



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

CARROLL COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

CARROLL COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	46
Budgetary Comparison Schedule – General Fund	47
Budgetary Comparison Schedule – ESSER III Fund	48
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of District Contributions (PERS)	50
Schedule of the District's Proportionate Share of the Net OPEB Liability	51
Schedule of District Contributions (OPEB)	52
Notes to the Required Supplementary Information	53
SUPPLEMENTARY INFORMATION	57
Schedule of Expenditures of Federal Awards	58
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	60
OTHER INFORMATION	61
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	62
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	63
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	64
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	76
AUDITEE'S CORRECTIVE ACTION PLAN/ AUDITEE'S SUMMARY OF PRIOR AUDIT FINDINGS	80

INDEPENDENT AUDITOR'S REPORT

BROWN CPA, PLLC

7708 Old Canton Road, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Carroll County 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 Carroll County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Carroll County School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Carroll County School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Carroll County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Carroll County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the Carroll County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carroll County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County School District's internal control over financial reporting and compliance.

Brown CPA, PLLC
Madison, Mississippi
January 17, 2025

A handwritten signature in blue ink that reads "Brown CPA, PLLC".

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

FINANCIAL HIGHLIGHTS

- Total net position for 2023 increased \$1,303,075, including a prior period adjustment of (\$1,729), which represents a 23% increase from fiscal year 2022. Total net position for 2022 increased \$2,275,329 which represents a 28% increase from fiscal year 2021.
- General revenues amounted to \$8,061,407 and \$7,909,803, or 66% and 67% of all revenues for fiscal years 2023 and 2022, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,203,585, or 34% of total revenues for 2023, or \$3,959,718, or 33% of total revenues for 2022.
- The District had \$10,960,188 and \$9,594,192 in expenses for fiscal years 2023 and 2022; only \$4,203,585 for 2023 and \$3,959,718 for 2022 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$8,061,407 for 2023 and \$7,909,803 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$8,355,662 in revenues and \$7,829,203 in expenditures for 2023, and \$7,964,959 in revenues and \$7,403,974 in expenditures for 2022. The General Fund's fund balance increased by \$571,777, including a prior period adjustment of \$207,044, from 2022 to 2023, and increased by \$455,482 from 2021 to 2022.
- Capital assets, including intangible right to use assets and net of accumulated depreciation and amortization, increased by \$683,683 for 2023 and increased by \$445,057 for 2022. The increase for 2023 was due primarily to the additions of building improvements and furniture and equipment.
- Long-term debt, including the liability for compensated absences, and lease obligations, decreased by \$211,237 for 2023 and decreased by \$240,593 for 2022. The decrease for 2023 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$9,081 for 2023 and decreased by \$1,680 for 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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.

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,472,526 as of June 30, 2023.

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

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

Table 1
Condensed Statement of Net Position

	June 30, 2023	June 30, 2022	Percentage Change
Current assets	\$ 4,313,739	\$ 4,464,211	(3.37) %
Restricted assets	3,178,543	2,988,346	6.36 %
Lease receivable	1,039,942	1,112,269	(6.50) %
Capital assets, net	4,370,256	3,686,573	18.55 %
Total assets	<u>12,902,480</u>	<u>12,251,399</u>	5.31 %
Deferred outflows of resources	<u>3,481,278</u>	<u>2,189,606</u>	58.99 %
Current liabilities	358,371	709,994	(49.52) %
Long-term debt outstanding	1,227,291	1,478,568	(16.99) %
Lease liability	40,040	-	N/A %
Net OPEB liability	547,804	687,062	(20.27) %
Net pension liability	16,504,374	11,193,373	47.45 %
Total liabilities	<u>18,677,880</u>	<u>14,068,997</u>	32.76 %
Deferred inflows of resources	<u>2,178,404</u>	<u>6,147,609</u>	(64.57) %
Net position:			
Net investment in capital assets	3,133,228	2,247,389	39.42 %
Restricted	5,422,239	5,671,736	(4.40) %
Unrestricted	(13,027,993)	(13,694,726)	4.87 %
Total net position	<u>\$ (4,472,526)</u>	<u>\$ (5,775,601)</u>	22.56 %

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)	\$ (13,027,993)
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>14,656,415</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 1,628,422</u>

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

- Increase in net capital assets in the amount of \$683,683.
- The principal retirement of \$242,196 of long-term debt.
- Recognition of the net pension liability in the amount of \$16,504,374.
- Recognition of a net OPEB liability in the amount of \$547,804.

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$12,264,992 and \$11,869,521, respectively. The total cost of all programs and services was \$10,960,188 for 2023 and \$9,594,192 for 2022.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 255,760	\$ 253,652	0.83 %
Operating grants and contributions	3,947,825	3,366,279	17.28 %
Capital Grants and Contributions	-	339,787	(100.00) %
General revenues:			
Property taxes	2,715,812	2,716,783	(0.04) %
Grants and contributions not restricted	4,794,476	4,870,905	(1.57) %
Investment earnings (losses)	37,573	56,156	(33.09) %
Sixteenth section sources	465,883	242,980	91.74 %
Other	47,663	22,979	107.42 %
Total revenues	<u>12,264,992</u>	<u>11,869,521</u>	3.33 %
Expenses:			
Instruction	5,168,919	5,102,040	1.31 %
Support services	4,029,426	3,955,352	1.87 %
Non-instructional	663,345	613,763	8.08 %
Sixteenth section	86,725	124,037	(30.08) %
Pension expense	1,032,084	(194,131)	631.64 %
OPEB expense	(77,519)	(47,669)	(62.62) %
Interest on long-term liabilities	57,208	40,800	40.22 %
Total expenses	<u>10,960,188</u>	<u>9,594,192</u>	14.24 %
Increase (Decrease) in net position	<u>1,304,804</u>	<u>2,275,329</u>	(42.65) %
Net Position (Deficit), July 1, as previously reported	(5,775,601)	(8,050,930)	28.26 %
Prior Period Adjustment	(1,729)	-	N/A %
Net Position (Deficit), July 1, as restated	<u>(5,777,330)</u>	<u>(8,050,930)</u>	28.24 %
Net Position (Deficit), June 30	<u><u>\$ (4,472,526)</u></u>	<u><u>\$ (5,775,601)</u></u>	22.56 %

Governmental activities

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

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2023	2022	
Instruction	\$ 5,168,919	\$ 5,102,040	1.31 %
Support services	4,029,426	3,955,352	1.87 %
Non-instructional	663,345	613,763	8.08 %
Sixteenth section	86,725	124,037	(30.08) %
Pension Expense	1,032,084	(194,131)	631.64 %
OPEB Expense	(77,519)	(47,669)	(62.62) %
Interest on long-term liabilities	57,208	40,800	40.22 %
Total expenses	\$ 10,960,188	\$ 9,594,192	14.24 %

	Net (Expense) Revenue		Percentage Change
	2023	2022	
Instruction	\$ (3,775,919)	\$ (3,667,412)	(2.96) %
Support services	(2,046,586)	(2,345,346)	12.74 %
Non-instructional	125,878	301,321	(58.22) %
Sixteenth section	(48,203)	(124,037)	61.14 %
Pension Expense	(1,032,084)	194,131	(631.64) %
OPEB Expense	77,519	47,669	62.62 %
Interest on long-term liabilities	(57,208)	(40,800)	(40.22) %
Total net (expense) revenue	\$ (6,756,603)	\$ (5,634,474)	(19.92) %

