**

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2022**

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

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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2022**

2019: None

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

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

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 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	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

## **SUPPLEMENTARY INFORMATION**

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - School breakfast program	10.553	225MS326N1099	\$ 474,248
National school lunch program	10.555	225MS326N1099	1,441,956
Summer food service program for children	10.559	225MS326N1099	7,562
Subtotal			<u>1,923,766</u>
Total Child Nutrition Cluster			<u>1,923,766</u>
Total passed through Mississippi Department of Education			<u>1,923,766</u>
<b>Total U.S. Department of Agriculture</b>			<u><u>1,923,766</u></u>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A200024	941,529
Career and technical education-basic grants to states	84.048	V048A200024	36,009
Rural education	84.358	ES358B200024	18,075
Supporting effective instruction state grants	84.367	ES367A200023	23,593
Subtotal			<u>1,019,206</u>
Special education cluster:			
Special education-grants to states	84.027	H027A210108	812,032
COVID-19 - Special education-grants to states	84.027X	H027X210108	5,071
Subtotal			<u>817,103</u>
Special education-preschool grants	84.173	H173A200113	38,424
COVID-19 - Special education-preschool grants	84.173X	H173X210113	1,221
Subtotal			<u>39,645</u>
Total special education cluster			<u>856,748</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund I			
	84.425D	S425D200031	74,617
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund II			
	84.425D	S425D210031	2,517,393
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund III			
	84.425U	S425U210031	4,337,350
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>6,929,360</u>
Total passed through Mississippi Department of Education			<u>8,805,314</u>
<b>Total U.S. Department of Education</b>			<u><u>8,805,314</u></u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Pass-Through Mississippi Department of Education			
Medicaid cluster:			
Medical assistance program	93.778	N/A	15,423
Total Medicaid cluster			<u>15,423</u>
Total passed through Mississippi Department of Education			<u>15,423</u>
<b>Total U.S. Department of Health and Human Services</b>			<u><u>15,423</u></u>
<b><u>U.S. Department of Social Security</u></b>			
Passed-through Mississippi Department of Rehabilitation Services:			
Social security disability program	96.001	N/A	364
Total passed through Mississippi Department of Rehabilitation Services			<u>364</u>
<b>Total U.S. Department of Social Security</b>			<u><u>364</u></u>
<b>Total for All Federal Awards</b>			<u><u>\$ 10,744,867</u></u>

The accompanying notes to the Supplementary Information are an integral part of this schedule.



**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Notes to the Supplementary Information**  
**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 grant activity of the Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Tishomingo County Special Municipal Separate School District.

(2) Summary of Significant Accounting Policies

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

(3) Non-Cash Awards

The Tishomingo County Special Municipal Separate School District is the recipient of certain non-cash assistance in the form of donated commodities received from the U.S. Department of Agriculture. Revenues and expenditures are recorded for the value of commodities received. In addition, the Tishomingo County Special Municipal Separate School District may receive certain other non-cash assistance from federal and state awarding agencies. The amount of non-cash assistance received at June 30, 2022 was \$116,197.

(4) Indirect Cost Rate

The Tishomingo County Special Municipal Separate School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**  
**For the Year Ended June 30, 2022**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits \$	25,387,511	19,497,826	838,456	1,902,808	3,148,421
Other	<u>9,623,419</u>	<u>3,026,696</u>	<u>171,866</u>	<u>28,082</u>	<u>6,396,775</u>
Total	\$ <u>35,010,930</u>	<u>22,524,522</u>	<u>1,010,322</u>	<u>1,930,890</u>	<u>9,545,196</u>
Total number of students *	<u>2,841</u>				
Cost per student \$	<u>12,324</u>	<u>7,928</u>	<u>356</u>	<u>680</u>	<u>3,360</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 function: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administrative 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**

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**General Fund, Last Four Years**

