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South Tippah School District

Audited Financial Statements
For the Year Ended June 30, 2024

Fortenberry & Ballard, PC
Certified Public Accountants

South Tippah School District

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
South Tippah School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the South Tippah School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the South Tippah School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the South Tippah School District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Tippah 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 South Tippah 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 South Tippah 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 South Tippah 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 South Tippah 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 December 16, 2024, on our consideration of the South Tippah 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 South Tippah 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 South Tippah School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 16, 2024

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The following discussion and analysis of South Tippah School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2024. 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 2024 decreased \$3,863,064, including an error correction of \$85,783, which represents a 27% decrease from fiscal year 2023. Total net position for 2023 increased \$1,805,408, including a prior period adjustment of (\$22,251), which represents an 11% increase from fiscal year 2022.
- General revenues amounted to \$21,715,998 and \$22,181,360, or 71% and 66% of all revenues for fiscal years 2024 and 2023, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,660,160, or 29% of total revenues from 2024, and \$11,436,373, or 34% of total revenues from 2023.
- The District had \$34,325,005 and \$31,790,074 in expenses for fiscal years 2024 and 2023; only \$8,660,160 for 2024 and \$11,436,373 for 2023 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$21,715,998 for 2024 were not adequate to provide for these programs. However, general revenues of \$22,181,360 for 2023 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$23,746,859 in revenues and \$23,231,272 in expenditures for 2024, and \$23,237,720 in revenues and \$23,658,086 in expenditures for 2023. The General Fund's fund balance increased by \$323,082 from 2023 to 2024, and increased by \$1,678,599, which includes a prior period adjustment of (\$1,023), from 2022 to 2023.
- Capital assets, net of accumulated depreciation, including leased assets and subscription-based IT assets, increased by \$142,614 for 2024 and increased by \$1,147,894 for 2023. The increase for 2024 was due primarily to the additions to construction in progress, improvements other than buildings, mobile equipment, furniture and equipment, leased assets and subscription IT assets.
- Long-term debt, including compensated absences, lease liabilities, subscription-based IT liabilities, decreased by \$1,048,278 for 2024 and decreased by \$2,655 for 2023. This decrease for 2024 was due primarily to the payment of Qualified School Construction Bond in the amount of \$2,000,000. The liability for compensated absences increased by \$6,121 for 2024 and increased by \$14,748 for 2023.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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.

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

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

Fund Financial Statements

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

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

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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.

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.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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 \$18,423,049 as of June 30, 2024.

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.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Table 1 presents a summary of the District's net position at June 30, 2024 and June 30, 2023.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Current assets	\$ 9,971,710	8,930,409	12%
Restricted assets	7,674	1,880,541	(100)%
Capital assets, net	21,354,489	21,211,875	1%
Total assets	<u>31,333,873</u>	<u>32,022,825</u>	(2)%
Deferred outflows of resources	<u>13,662,338</u>	<u>14,864,496</u>	(8)%
Current liabilities	1,857,445	2,047,166	(9)%
Long-term debt outstanding	2,349,158	3,340,879	(30)%
Lease liability	156,966	225,815	(30)%
SBITA liability	77,205	64,913	19%
Net OPEB liability	1,797,300	1,627,413	10%
Net pension liability	56,169,185	45,819,592	23%
Total liabilities	<u>62,407,259</u>	<u>53,125,778</u>	17%
Deferred inflows of resources	<u>1,012,001</u>	<u>8,321,528</u>	(88)%
Net position:			
Net investment in capital assets	18,969,847	17,772,834	7%
Restricted	2,270,686	3,235,613	(30)%
Unrestricted	(39,663,582)	(35,568,432)	(12)%
Total net position (deficit)	<u>\$ (18,423,049)</u>	<u>(14,559,985)</u>	(27)%

Error correction that impacted the prior fiscal year(s) was made during the fiscal year ended June 30, 2024. The explanation for this correction is disclosed in Note 14 on page 62 of this report. Due to the immateriality of the result upon the affected funds, restatements to individually impacted line items of prior year(s) were not made to this schedule.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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)	\$ (39,663,582)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>45,316,148</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u><u>\$ 5,652,566</u></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 \$226,348.
- The principal retirement of \$2,197,842 of long-term debt.
- Issuance of lease liabilities and subscription IT liabilities of \$65,333.
- Decrease in net leased and subscription-based IT assets in the amount of \$83,734.
- The principal retirement of \$110,185 of leased and subscription IT liabilities.
- Issuance of a three mill note in the amount of \$1,200,000.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2024 and June 30, 2023 were \$30,376,158 and \$33,617,733, respectively. The total cost of all programs and services was \$34,325,005 for 2024 and \$31,790,074 for 2023.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