- Net cost of governmental activities (\$6,756,603 for 2023 and \$5,634,474 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$2,715,812 for 2023 and \$2,716,783 for 2022) and state and federal revenues (\$4,794,476 for 2023 and \$4,870,905 for 2022). In addition, there was \$465,883 and \$242,980 in Sixteenth Section sources for 2023 and 2022, respectively.
- Investment earnings (losses) amounted to \$37,573 for 2023 and \$56,156 for 2022.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7,083,971, an increase of \$321,676, which includes a prior period adjustment of (\$11,376) and a decrease in inventory of \$11,477. \$1,596,887, or 23% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$5,487,084, or 77% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$571,777, which includes a prior period adjustment of \$207,044. The fund balance of Other Governmental Funds showed a decrease in the amount of \$73,600, which includes a prior period adjustment of (\$31,832) and a decrease in inventory of \$11,477. The increase (decrease) in the fund balances for the other major funds were as follows:

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER III Fund	No Increase or Decrease
16th Section Principal Fund	\$ (176,501)

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District's total capital assets were \$7,725,701, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and intangible assets. This amount represents an increase of \$805,556 from 2022 due primarily to the addition of building improvements and furniture and equipment. Total accumulated depreciation and amortization as of June 30, 2023, was \$3,355,445, and total depreciation and amortization expense for the year was \$315,161, resulting in total net capital assets of \$4,370,256.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Land	\$ 40,211	\$ 36,361	10.59 %
Construction in Progress	-	312,266	(100.00) %
Buildings	2,295,201	2,357,905	(2.66) %
Building improvements	656,248	48,777	1,245.40 %
Improvements other than buildings	30,560	58,256	(47.54) %
Mobile equipment	708,328	636,651	11.26 %
Furniture and equipment	444,447	57,872	667.98 %
Finance purchases	156,480	178,485	(12.33) %
Intangible right to use assets	38,781	-	N/A %
Total	\$ 4,370,256	\$ 3,686,573	18.55 %

Additional information on the District's capital assets can be found in Note 5 included in this report. The right to use assets – leases information is presented in more detail in Note 6 included in this report.

Debt Administration. At June 30, 2023, the District had \$1,267,331 in outstanding long-term debt, including lease liabilities, of which \$270,684 is due within one year. During the fiscal year, the District made principal payments totaling \$264,076 on outstanding long-term debt, including leases liabilities. The liability for compensated absences decreased \$9,081 from the prior year.

CARROLL COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2023

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,086,000	\$ 1,294,000	(16.07) %
Installment purchase loans payable	110,988	145,184	(23.55) %
Lease liabilities	40,040	-	N/A %
Compensated absences payable	30,303	39,384	(23.06) %
Total	\$ 1,267,331	\$ 1,478,568	(14.29) %

Additional information on the district's long-term debt can be found in Note 7 and the information for leases can be found in Note 6 included in this report.

CURRENT ISSUES

The Carroll County School District is proud of its community support of the public schools. The district actively pursues grant funding to supplement local, state, and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Carroll County School District, P.O. Box 256 Carrollton, MS 38917.

FINANCIAL STATEMENTS

CARROLL COUNTY SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,460,917
Due from other governments	840,057
Lease receivable	1,039,942
Inventories	12,765
Restricted assets	3,178,543
Capital assets, non-depreciable:	
Land	40,211
Capital assets, net of accumulated depreciation:	
Buildings	2,295,201
Building improvements	656,248
Improvements other than buildings	30,560
Mobile equipment	708,328
Furniture and equipment	444,447
Financed purchases	156,480
Leased assets	38,781
Total Assets	<u>12,902,480</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	3,316,829
Deferred outflows - OPEB	164,449
Total Deferred Outflows of Resources	<u>3,481,278</u>
Liabilities	
Accounts payable and accrued liabilities	355,364
Interest payable on long-term liabilities	3,007
Long-term liabilities, due within one year:	
Leases liabilities	22,601
Capital related liabilities	246,568
Non-capital related liabilities	1,515
Net OPEB liability	25,608
Long-term liabilities, due beyond one year:	
Leases liabilities	17,439
Capital related liabilities	950,420
Non-capital related liabilities	28,788
Net pension liability	16,504,374
Net OPEB liability	522,196
Total Liabilities	<u>18,677,880</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	708,940
Deferred inflows - OPEB	376,575
Deferred inflows - leases	1,092,889
Total Deferred Inflows of Resources	<u>2,178,404</u>
Net Position	
Net investment in capital assets	3,133,228
Restricted for:	
Expendable:	
School-based activities	693,206
Debt service	97,979
Capital improvements	858,757
Forestry improvements	51,177
Unemployment benefits	19,077
Non-expendable:	
Sixteenth section	3,702,043
Unrestricted	(13,027,993)
Total Net Position (deficit)	<u>\$ (4,472,526)</u>

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

CARROLL COUNTY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2023

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction	\$ 5,168,919	\$ 108,748	\$ 1,284,252	\$ (3,775,919)
Support services	4,029,426	54,090	1,928,750	(2,046,586)
Non-instructional	663,345	54,400	734,823	125,878
Sixteenth section	86,725	38,522	-	(48,203)
Pension expense	1,032,084	-	-	(1,032,084)
OPEB expense	(77,519)	-	-	77,519
Interest on long-term liabilities	57,208	-	-	(57,208)
Total Governmental Activities	<u>\$ 10,960,188</u>	<u>\$ 255,760</u>	<u>\$ 3,947,825</u>	<u>\$ (6,756,603)</u>

General Revenues:

Taxes:

General purpose levies	2,479,017
Debt purpose levies	236,795

Unrestricted grants and contributions:

State	4,794,476
Unrestricted investment earnings	37,573
Sixteenth section sources	465,883
Other	47,663

Total General Revenues	<u>8,061,407</u>
------------------------	------------------

Change in Net Position	<u>1,304,804</u>
------------------------	------------------

Net Position - Beginning, as previously reported	(5,775,601)
Prior Period Adjustments	<u>(1,729)</u>

Net Position - Beginning, as restated	<u>(5,777,330)</u>
---------------------------------------	--------------------

Net Position (deficit) - Ending	<u><u>\$ (4,472,526)</u></u>
---------------------------------	------------------------------

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

CARROLL COUNTY SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2023

Exhibit C

	Major Funds					
	General Fund	ESSER III Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds	
Assets						
Cash and cash equivalents	\$ 1,762,993	\$ -	\$ 965,451	\$ 1,697,924	\$	4,426,368
Investments	-	-	2,213,092	-		2,213,092
Due from other governments	122,614	456,707	-	260,736		840,057
Lease receivable	1,039,942	-	-	-		1,039,942
Due from other funds	706,383	-	-	1,454		707,837
Advance to other funds	-	-	523,500	-		523,500
Inventories	-	-	-	12,765		12,765
Total Assets	\$ 3,631,932	\$ 456,707	\$ 3,702,043	\$ 1,972,879	\$	9,763,561
<u>Liabilities, Deferred Inflows of Resources,</u>						
<u>and Fund Balances:</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 355,364	\$ -	\$ -	\$ -		355,364
Due to other funds	1,454	456,707	-	249,676		707,837
Advances from other funds	523,500	-	-	-		523,500
Total Liabilities	880,318	456,707	-	249,676		1,586,701
Deferred Inflows of Resources						
Leases	1,092,889	-	-	-		1,092,889
Total Deferred Inflows of Resources	1,092,889	-	-	-		1,092,889
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	12,765		12,765
Permanent fund principal	-	-	3,178,543	-		3,178,543
Advances	-	-	523,500	-		523,500
Restricted:						
Unemployment benefits	-	-	-	19,077		19,077
Forestry improvement purposes	-	-	-	51,177		51,177
Capital projects	-	-	-	858,757		858,757
Debt service	-	-	-	100,986		100,986
Grant activities	-	-	-	338,497		338,497
Food service	-	-	-	341,944		341,944
Assigned:						
School activities	61,838	-	-	-		61,838
Unassigned						
	1,596,887	-	-	-		1,596,887
Total Fund Balances	1,658,725	-	3,702,043	1,723,203		7,083,971
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,631,932	\$ 456,707	\$ 3,702,043	\$ 1,972,879	\$	9,763,561