**UNAUDITED**

	2022	2021*	2020*	2019*
<b>Revenues:</b>				
Local sources	\$ 9,530,598	\$ 8,914,915	\$ 9,466,742	\$ 8,406,514
State sources	15,698,588	15,137,959	15,291,208	14,676,580
Federal sources	954,018	1,146,878	1,223,071	1,030,246
Total Revenues	<u>26,183,204</u>	<u>25,199,752</u>	<u>25,981,021</u>	<u>24,113,340</u>
<b>Expenditures:</b>				
Instruction	16,352,329	14,965,233	14,961,053	14,801,141
Support services	10,011,028	9,039,834	8,958,540	8,275,743
Noninstructional services	136,469	77,570	107,956	118,273
Facilities acquisition and construction	437,306	199,822	237,321	170,262
Debt service:				
Principal	-	129,148	127,504	136,625
Interest	-	1,666	3,311	5,553
Total Expenditures	<u>26,937,132</u>	<u>24,413,273</u>	<u>24,395,685</u>	<u>23,507,597</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(753,928)</u>	<u>786,479</u>	<u>1,585,336</u>	<u>605,743</u>
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	29,814	27,035	3,697	4,161
Sale of transportation equipment	4,428	580	-	-
Sale of other property	116,385	-	700	804
Operating transfers in	5,992,937	-	-	32,500
Operating transfers out	(15,444)	(4,449)	(4,428)	(23,686)
Total Other Financing Sources (Uses)	<u>6,128,120</u>	<u>23,166</u>	<u>(31)</u>	<u>13,779</u>
Net Change in Fund Balances	<u>5,374,192</u>	<u>809,645</u>	<u>1,585,305</u>	<u>619,522</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	11,505,847	10,696,202	9,146,836	8,367,177
Prior period adjustments	-	-	(35,939)	160,137
Beginning of period, as restated	<u>11,505,847</u>	<u>10,696,202</u>	<u>9,110,897</u>	<u>8,527,314</u>
End of Period	<u>\$ 16,880,039</u>	<u>\$ 11,505,847</u>	<u>\$ 10,696,202</u>	<u>\$ 9,146,836</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**All Governmental Funds, Last Four Years**

**UNAUDITED**

	<u>2022</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
<b>Revenues:</b>				
Local sources	\$ 10,142,772	\$ 9,491,789	\$ 10,315,854	\$ 9,395,590
State sources	17,527,921	17,093,476	17,359,969	16,513,243
Federal sources	12,096,886	6,351,429	4,329,061	4,096,059
Total Revenues	<u>39,767,579</u>	<u>32,936,694</u>	<u>32,004,884</u>	<u>30,004,892</u>
<b>Expenditures:</b>				
Instruction	19,546,668	18,849,224	17,662,528	17,203,453
Support services	12,500,254	10,992,164	10,181,315	9,580,780
Noninstructional services	2,097,517	1,482,927	1,846,671	1,846,506
Facilities acquisition and construction	437,306	199,822	237,321	170,262
Debt service:				
Principal	195,000	324,148	317,504	136,625
Interest	67,415	73,117	78,695	37,053
Other	166,770	12,380	-	-
Total Expenditures	<u>35,010,930</u>	<u>31,933,782</u>	<u>30,324,034</u>	<u>28,974,679</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>4,756,649</u>	<u>1,002,912</u>	<u>1,680,850</u>	<u>1,030,213</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	1,169,184	-	-	-
Insurance recovery	29,814	27,035	3,697	4,161
Payment held by escrow agent	-	-	-	214,946
Payment to QSCB debt escrow agent	-	-	-	(214,946)
Sale of transportation equipment	4,428	580	-	-
Sale of other property	116,385	-	700	804
Operating transfers in	6,351,074	257,287	274,535	56,186
Operating transfers out	<u>(6,351,074)</u>	<u>(257,287)</u>	<u>(274,535)</u>	<u>(56,186)</u>
Total Other Financing Sources (Uses)	<u>1,319,811</u>	<u>27,615</u>	<u>4,397</u>	<u>4,965</u>
Net Change in Fund Balances	<u>6,076,460</u>	<u>1,030,527</u>	<u>1,685,247</u>	<u>1,035,178</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	14,648,543	13,632,052	11,951,822	10,758,664
Prior period adjustments	-	-	(35,939)	160,137
Beginning of period, as restated	<u>14,648,543</u>	<u>13,632,052</u>	<u>11,915,883</u>	<u>10,918,801</u>
Increase (Decrease) in reserve for inventory	9,234	(14,036)	30,922	(2,157)
End of Period	<u>\$ 20,734,237</u>	<u>\$ 14,648,543</u>	<u>\$ 13,632,052</u>	<u>\$ 11,951,822</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

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

**INDEPENDENT AUDITORS' 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  
Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Tishomingo County Special Municipal Separate School District's basic financial statements, and have issued our report thereon dated September 25, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tishomingo County Special Municipal Separate School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tishomingo County Special Municipal Separate 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*.

#### **Tishomingo County Special Municipal Separate School District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Tishomingo County Special Municipal Separate School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Tishomingo County Special Municipal Separate School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
September 25, 2024



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

Superintendent and School Board  
Tishomingo County Special Municipal Separate School District

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

**Opinion on Each Major Federal Program**

We have audited the Tishomingo County Special Municipal Separate School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Tishomingo County Special Municipal Separate School District's major federal programs for the year ended June 30, 2022. Tishomingo County Special Municipal Separate School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tishomingo County Special Municipal Separate 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; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate School District's federal programs.

## ***Auditors' 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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 Tishomingo County Special Municipal Separate 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**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We

consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003, to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Tishomingo County Special Municipal Separate School District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Tishomingo County Special Municipal Separate School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
September 25, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE  
LAWS AND REGULATIONS**



Certified Public Accountants

Member of:  
American Institute of Certified Public Accountants  
Alabama Society of Certified Public Accountants  
Mississippi Society of Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
Tishomingo County Special Municipal Separate School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tishomingo County Special Municipal Separate School District as of and for the year ended June 30, 2022, which collectively comprise Tishomingo County Special Municipal Separate School District's basic financial statements and have issued our report thereon dated September 25, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure 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 insure 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:

**Muscle Shoals, Alabama**  
Phone: (256) 314-5082

**Red Bay, Alabama**  
Phone: (256) 356-9375

**Sheffield, Alabama**  
Phone: (256) 381-1473

**Booneville, Mississippi**  
Phone: (662) 728-6172

**Corinth, Mississippi**  
Phone: (662) 286-7082

**Iuka, Mississippi**  
Phone: (662) 423-5057

Finding 1:

Criteria: Miss. Code Ann. (1972) § 25-11-127(4) states “The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

(a) For a period of time not to exceed one-half ( $\frac{1}{2}$ ) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half ( $\frac{1}{2}$ ) of the salary in effect for the position at the time of employment, or

(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree’s average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half ( $\frac{1}{2}$ ) of the required number of working days or up to one-half ( $\frac{1}{2}$ ) of the equivalent number of hours and receive up to one-half ( $\frac{1}{2}$ ) of the salary for the position. In the case of employment with multiple employers, the limitation shall equal one-half ( $\frac{1}{2}$ ) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.

Condition: During test work it was noted that three instances of the PERS Form 4B were not completed properly.

Cause: The District failed to ensure that the PERS Form 4B was properly completed.

Effect: This District is not in compliance with Miss. Code Ann. (1972) § 25-11-127(4).

Recommendation: The District should establish procedures to ensure that it is in compliance with Miss. Code Ann. (1972) § 25-11-127(4).

Response: The District will increase training for payroll personnel to ensure all PERS Form 4B forms are completed properly.

Finding 2:

Criteria: Miss. Code Ann. (1972) § 25-3-41(5) states “Any officer or employee of a county or municipality, or any department, board or commission thereof, who is required to travel in the performance of his official duties, may receive funds before the travel, in the discretion of the administrative head of the county or municipal department, board or commission involved, for the purpose of paying necessary expenses incurred during the travel. Upon return from the travel, the officer or employee shall provide receipts of transportation, lodging, meals, fees and any other expenses incurred during the travel.” In addition, it is also required that travel vouchers be properly signed and approved for payment and there must be evidence that supports the purpose of the trip.

Condition: During test work it was noted that 4 travel vouchers were not properly or timely approved and one travel voucher did not get a second comparison for airfare.

Cause: The condition was an oversight by management.

Effect: The District failed to ensure that state law was followed.

Recommendation: The District should establish procedures to ensure that it is in compliance with Miss. Code Ann. (1972) § 25-3-41(5).

Response: The District will strengthen its internal control process regarding travel reimbursements to ensure procedures are followed. Appropriate staff will be notified and increased training to ensure procedures are followed going forward. The District will ensure two comparisons for airfare are obtained for air travel from this date forward.

Finding 3:

Criteria: Miss. Code Ann. (1972) § 25-4-105(1) states “No public servant shall use his official position to obtain, or attempt to obtain, pecuniary benefit for himself other than that compensation provided for by law, or to obtain, or attempt to obtain, pecuniary benefit for any relative or any business with which he is associated.”

Condition: During test work one instance was noted where a Board Member did not recuse himself from the approval of the consent agenda hiring of a relative within the third degree.

Cause: The condition was an oversight by management.