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

CARROLL COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds **\$ 7,083,971**

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	\$ 40,211	
Buildings	4,227,279	
Building improvements	719,332	
Improvements other than buildings	152,800	
Mobile equipment	1,359,670	
Furniture and equipment	898,808	
Financed purchases	244,500	
Accumulated depreciation	(3,311,125)	
Leased assets	83,101	
Accumulated amortization	<u>(44,320)</u>	4,370,256

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 (16,504,374)

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	3,316,829	
Deferred inflows of resources related to pensions	<u>(708,940)</u>	(13,896,485)

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 (547,804)

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	164,449	
Deferred inflows of resources related to OPEB	<u>(376,575)</u>	(759,930)

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	(1,086,000)	
Installment purchase loan payable	(110,988)	
Lease obligations	(40,040)	
Compensated absences	(30,303)	
Accrued interest payable	<u>(3,007)</u>	(1,270,338)

Net Position of governmental activities **\$ (4,472,526)**

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

CARROLL COUNTY SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds			Other	Total
	General	ESSER III	16th Section	Governmental	Governmental
	Fund	Fund	Principal	Funds	Funds
			Fund		
Revenues:					
Local sources	\$ 2,634,099	\$ -	\$ -	\$ 292,325	\$ 2,926,424
State sources	5,256,103	-	-	116,858	5,372,961
Federal sources	154	661,545	-	2,710,152	3,371,851
Sixteenth section sources	465,306	-	35,801	38,559	539,666
Total Revenues	8,355,662	661,545	35,801	3,157,894	12,210,902
Expenditures:					
Instruction	4,467,536	232,047	-	1,003,236	5,702,819
Support services	3,193,099	429,498	-	786,309	4,408,906
Noninstructional services	-	-	-	681,073	681,073
Sixteenth section	74,393	-	-	12,332	86,725
Facilities acquisition and construction	-	-	-	721,823	721,823
Debt service:					
Principal	56,076	-	-	208,000	264,076
Interest	38,099	-	-	19,712	57,811
Total Expenditures	7,829,203	661,545	-	3,432,485	11,923,233
Excess (Deficiency) of Revenues over (under) Expenditures	526,459	-	35,801	(274,591)	287,669
Other Financing Sources (Uses):					
Insurance recovery	54,090	-	-	-	54,090
Sale of transportation equipment	2,770	-	-	-	2,770
Operating transfers in	33,132	-	-	261,305	294,437
Operating transfers out	(251,718)	-	(25,714)	(17,005)	(294,437)
Total Other Financing Sources (Uses)	(161,726)	-	(25,714)	244,300	56,860
Net Change in Fund Balances	364,733	-	10,087	(30,291)	344,529
Fund Balances:					
July 1, 2022, as previously reported	1,086,948	-	3,878,544	1,796,803	6,762,295
Prior period adjustments	207,044	-	(186,588)	(31,832)	(11,376)
July 1, 2022, as restated	1,293,992	-	3,691,956	1,764,971	6,750,919
Increase (Decrease) in inventory	-	-	-	(11,477)	(11,477)
June 30, 2023	\$ 1,658,725	\$ -	\$ 3,702,043	\$ 1,723,203	\$ 7,083,971

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

CARROLL COUNTY SCHOOL DISTRICT
Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 344,529**

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 984,926	
Depreciation expense	(293,001)	
Amortization expense	(22,160)	
	669,765	669,765

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. (57,649)

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

Payments of debt principal	242,196	
Payments of leases principal	21,880	
Accrued interest payable	603	
	264,679	264,679

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

Pension expense	(1,032,084)	
Contributions subsequent to the measurement date	1,013,555	
	(18,529)	(18,529)

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

OPEB expense	77,519	
Contributions subsequent to the measurement date	26,886	
	104,405	104,405

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

Change in compensated absences	9,081	
Change in inventory	(11,477)	
	(2,396)	(2,396)

Change in Net Position of governmental activities	\$	1,304,804
--	-----------	------------------

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 Fund – This is a special revenue fund that accounts for the expenditures and revenues of the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund under the American Rescue Plan (ARP) Act of 2021, Public Law 117-2, enacted on March 11, 2021. The ARP ESSER III funding from the ARP Act provides support for K12 schools to help safely open and sustain the safe operations of schools and address the impacts of the coronavirus pandemic on the nation's students.

Sixteenth Section Principal Fund – This is a permanent fund used to account for the nonexpendable resources generated from the sale of non-renewable resources on sixteenth section lands.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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

D. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

(**) A capitalization threshold amount has not been set for right to use leased 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.

(***) A capitalization threshold amount has not been set for right to use subscription IT assets. Right to use subscription IT assets will be amortized in a rational and systematic manner over the shorter of the subscription term or the useful of the underlying IT asset.

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

7. Deferred outflows/inflows of resources

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

Deferred outflows of resources related to pensions

Deferred outflows of resources related to OPEB (Other post-employment benefits)

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.

Deferred inflows of resources related to pensions

Deferred inflows of resources related to OPEB (Other post-employment benefits)

Deferred inflows of resources related to leases

See Notes 6, 9, 10, and 14 for further details.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

8. Compensated Absences

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

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

9. Leases

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

When acting as the lessor for the leasing of sixteenth section trust lands, the school district uses the minimum of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. When acting as lessee, the school district uses its estimated current borrowing rate to calculate the present value of lease payments if the rate implicit in the lease is not known. See Note 6 for details.

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs. The school district implemented GASB 96 in fiscal year 2023.

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other than Pensions (OPEB)

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

14. Fund Balances

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

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

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

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

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

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

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

When an expenditure/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

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at the fiscal year end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

15. Accounting Standards Update

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

Note 2 – Cash and Cash Equivalents 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.

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 financial institutions reported in the governmental funds was \$4,426,368. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$3,460,917 and a portion of restricted assets in the amount of \$3,178,543 (see Note 4).

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023, none of the district's bank balance of \$4,839,288 was exposed to custodial credit risk.

Investments

As of June 30, 2023, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of Deposit	N/A	1-5 years	\$ 2,213,092
Total			<u>\$ 2,213,092</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 measurements as of June 30, 2023:

- The certificate of deposits of \$2,213,092 are valued using quoted market prices (Level 1 inputs).

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

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

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

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.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER III Fund	456,707
General Fund	Other Governmental Funds	249,676
Other Governmental Funds	General Fund	1,454
Total		<u>\$ 707,837</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows. All balances are expected to be repaid within one year.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 523,500
Total		<u>\$ 523,500</u>

Sixteenth section principal loans payable

The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2023 is 4 percent.

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 148,335	20,940	169,275
2025	148,335	15,007	163,342
2026	139,835	9,073	148,908
2027	37,995	3,480	41,475
2028	9,000	1,960	10,960
2029 - 2033	25,000	6,000	31,000
2034 - 2036	15,000	1,200	16,200
Total	<u>\$ 523,500</u>	<u>\$ 57,660</u>	<u>\$ 581,160</u>

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

C. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	16th Section Principal Fund	25,714
General Fund	Other Governmental Funds	7,418
Other Governmental Funds	General Fund	251,718
Other Governmental Funds	Other Governmental Funds	9,587
Total		<u>\$ 294,437</u>

Operating transfers were primarily for the following: indirect cost transfers, unemployment compensation transfers, expendable sixteenth section sources, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash and investment balances totaling \$965,451 and \$2,213,092, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 5 – Capital Assets

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

	Balance 7/1/2022	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2023
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 36,361	\$ -	\$ -	\$ -	\$ 3,850	\$ 40,211
Construction in progress	312,266	721,823	-	(1,034,089)	-	-
Total non-depreciable capital assets	348,627	721,823	-	(1,034,089)	3,850	40,211
<u>Depreciable capital assets:</u>						
Buildings	4,200,784	-	-	-	26,495	4,227,279
Building Improvements	101,619	-	-	617,713	-	719,332
Improvements other than buildings	181,650	-	-	-	(28,850)	152,800
Mobile equipment	1,404,642	239,874	284,846	-	-	1,359,670
Furniture and equipment	438,323	23,229	7,240	416,376	28,120	898,808
Financed purchases	244,500	-	-	-	-	244,500
Total depreciable capital assets	6,571,518	263,103	292,086	1,034,089	25,765	7,602,389
<u>Less accumulated depreciation for:</u>						
Buildings	1,842,879	77,010	-	-	12,189	1,932,078
Building improvements	52,842	10,242	-	-	-	63,084
Improvements other than buildings	123,394	-	-	-	(1,154)	122,240
Mobile equipment	767,991	110,620	227,269	-	-	651,342
Furniture and equipment	380,451	73,124	7,168	-	7,954	454,361
Financed purchases	66,015	22,005	-	-	-	88,020
Total accumulated depreciation	3,233,572	293,001	234,437	-	18,989	3,311,125
Total depreciable capital assets, net	3,337,946	(29,898)	57,649	1,034,089	6,776	4,291,264
Governmental activities capital assets, net	\$ 3,686,573	\$ 691,925	\$ 57,649	\$ -	\$ 10,626	\$ 4,331,475
Lease assets, net (Note 6)	-					38,781
Total capital assets, net, as reported in the statement of net position	3,686,573					4,370,256

Adjustments were made to properly present capital assets at fiscal year end.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 140,714
Support services	145,889
Non-instructional	6,398
Total depreciation expense - Governmental activities	\$ 293,001

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets

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

		Balance 7/1/2022	Additions	Adjustments	Balance 6/30/2023
<u>Lease Assets:</u>					
Furniture and Equipment	\$	-	-	83,101	83,101
Total Lease Assets		-	-	83,101	83,101
<u>Less Accumulated Amortization:</u>					
Furniture and Equipment		-	22,160	22,160	44,320
Total Accumulated Amortization		-	22,160	22,160	44,320
Total Lease Assets, net		-	(22,160)	60,941	38,781

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

		Balance 7/1/2022	Additions	Retirements	Adjustments	Balance 6/30/2023	Amounts due within one year
Lease Liabilities	\$	-	-	21,880	61,920	40,040	22,601
Total	\$	-	-	21,880	61,920	40,040	22,601

Year Ending June 30	Principal	Interest	Total Payment
2024	\$ 22,601	\$ 967	\$ 23,568
2025	17,439	237	17,676
Total	\$ 40,040	\$ 1,204	\$ 41,244

Leases

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

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

The school district generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

As Lessee:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier Lease	3.25%	4/1/2021	3/30/2025	\$ 83,101	\$ 40,040

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

Year Ending June 30	Principal	Interest	Total Payment
2024	\$ 22,601	\$ 967	\$ 23,568
2025	17,439	237	17,676
Total	\$ 40,040	\$ 1,204	\$ 41,244

As Lessor:

Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall ensure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools.

The school district uses the minimum rate of 4% interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease rental payments since a rate implicit in the sixteenth section leases is not a part of the lease contract.

The school district, acting as lessor, has entered into 16 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are let for a term that corresponds with state law in accordance with the type of lease executed.

The total amount of inflows recognized in the reporting period from these leases is \$152,128. As of June 30, 2023, the School District recognized a lease receivable of \$1,039,942 and deferred inflow of resources of \$1,092,889 related to the Sixteenth section land leases. At lease inception, the district's lease receivable is measured at the present value of the lease payments expected to be received during the lease term and the deferred inflow is recorded in an amount equal to lease receivable plus any lease prepayments to be applied to future periods.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

The following are the future principal and interest payments to be received on the leases:

Year Ending June 30	Principal	Interest	Total
2024	\$ 160,585	\$ 41,598	\$ 202,183
2025	157,548	35,174	192,722
2026	155,879	28,872	184,751
2027	126,603	22,637	149,240
2028	31,909	17,573	49,482
2029 - 2033	172,912	68,147	241,059
2034 - 2038	165,046	32,113	197,159
2039 - 2043	41,179	9,621	50,800
2044 - 2048	14,799	3,931	18,730
2049 - 2053	4,391	2,359	6,750
Thereafter	9,091	1,711	10,802
Total	<u>\$ 1,039,942</u>	<u>\$ 263,736</u>	<u>\$ 1,303,678</u>

Note 7 – Long-term Liabilities

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due within one year
A. Three mill notes payable	\$ 1,294,000	\$ -	\$ 208,000	\$ 1,086,000	\$ 211,000
B. Installment purchases loans payable	145,184	-	34,196	110,988	35,568
C. Compensated absences payable	39,384	-	9,081	30,303	1,515
Total	<u>\$ 1,478,568</u>	<u>\$ -</u>	<u>\$ 251,277</u>	<u>\$ 1,227,291</u>	<u>\$ 248,083</u>

A. Three mill notes payable

Three mill notes payable currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note payable, series 2021	1.60%	6/22/2021	6/1/2028	\$ 1,500,000	\$ 1,086,000
Total				<u>\$ 1,500,000</u>	<u>\$ 1,086,000</u>

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 211,000	17,424	228,424
2025	214,000	14,681	228,681
2026	217,000	11,578	228,578
2027	220,000	8,106	228,106
2028	224,000	4,256	228,256
Total	\$ 1,086,000	\$ 56,045	\$ 1,142,045

This debt will be retired from the Three Mill Note Fund (Debt Service Fund) which will be financed by local millage and the EEF Buildings and Buses Fund. These EEF funds are pledged exclusively to the limited tax notes payable, series 2021 through June 1, 2028.

B. Installment purchase loans payable

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bank of Commerce - Bus Loan	3.90%	8/8/2019	2/20/2026	\$ 244,500	\$ 110,988
Total				\$ 244,500	\$ 110,988

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 35,568	4,388	39,956
2025	36,966	2,990	39,956
2026	38,454	1,502	39,956
Total	\$ 110,988	\$ 8,880	\$ 119,868

The debt will be retired from the district maintenance fund.

C. Compensated absences payable

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

Note 8 – Short-Term Financing

During the fiscal year ended June 30, 2023, the school district participated in the following short-term financing(s) for the purpose of a taxpayer anticipation note:

A. Bank-financed short-term debt.

The school district issued a revenue anticipation note payable to the Bank of Commerce. Once the cash flow was available, the district made a payment consisting of principal and interest to the

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

trustee. All transactions related to participation in this program are accounted for as part of the school district's General Fund.