Effect: The District failed to comply with Miss. Code Ann. (1972) § 25-4-105(1).

Recommendation: The District should ensure that Board Members remove themselves from voting for a family member within the third degree.

Response: This has been discussed with the Board, and Board members will recuse themselves beginning with the fiscal year 2024 employee hiring since fiscal year 2023 has already been approved.

Finding 4:

Criteria: The Mississippi Department of Accounting Manual prescribes the receipt and transmittal report forms and criteria to be used by school Districts for athletic gate ticket receipts.

Condition: During test work the following was noted: 13 instances where the school event receipt form was not properly completed.

Cause: The District did not follow prescribed procedures set forth by the Mississippi Department of Education's Accounting Manual.

Effect: Not following prescribed procedures could lead to misappropriation of funds.

Recommendation: The District should follow prescribed procedures as set forth by the Mississippi Department of Education.

Response: The District will increase training for appropriate personnel to ensure all school event forms are completed properly and deposits are made timely.

Finding 5:

Criteria: Any purchases made using a procurement card or credit card should adhere to all applicable purchasing procedures, as set forth in MS Code Section 31-7-1, the Mississippi Department of Finance and Administration - Mississippi Procurement Manual and the State of Mississippi – State Procurement Card Guidelines.

Condition: During test work two exceptions were noted. One instance where the District paid tax on items purchased and the other was missing evidence of independent review of charges by approving officials.

Cause: Condition was an oversight by management.

Effect: Not following prescribed procedures could lead to misappropriation of funds.

Recommendation: The District should follow prescribed procedures as set forth by the Mississippi Department of Finance and Administration - Mississippi Procurement Manual and the State of Mississippi - State Procurement Card Guidelines.

Response: The District will increase training for appropriate personnel to ensure all invoices are thoroughly reviewed and documentation is signed by supervisor.

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

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

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Red Bay, Alabama  
September 25, 2024



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

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

Section 1: Summary of Auditors' Results

Financial Statements:

- |    |   |            |
|----|---|------------|
| 1. | Type of auditors' report issued:                      | Unmodified |
| 2. | Internal control over financial reporting:            |            |
|    | a. Material weakness(es) identified?                  | No         |
|    | b. Significant deficiency(ies) identified?            | Yes        |
| 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?  | Yes        |
| 5. | Type of auditors' 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) | Yes        |
| 7. | Identification of major programs:   |            |

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund I
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund II
84.425U	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund ARP III

- |     |  |           |
|-----|--|-----------|
| 8.  | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000 |
| 9.  | Auditee qualified as low-risk auditee?   | Yes       |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b) | Yes       |

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

Section II: Financial Statement Findings

Finding: 2022-001

Significant Deficiency over Internal Control  
Repeat Finding: Yes

Criteria: The District is required to design and implement a system of internal controls that is sufficient to ensure a low risk of misappropriation of assets and financial statement misstatements. To comply with District Policy, event forms should be fully and accurately completed by the appropriate authorities and deposited within one day of the event or the next business day.

Condition: During test work the following was noted: Multiple instances where the school event receipt form was not properly completed and two instances where the deposit was not made timely were noted.

Cause: A strong set of internal controls was not in place to ensure that all athletic fund revenue deposits were accurately reconciled to the event form by appropriate authorities and deposited timely in accordance with the District's policy.

Effect: Inadequate internal controls related to athletic fund revenue collection and receipting could result in a loss of assets and improper revenue recognition.

Recommendation: The District should follow the implemented policies and procedures to ensure receipts from all activity are safeguarded, properly recognized, recorded, and deposited in a timely manner and should follow prescribed procedures as set forth by the Mississippi Department of Education.

Response: The District will increase training for appropriate personnel to ensure all school event forms are completed properly and deposits are made timely.

Section III: Federal Award Findings and Questioned Costs

Finding 2022-002

Federal Agency: U.S. Department of Agriculture  
Passed Through: Mississippi Department of Education  
Federal Program: Child Nutrition Cluster  
Assistance Listing Number: 10.553, 10.555, 10.559  
Compliance Requirement: Eligibility  
Repeat Finding: No  
Significant Deficiency over Internal Control

Criteria: According to the definition of documentation included at 7 CFR 245.2a complete income based application must provide: Names of all household members, Amount, source, and frequency of current income for each household member, signature of an adult household member, (an electronic signature is acceptable for web-based applications), and the last four digits of the Social Security Number of the household's primary wage earner or another adult household member or an indication that no adult household member has a Social Security Number.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

Condition: During test work it was noted that 12 applications tested did not include the last four digits of the social security number. Five of the twelve applications were paper applications. The remaining seven applications were web-based applications. It was determined that the web-based applications do not require the last 4-digits of the Social Security Number to be processed.