- B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2023 are as follows:

Description	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023
Bank of Commerce, Taxpayer				
Anticipation Note	\$ -	600,000	600,000	\$ -
Total	-	600,000	600,000	-

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were \$1,013,555, \$960,471, and \$876,154, respectively, which equaled the required contributions for each year.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

At June 30, 2023, the school district reported a liability of \$16,504,374 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2023 net pension liability was 0.080182 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.004451 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,032,084. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 230,741	\$
Net difference between projected and actual earnings on pension plan investments	1,533,398	
Changes of assumptions	539,135	
Changes in proportion and differences between District contributions and proportionate share of contributions		708,940
District contributions subsequent to the measurement date	1,013,555	
Total	\$ <u>3,316,829</u>	\$ <u>708,940</u>

\$1,013,555 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2024	\$ 340,840
2025	305,210
2026	52,711
2027	895,573
Total	\$ <u>1,594,334</u>

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

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

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	<u>100 %</u>	

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 21,539,893	\$ 16,504,373	\$ 12,352,844

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

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$26,886 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$547,804 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the District's proportion was 0.11118774 percent. This was an increase of 0.00444837 percent from the proportionate share as of the measurement date of June 30, 2021.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

For the year ended June 30, 2023, the District recognized OPEB expense of (\$77,519). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 454	\$ 237,331
Changes of assumptions	85,439	50,719
Net difference between projected and actual earnings on OPEB plan investments	38	
Changes in proportion and differences between District contributions and proportionate share of contributions	51,632	88,525
District contributions subsequent to the measurement date	26,886	
Total	\$ <u>164,449</u>	\$ <u>376,575</u>

\$26,886 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2024	\$ (55,190)
2025	(60,216)
2026	(62,659)
2027	(41,399)
2028	(13,960)
2029	(5,588)
Total	<u>\$ (239,012)</u>

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

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Health Care Cost Trends

Medicare Supplement Claims
Pre-Medicare

7.00% for 2023 decreasing to an ultimate
rate of 4.50% by 2029 FYE

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

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

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

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

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

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

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

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	\$ 603,474	\$ 547,804	\$ 499,985

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	\$ 509,692	\$ 547,804	\$ 590,694

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

Note 11 – Prior Period Adjustments

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

Exhibit B – Statement of Activities

Explanation	Amount
1. To correct capital asset balances	\$ 10,626
2. GASB 87 lease adjustment to correct balance	(979)
3. See explanation below	(11,376)
Total	<u>\$ (1,729)</u>

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

Fund	Explanation	Amount
General Fund	To correct beginning fund balances	\$ 152,893
General Fund	To correct due from other funds balance	27,924
General Fund	To eliminate a liability	26,227
16th Section Principal Fund	To correct beginning fund balances	(186,588)
Other Governmental Funds	To correct beginning fund balances	(31,832)
Total		<u>\$ (11,376)</u>

Note 12 – Contingencies

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

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

Note 13 – 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 ensured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 48 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$13,027,993) 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 \$1,013,555 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, 2024. The \$2,303,274 balance of deferred outflow of resources related to pensions, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$13,027,993) 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 \$26,886 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$137,563 balance of deferred outflow of resources related to OPEB, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$13,027,993) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$376,575 balance of deferred inflow of resources related to OPEB, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$13,027,993) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pension. The \$708,940 balance of deferred inflow of resources related to pension, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$13,027,993) includes the effect of deferring recognition of revenue resulting from a deferred inflow from leases. The \$1,092,889 balance of deferred inflow of resources related to leases at June 30, 2023, will be recognized as revenue and will increase the unrestricted net position over the next 39 years.

Note 15 - Insurance loss recoveries

The Carroll County School District received \$54,090 in insurance loss recoveries related to vehicle damage, during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to support services.

CARROLL COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Carroll County School District evaluated the activity of the district through January 17, 2025, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,704,242	\$ 2,626,567	\$ 2,634,099	\$ (77,675)	\$ 7,532
Intermediate sources		5,498	-	5,498	(5,498)
State sources	5,285,943	5,256,257	5,256,103	(29,686)	(154)
Federal sources	21,150	-	154	(21,150)	154
Sixteenth section sources	342,531	534,375	465,306	191,844	(69,069)
Total Revenues	8,353,866	8,422,697	8,355,662	68,831	(67,035)
Expenditures:					
Instruction	4,517,881	4,467,159	4,467,536	50,722	(377)
Support services	3,222,941	3,216,589	3,193,099	6,352	23,490
Noninstructional services	97,847	-	-	97,847	-
Sixteenth section	168,482	74,393	74,393	94,089	-
Debt service:					
Principal	182,550	34,196	56,076	148,354	(21,880)
Interest	31,454	36,410	38,099	(4,956)	(1,689)
Total Expenditures	8,221,155	7,828,747	7,829,203	392,408	(456)
Excess (Deficiency) of Revenues over (under) Expenditures					
	132,711	593,950	526,459	461,239	(67,491)
Other Financing Sources (Uses):					
Insurance recovery	-	54,090	54,090	54,090	-
Sale of transportation equipment	-	2,770	2,770	2,770	-
Operating transfers in	1,107,021	1,473,532	33,132	366,511	(1,440,400)
Operating transfers out	(1,239,732)	(1,619,853)	(251,718)	(380,121)	1,368,135
Total Other Financing Sources (Uses)	(132,711)	(89,461)	(161,726)	43,250	(72,265)
Net Change in Fund Balances	-	504,489	364,733	504,489	(139,756)
Fund Balances:					
July 1, 2022, as previously reported	1,207,096	1,205,241	1,086,948	(1,855)	(118,293)
Prior period adjustments	-	-	207,044	-	207,044
July 1, 2022, as restated	1,207,096	1,205,241	1,293,992	(1,855)	88,751
June 30, 2023	\$ 1,207,096	\$ 1,709,730	\$ 1,658,725	\$ 502,634	\$ (51,005)

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

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER III Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 2,169,083	\$ 2,573,393	\$ 661,545	\$ 404,310	\$ (1,911,848)
Total Revenues	2,169,083	2,573,393	661,545	404,310	(1,911,848)
Expenditures:					
Instruction	157,176	310,217	232,047	(153,041)	78,170
Support services	273,239	524,508	429,498	(251,269)	95,010
Noninstructional services	48,668	48,668	-	-	48,668
Facilities acquisition and construction	1,690,000	1,690,000	-	-	1,690,000
Debt service:					
Principal	-	-	-	-	-
Total Expenditures	2,169,083	2,573,393	661,545	(404,310)	1,911,848
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2022,	-	-	-	-	-
June 30, 2023	\$ -	\$ -	\$ -	\$ -	-

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

Carroll County School District

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

PERS

Last 10 Fiscal Years*

		2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability		0.080182%	0.075731%	0.082562%	0.084420%	0.091189%	0.086416%	0.083320%	0.074993%	0.080000%
District's proportionate share of the net pension liability	\$	16,504,374	11,193,373	15,983,043	14,851,144	15,167,440	14,365,272	14,883,033	11,592,439	9,710,536
District's covered payroll	\$	5,519,948	5,035,368	5,497,577	5,498,076	5,823,295	5,543,638	5,330,210	4,685,162	4,927,041
District's proportionate share of the net pension liability as a percentage of its covered payroll		299.00%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	197.09%
Plan fiduciary net position as a percentage of the total pension liability		59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

Carroll County School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,013,555	960,471	876,154	956,578	865,947	917,169	873,123	839,508	737,913
Contributions in relation to the contractually required contribution	1,013,555	960,471	876,154	956,578	865,947	917,169	873,123	839,508	737,913
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 5,825,029	5,519,948	5,035,368	5,497,575	5,498,076	5,823,295	5,543,638	5,330,210	4,685,162
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Carroll County School District

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

OPEB

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.11118774%	0.10673937%	0.11488569%	0.11854424%	0.12781351%	0.11809270%
District's proportionate share of the net OPEB liability	\$ 547,804	687,062	894,050	1,005,897	988,701	926,566
District's covered - employee payroll	\$ 5,463,717	5,129,967	5,547,714	5,498,076	5,823,295	5,498,076
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	10.03%	13.39%	16.12%	18.30%	16.98%	16.85%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

Carroll County School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 26,886	22,324	27,615	35,655	40,319	39,501
Contributions in relation to the actuarially determined contribution	26,886	22,324	27,615	35,655	40,319	39,501
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered - employee payroll	\$ 5,825,029	5,570,668	5,129,967	5,547,714	5,498,076	5,823,295
Contributions as a percentage of covered - employee payroll	0.46%	0.40%	0.54%	0.64%	0.73%	0.68%

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

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

Carroll County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

Carroll County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

Carroll County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

Carroll County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

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

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

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

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

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

SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Supplementary Information

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

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	235MS326N1099	\$ 211,278
National School Lunch Program	10.555	235MS326N1099	476,637
Summer Food Service Program for Children	10.559	235MS326N1099	1,714
Total Child Nutrition Cluster			689,629
Total Passed-through Mississippi Department of Education			689,629
Total U.S. Department of Agriculture			689,629
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A220024	396,452
Career and Technical Education - Basic Grants to States	84.048	V048A220024	21,360
Twenty-First Century Community Learning Centers	84.287	S287C220024	316,366
Rural Education	84.358	S358B220024	16,473
Supporting Effective Instruction State Grants	84.367	S367A220023	68,684
Student Support and Academic Enrichment Program	84.424	S424A220025	30,708
Subtotal			850,043
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A220108	294,477
COVID-19 - IDEA, Part B ARP Grant	84.027X	H027X210108	24,167
Subtotal			318,644
Special Education - Preschool Grants	84.173	H173A220113	4,466
COVID-19 - IDEA, Preschool ARP Grant	84.173X	H173X210113	354
Subtotal			4,820
Total Special Education Cluster			323,464
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	766
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	735,397
Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	661,545
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,397,708
Total Passed-through Mississippi Department of Education			2,571,215
Total U.S. Department of Education			2,571,215
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	154
Total passed-through Mississippi Department of Rehabilitation Services			154
Total U.S. Department of Social Security Administration			154
Total for All Federal Awards			\$ 3,260,998

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

Carroll County School District
Notes to the Supplementary Information
For the Year Ended June 30, 2023

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

CARROLL COUNTY SCHOOL DISTRICT
Supplementary Information

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 8,058,850	5,861,448	755,159	463,808	978,435
Other	3,864,383	1,007,028	160,621	250	2,696,484
Total	<u>\$ 11,923,233</u>	<u>6,868,476</u>	<u>915,780</u>	<u>464,058</u>	<u>3,674,919</u>
Total number of students *	<u>794</u>				
Cost per student	<u>\$ 15,017</u>	<u>8,650</u>	<u>1,154</u>	<u>584</u>	<u>4,629</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 Administration Categories.

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

OTHER INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 2,634,099	\$ 2,681,488	\$ 2,578,167	\$ 2,464,831
Intermediate sources	-	2,845	-	-
State sources	5,256,103	4,929,598	4,932,028	4,974,031
Federal sources	154	61,560	-	48,129
Sixteenth section sources	465,306	289,468	767,271	397,140
Total Revenues	8,355,662	7,964,959	8,277,466	7,884,131
Expenditures:				
Instruction	4,467,536	4,308,745	3,987,997	4,282,024
Support services	3,193,099	2,929,626	2,666,298	3,124,602
Sixteenth section	74,393	78,891	34,118	7,815
Facilities acquisition and construction	-	-	-	-
Debt service:				
Principal	56,076	32,913	31,639	34,764
Interest	38,099	53,799	53,374	58,655
Total Expenditures	7,829,203	7,403,974	6,773,426	7,507,860
Excess (Deficiency) of Revenues over (under) Expenditures	526,459	560,985	1,504,040	376,271
Other Financing Sources (Uses):				
Leases issued	-	-	-	244,500
Insurance recovery	54,090	46,369	73,070	-
Sale of transportation equipment	2,770	3,526	-	-
Operating transfers in	33,132	-	-	-
Operating transfers out	(251,718)	(155,398)	(257,901)	(306,490)
Total Other Financing Sources (Uses)	(161,726)	(105,503)	(184,831)	(61,990)
Net Change in Fund Balances	364,733	455,482	1,319,209	314,281
Fund Balances:				
Beginning of period, as previously reported	1,086,948	631,466	(713,023)	(798,677)
Residual equity transfer in	-	-	25,280	-
Prior period adjustments	207,044	-	-	(228,627)
Beginning of period, as restated	1,293,992	631,466	(687,743)	(1,027,304)
End of Period	\$ 1,658,725	\$ 1,086,948	\$ 631,466	\$ (713,023)

*SOURCE - PRIOR YEAR AUDIT REPORTS

CARROLL COUNTY SCHOOL DISTRICT
Other Information

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

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 2,926,424	\$ 2,942,568	\$ 2,824,814	\$ 2,723,653
Intermediate sources	-	2,845	-	-
State sources	5,372,961	5,047,053	5,038,820	5,185,973
Federal sources	3,371,851	3,529,917	2,269,361	1,507,626
Sixteenth section sources	539,666	331,551	901,214	469,692
Total Revenues	12,210,902	11,853,934	11,034,209	9,886,944
Expenditures:				
Instruction	5,702,819	5,655,753	4,977,647	5,126,325
Support services	4,408,906	4,422,882	3,826,599	3,697,952
Noninstructional services	681,073	661,882	487,492	657,311
Sixteenth section	86,725	124,037	66,303	14,952
Facilities acquisition and construction	721,823	368,637	-	-
Debt service:				
Principal	264,076	238,913	231,639	234,764
Interest	57,811	74,301	60,754	73,415
Total Expenditures	11,923,233	11,546,405	9,650,434	9,804,719
Excess (Deficiency) of Revenues over (under) Expenditures	287,669	307,529	1,383,775	82,225
Other Financing Sources (Uses):				
Three mill note issued	-	-	1,500,000	-
Leases issued	-	-	-	244,500
SBITA issued	-	-	-	-
Insurance recovery	54,090	46,369	73,070	-
Sale of transportation equipment	2,770	3,526	-	-
Operating transfers in	294,437	155,398	257,901	306,490
Operating transfers out	(294,437)	(155,398)	(257,901)	(306,490)
Total Other Financing Sources (Uses)	56,860	49,895	1,573,070	244,500
Net Change in Fund Balances	344,529	357,424	2,956,845	326,725
Fund Balances:				
Beginning of period, as previously reported	6,762,295	6,396,396	3,430,992	3,289,047
Residual equity transfers in	-	-	25,280	-
Prior period adjustments	(11,376)	-	-	(195,829)
Beginning of period, as restated	6,750,919	6,396,396	3,456,272	3,093,218
Increase (Decrease) in reserve for inventory	(11,477)	8,475	(16,721)	11,049
End of Period	\$ 7,083,971	\$ 6,762,295	\$ 6,396,396	\$ 3,430,992

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

BROWN CPA, PLLC

7708 Old Canton Road, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Superintendent and School Board
Carroll County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Carroll County School District's basic financial statements, and have issued our report thereon dated January 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs, as item **2023-001** and **2023-002** that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Carroll County School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Carroll County School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Carroll County 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.

Brown CPA, PLLC
Madison, Mississippi
January 17, 2025

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

BROWN CPA, PLLC

7708 Old Canton Road, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Superintendent and School Board
Carroll County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Carroll County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Carroll County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Carroll County School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Carroll County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of 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 the Carroll County School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Brown CPA, PLLC
Madison, Mississippi
January 17, 2025



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

BROWN CPA, PLLC

7708 Old Canton Rd, Suite A
Madison, MS 39110

Phone: 601-325-6013
Fax: 601-202-3038

clint.brown@brownafs.com

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

Superintendent and School Board
Carroll County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2023, which collectively comprise Carroll County School District's basic financial statements and have issued our report thereon dated January 17, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

State Legal Finding 01:

Internal Control Deficiency:

Management is responsible for ensuring that all travel reimbursements expenditures are correctly recorded, allowed, and documented, as required by the Department of Finance and Administration. Proper internal controls would include maintaining corroborating evidence such as conference schedules and attendance certifications and completing travel request forms. Proper internal controls would include maintaining corroborating evidence such as conference schedules and attendance certifications and completing travel request forms.