Cause: The missing information was not caught by application reviewers during the review process

Effect: Eligibility status could be improperly determined without all required information required.

Questioned Costs: None

Recommendation: The District should work to ensure that all of the documentation requirements are met before processing eligibility applications. The District should also work with the software company to ensure that the web-based applications require the entering of the last 4-digits of an adult member of the households Social Security Number, if applicable.

Response: The District will increase training to appropriate personnel and ensure all documentation is fully reviewed to make sure requirements are met before processing eligibility applications.

Finding 2022-003

Federal Agency: U.S. Department of Agriculture, U. S. Department of Education

Passed Through: Mississippi Department of Education

Federal Program: Child Nutrition Cluster, , Elementary & Secondary Emergency Relief Fund I, Elementary & Secondary Emergency Relief Fund II, Elementary & Secondary Emergency Relief Fund ARP III

Assistance Listing Number: 10.553, 10.555, 10.559, 84.425D, 84.425U

Compliance Requirement: Allowable Costs/Cost Principles

Repeat Finding: No

Significant Deficiency over Internal Control

Criteria: According to Uniform Guidance, documentation that is used to support employee compensation must meet the following six criteria:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated,
2. Be incorporated into official records,
3. Reasonably reflect the total activity for which the employee is compensated, not exceeding 100% of compensated activities,
4. Encompass all activities (federal and non-federal),
5. Comply with established accounting policies and practices, and
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity

Condition: During Time and Effort testing it was noted that six out of 61 time records did not follow the District procedures for having both employee and supervisor signatures on the time records reviewed.

Cause: A lack of internal control led to time sheets not being properly signed.

**TISHOMINGO COUNTY SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2022**

Effect: Not following District established policies and procedures could lead to unallowable costs being paid with federal funds.

Questioned Costs: None.

Recommendation: The District should follow its established internal control policies to ensure that it meets the documentation requirements for time and effort reporting.

Response: The District will increase training for appropriate personnel to ensure all time record documentation is properly signed in accordance with District policies and procedures.

**AUDITEE'S CORRECTIVE ACTION PLAN  
AND SUMMARY OF PRIOR AUDIT FINDINGS**

# TISHOMINGO COUNTY SCHOOL DISTRICT

*Christie Holly*

SUPERINTENDENT OF EDUCATION

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## Corrective Action Plan

As required by 2 CRF 200.511 (a), the Tishomingo County Special Municipal Separate School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2022.

- 2022-001      a. Name of Contact Person Responsible for Corrective Action
- Name: Melanie Robinson  
Title: Finance Director  
Phone Number: 662-423-3206
- b. Corrective Action Planned: The District increased training for appropriate personnel to ensure all school event forms were completed properly and deposits were made timely.
- c. Anticipated Completion Date: 8/15/2022
- 
- 2022-002      a. Name of Contact Person Responsible for Corrective Action
- Name: Mary Beth Sheffield  
Title: Child Nutrition Director  
Phone Number: 662-423-3206
- b. Corrective Action Planned: The District will increase training to appropriate personnel and ensure all documentation is fully reviewed to make sure requirements are met before processing eligibility applications.
- c. Anticipated Completion Date: 10/08/2024
- 
- 2022-003      a. Name of Contact Person Responsible for Corrective Action
- Name: Melanie Robinson  
Title: Finance Director  
Phone Number: 662-423-3206
- b. Corrective Action Planned: The District will increase training for appropriate personnel to ensure all time record documentation is properly signed in accordance with District policies and procedures.
- c. Anticipated Completion Date: 10/08/2024

# TISHOMINGO COUNTY SCHOOL DISTRICT

*Christie Holly*

SUPERINTENDENT OF EDUCATION

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## Summary of Prior 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 Tishomingo County Special Municipal Separate School District has prepared and hereby submits the following Summary of Prior Audit Findings as of June 30, 2022.

<u>Finding:</u>	<u>Status:</u>
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2021-001	Due to the timing of the fiscal year 2021 audit, when finding 2021-001 was originally reported, this finding was not corrected in the current 2022 fiscal year. See finding 2022-001.
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