Applicable State Law:

Section 25-3-41(1), Mississippi Code Annotated (1972), states, "Subject to the provisions of subsection (10) of this section, when any officer or employee of the State of Mississippi, or any department, agency or institution thereof, after first being duly authorized, is required to travel in the performance of his official duties, the officer or employee shall receive as expenses for each mile actually and necessarily traveled, when the travel is done by a privately owned automobile or other privately owned motor vehicle, the mileage reimbursement rate allowable to federal employees for the use of a privately owned vehicle while on official travel."

Carroll County School District, Voucher for Reimbursement of Expenses of Official Travel, states, "... Attach a signed approval form, all receipts, copy of program agenda, and conference follow-up form. Travel Packets must be submitted to Federal Programs within two days of returning to school."

Condition:

During our testing of twenty (20) travel expenditures we noted the following exceptions:

1. Seven (7) instances where the district did not provide enough documentation to support the purpose of the trip.
2. Two (2) instances where there was not enough evidence to support whether meals were being reimbursed appropriately. District should provide support showing if meals are included in the conference fee.

Cause:

The district did not have the proper controls in place to make sure all travel rules and regulations were being followed. District did not maintain documentation to support the travel reimbursement.

Effect:

Failure to comply with the rules and regulations promulgated by the DFA and/or keep supporting travel reimbursement documentation could result in employees being improperly reimbursed for travel expenditures.

Recommendation:

We recommend the district implement better controls to ensure all rules and regulations are being followed regarding travel reimbursements and all the proper supporting documentation is being maintained.

Response:

The district will implement the necessary controls to comply with all travel reimbursement rules and regulations. All supporting documents will be properly maintained.

Repeat Finding:

Yes – Finding 3

State Legal Finding 02:

Applicable State Law:

Section 25-4-105(1), Mississippi Code Annotated (1972), prohibits a public servant from using his or her position to obtain or attempt to obtain any pecuniary benefit for his or her spouse or other "relative," as that term defined in *Section 25-4-103(q)*.

Mississippi Ethics Opinion 10-067-E provides that a director is prohibited from both supervising and recommending relatives within the first degree.

Condition:

During our review of the School District's related parties, the auditor noted the following instance of non-compliance.

- The transportation director had direct supervision over two siblings. They were also recommended for rehire by the transportation director.

Cause:

The district did not ensure compliance with the laws surrounding related parties.

Effect:

Failure to ensure the transportation director did not supervise and recommend for rehiring relatives results in non-compliance with *Mississippi Ethics Opinion 10-067-E*

Recommendation:

We recommend the district ensure compliance with related party laws by ensuring administrative staff or employees in key positions do not have direct supervision over relatives or recommend relatives for employment within the district.

Response:

The district will review staff for potential related party issues and take any appropriate action to ensure compliance with related party laws.

Repeat Finding:

Yes – Finding 4

State Legal Finding 03:

Applicable State Law:

Section 37-61-9, Mississippi Code Annotated (1972), requires the combined budget and combining budgets for each fund type are reflected in the board minutes or an addendum to the board minutes. Both should be signed by both the Board's president and secretary. Signed copies should be filed within the District.

Condition:

During our review of the school district's budgets the auditor noted the following exceptions:

1. The action for the Public Hearing for the FY23 budget held in July could not be found in the district's board minutes.
2. The FY23 original budget was approved August 4, 2023, but was not documented in the board minutes.

Cause:

The district did not ensure compliance with state law regarding the proper documentation within the board minutes.

Effect:

Failure to document the original budget and public hearing properly in the board minutes resulted in noncompliance with state law.

Recommendation:

We recommend that the district ensure compliance with state law by properly documenting and including the budget public hearing and original budget in the board minutes.

Response:

The district will ensure the budget public hearing and original budget is properly documented in the minutes going forward.

Repeat Finding:

Yes – Finding 10

State Legal Finding 04:

Applicable State Law:

Section 25-41-11, Mississippi Code Annotated (1972), states, "Minutes shall be kept of all meetings of a public body, whether in open or executive session, showing the members present and absent; the date, time and place of the meeting; an accurate recording of any final actions taken at such meeting; and a record, by individual member, of any votes taken; and any other information that the public body requests be included or reflected in the minutes. The minutes shall be recorded within a reasonable time not to exceed thirty (30) days after recess or adjournment and shall be open to public inspection during regular business hours."

Section 25-41-13(1)(a) & (b), Mississippi Code Annotated (1972) and Board Policy, Section B, Policy BCAC – Special Meetings of the Board, provides that a notice of the place, date, hour and subject matter of any recess meeting, adjourned meeting, interim meeting or any called special meeting shall be posted within one (1) hour after such meeting is called in a prominent place available to examination and inspection by the general public in the building in which the public body normally meets. A copy of the notice shall be made a part of the minutes or other permanent official records of the public body; and a notice of a called special meeting shall be posted to the public body's website, if the public body has a website and has the capability to update the website, not less than one (1) hour before the meeting. A copy of this notice shall be transmitted via email or facsimile not less than one (1) hour before the meeting to any citizen and any publication, broadcast and digital media with a general circulation or coverage within the public body's jurisdiction that has submitted in writing its interest to receive these notices.

Condition:

During review of the school district's board minutes the following exceptions were noted:

1. There was no evidence of any Call or Notice for special called meetings upon the board's official minutes.
2. Consent agenda items for consideration and approval were not spread upon the Board's official minutes.

Cause:

The district did not follow state law by properly informing the public with a call or notice regarding special meetings and did not properly document agenda items in the minutes.

Effect:

Failure to take the proper actions could result in a loss of transparency with the public and will result in noncompliance with state law.

Recommendation:

We recommend that the district ensure compliance by keeping detailed minutes for all meetings and properly documenting all actions as required by state law and regulations.

Response:

The district will make sure the board minutes contain everything required by state law including a call or notice for special meetings and consent agenda items.

Repeat Finding:

Yes – Finding 17

State Legal Finding 05:

Applicable State Law:

Section 25-1-12(1), Mississippi Code Annotated (1972), states, "Notwithstanding any other provision of law to the contrary, any public officer or employee handling or having the custody of public funds, by virtue of his or her office or employment, shall give an individual bond or be covered by a blanket bond. The amount of such bonds shall not be less than Twenty-five Thousand Dollars (\$25,000.00) for each public officer or employee, unless a specific amount is otherwise required by law. The provisions of this section shall not apply to any public officer or employee whose activity of handling or having custody of public funds is incidental to his or her employment or job duties, as defined by the regulations of the State Auditor's office."

Section 25-1-15(2), Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Section 37-39-21, Mississippi Code Annotated (1972), states, "The purchasing agent of any school board, before entering upon his official duties in such capacity, shall furnish a good and sufficient surety bond in the penal sum of Fifty Thousand Dollars (\$50,000), with sufficient surety."

Board Policy DJEA, Purchasing Authority, provides that the school board designates the following as purchase agents: Superintendent, Assistant Superintendent, Business manager, Program Directors, and all School Principals.

Condition:

During the review of the School District's surety bonds, the auditor noted the following exceptions:

1. The district's purchasing policy designates the business manager, school principals, and all program directors as purchasing agents and should be bonded as such. The following positions were not bonded during as purchasing agents during FY23:
 - Business Manager
 - Principal
 - CTE Director
 - SPED Director
 - Federal Programs Director
 - Transportation Director
2. The following district employees handle cash; however, were not bonded:
 - Cafeteria Managers – High School and Elementary School
 - Secretaries – High School and Elementary School
 - Accounts Payable/16th Section Manager
 - Payroll/Human Resources
 - District teachers that assist with athletic ticket sales

Cause:

The district did not follow state law and district policy by ensuring all staff are properly bonded based on position or duties.

Effect:

Failure to have all staff properly bonded could result in limitations of recovery if a loss should occur.

Recommendation:

We recommend that the district ensure that all staff are properly bonded as required by state law and board policy.

Response:

The district will revise policies or make proper corrections to the bonds to ensure compliance with state law and to follow board policies.

Repeat Finding:

Yes – Finding 19

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

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

Brown CPA, PLLC
Madison, Mississippi
January 17, 2025

Brown CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CARROLL COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | 4. | Internal control over major programs: | | | | | | | | | |
|----------------------|--|---------------|---|----------------------|-------------------------|---------|---|---------|--|--|
| | a. Material weakness identified? | No | | | | | | | | |
| | b. Significant deficiency identified? | None reported | | | | | | | | |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified | | | | | | | | |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No | | | | | | | | |
| 7. | Identification of major programs: | | | | | | | | | |
| | <table border="0" style="width: 100%;"> <tr> <th style="text-align: left; width: 40%;"><u>ALNs</u></th> <th style="text-align: left;"><u>Name of Federal Program or Cluster</u></th> </tr> <tr> <td>10.553;10.555;10.559</td> <td>Child Nutrition Cluster</td> </tr> <tr> <td>84.425D</td> <td>COVID-19 – Elementary & Secondary School
Emergency Relief I & II</td> </tr> <tr> <td>84.425U</td> <td>COVID-19 – Elementary & Secondary School
Emergency Relief III ARP (ESSER)</td> </tr> </table> | <u>ALNs</u> | <u>Name of Federal Program or Cluster</u> | 10.553;10.555;10.559 | Child Nutrition Cluster | 84.425D | COVID-19 – Elementary & Secondary School
Emergency Relief I & II | 84.425U | COVID-19 – Elementary & Secondary School
Emergency Relief III ARP (ESSER) | |
| <u>ALNs</u> | <u>Name of Federal Program or Cluster</u> | | | | | | | | | |
| 10.553;10.555;10.559 | Child Nutrition Cluster | | | | | | | | | |
| 84.425D | COVID-19 – Elementary & Secondary School
Emergency Relief I & II | | | | | | | | | |
| 84.425U | COVID-19 – Elementary & Secondary School
Emergency Relief III ARP (ESSER) | | | | | | | | | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | | | |
| 9. | Auditee qualified as low-risk auditee? | No | | | | | | | | |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes | | | | | | | | |

CARROLL COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section II: Financial Statement Findings

Significant Deficiencies not considered to be Material Weaknesses

2023-001 Finding

Capital asset testing and internal controls

Repeat Finding:
2021-003, 2022-003

Criteria:

According to the MS Public School Asset Management Manual and based on the requirement of GASB Statement 34 public school districts are required to establish and maintain a system of accountability, control, and reporting for their capital assets. School districts are required to develop policies and to establish and implement control procedures to implement those policies to ensure a high degree of certainty that the policies are adhered to as intended by the school board. Required policies include valuation of its capital assets, capitalization policy, and a policy on depreciating capital assets. In addition, all capital assets should be safeguarded. This includes reviewing and updating the capital assets and depreciation reports to reflect the physical inventory, performing periodic internal audits of inventory, and filing the proper documentation for asset transfers, disposals, and tagging.

Condition:

During our asset inventory testing we noted the following exceptions out of a sample of twenty (20) tested:

1. Eight (8) assets were disposed but still included on the inventory list at the time of inspection.
2. Three (3) assets were not in the proper location. It was transferred to another school/classroom. Transfer paperwork could not be provided at the time of the inspection.

Cause:

The district did not have adequate controls in place to ensure that all assets were being properly tagged and available at the time of an audit inspection.

Effect:

This could cause capital assets to be misstated on the financials and could lead to assets being easily misplaced or stolen.

Recommendation:

The district should implement the proper procedures and controls regarding the purchase, disposal, and transfer of fixed assets. District should reconcile assets monthly to the general ledger, including additions and board approved disposals. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 81

CARROLL COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-002 Finding

Deficiencies in controls surrounding year end accruals and balance sheet reconciliations.

Repeat Finding:
2021-002 and 2022-002

Criteria:

The school district is charged with developing controls surrounding the reconciliation of year end accruals and year end balance sheet amounts. Management is also responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This includes reviewing and updating the capital assets and depreciation reports to reflect the physical inventory.

Condition:

In our review of the controls surrounding year end accruals and balance sheet accounts, we noted that management had not properly reconciled the year end accruals, and some balance sheet accounts needed to be updated to agree to the current year reconciliations. The following accounts were not reconciled:

1. Advances to and from 16th Section Principal Accounts
 - a. An immaterial difference was found between the ending balance and amortization schedules.
2. Year-end payables
 - a. District did not record claims payables. When calculating the cutoff for claims payable the auditor noted an immaterial amount that should have been accrued.
3. Accrued Payroll Liabilities
 - a. District did not book accrued payroll at year end. Adjustments were proposed and accepted by the district to correct the liability.
4. Capital assets, including acquisitions and accumulated depreciation
 - a. District did not reconcile to the prior year audited balances. The current year support provided by the district did not reflect the prior year audit adjustments.

Cause:

The cause is likely an oversight or lack of controls to ensure items were reconciled and approved appropriately.

Effect:

The effect is a breakdown in the controls surrounding the year end close out cycle. This could result in the balance sheet being materially misstated.

Recommendation:

We recommend that the school district review their close out procedures and ensure that year end accruals and balance sheet reconciliations agree to support within each fund.

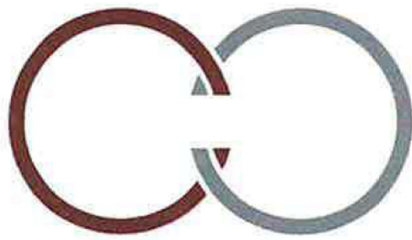
Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 81.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN/
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS



CARROLL COUNTY SCHOOL DISTRICT
OFFICE OF THE SUPERINTENDENT
Joey L. Carpenter, Superintendent Of Education

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The Carroll County 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, 2023:

2023-001

Capital asset testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Jennifer Prestridge

Title: Business Manager

B. Corrective action planned:

The district will implement stronger internal controls to ensure all assets are properly recorded and tagged. The district will also strengthen controls to ensure all assets are maintained and documented with asset additions, disposals, and transfers. The district will continue to perform an internal asset audit at least twice a year to verify the accuracy of the accounting records.

C. Anticipated completion date:

June 30, 2025

2023-002

Accounts payable testing and internal controls.

A. Name of contact person responsible for corrective action:

Name: Jennifer Prestridge

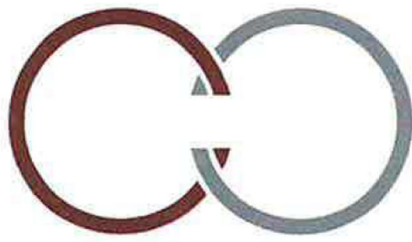
Title: Business Manager

A. Corrective action planned:

The district will reconcile balance sheet accounts and review year end accruals to ensure they have been properly recorded and cleared from prior periods.

B. Anticipated completion date:

June 30, 2025



CARROLL COUNTY SCHOOL DISTRICT
OFFICE OF THE SUPERINTENDENT
Joey L. Carpenter, Superintendent Of Education

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Uniform Guidance, the Carroll County School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2023:

<u>Findings</u>	<u>Status</u>
2022-001	Corrected
2022-002	Not Corrected; See Finding 2023-002
2022-003	Not Corrected; See Finding 2023-001
2022-004	Corrected