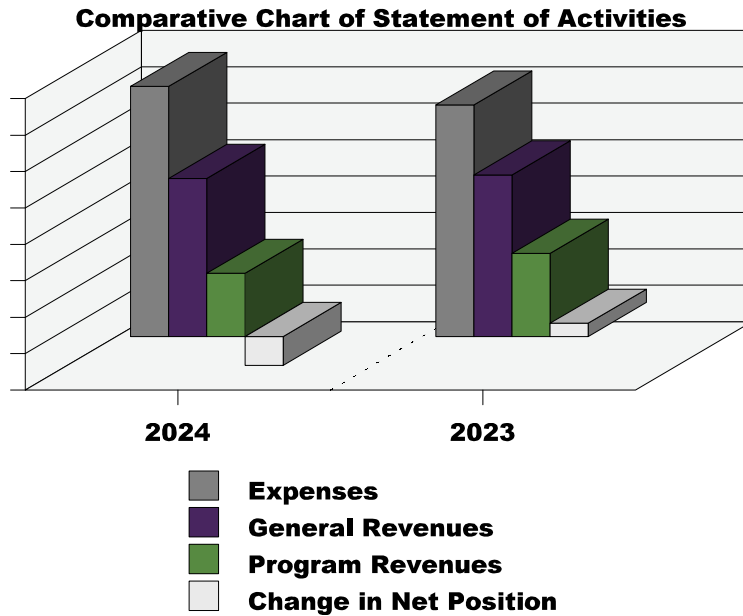
South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Table 2
Changes in Net Position

	Year Ended June 30, 2024	Year Ended June 30, 2023	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 875,460	870,934	1%
Operating grants and contributions	7,784,700	10,565,439	(26)%
General Revenues:			
Property taxes	5,275,261	5,048,400	4%
Grants and contributions not restricted	16,189,083	16,862,171	(4)%
Unrestricted investment earnings	158,995	71,866	121%
Other	92,659	198,923	(53)%
Total revenues	30,376,158	33,617,733	(10)%
Expenses:			
Instruction	15,770,496	16,268,177	(3)%
Support services	9,584,674	9,795,342	(2)%
Non-instructional	1,528,011	1,641,080	(7)%
Pension expense	7,500,045	4,240,988	77%
OPEB expense	(113,566)	(199,922)	43%
Interest on long-term liabilities	55,345	44,409	25%
Total expenses	34,325,005	31,790,074	8%
Increase (Decrease) in net position	(3,948,847)	1,827,659	(316)%
Net position (Deficit), July 1, as previously reported	(14,559,985)	(16,365,393)	11%
Adjustment or restatement	85,783	(22,251)	486%
Net position (Deficit), July 1, as restated	(14,474,202)	(16,387,644)	12%
Net Position (Deficit), June 30	\$ (18,423,049)	(14,559,985)	(27)%

Error correction that impacted the prior fiscal year(s) was made during the fiscal year ended June 30, 2024. The explanation for this correction is disclosed in Note 14 on page 62 of this report. Due to the immateriality of the result upon the affected funds, restatements to individually impacted line items of prior year(s) were not made to this schedule.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024



Governmental activities

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

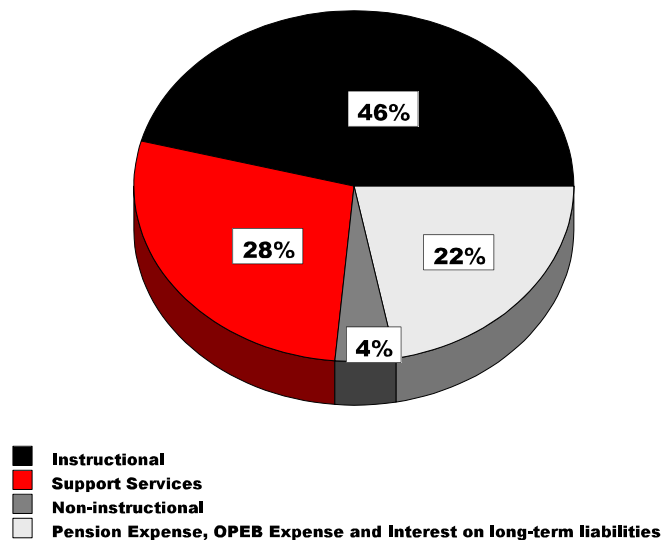
Table 3
Net Cost of Governmental Activities

		Total Expenses		Percentage Change
		2024	2023	
Instruction	\$	15,770,496	16,268,177	(3)%
Support services		9,584,674	9,795,342	(2)%
Non-instructional		1,528,011	1,641,080	(7)%
Pension expense		7,500,045	4,240,988	77%
OPEB expense		(113,566)	(199,922)	43%
Interest on long-term liabilities		55,345	44,409	25%
Total expenses	\$	34,325,005	31,790,074	8%

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

	<u>Net (Expense) Revenue</u>		
	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Instruction	\$ (11,189,905)	(9,247,579)	(21)%
Support services	(7,069,226)	(7,284,027)	3%
Non-instructional	36,110	263,380	(86)%
Pension expense	(7,500,045)	(4,240,988)	(77)%
OPEB expense	113,566	199,922	(43)%
Interest on long-term liabilities	(55,345)	(44,409)	(25)%
Total net (expense) revenue	\$ (25,664,845)	(20,353,701)	(26)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$25,664,845 for 2024 and \$20,353,701 for 2023) was financed by general revenue, which is primarily made up of property taxes (\$5,275,261 for 2024 and \$5,048,400 for 2023) and state and federal revenues (\$16,189,083 for 2024 and \$16,862,171 for 2023).
- Investment earnings amounted to \$158,995 for 2024 and \$71,866 for 2023.

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.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

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 \$8,139,115, a decrease of \$644,159, which includes an increase in inventory of \$14,830. \$3,174,714 or 39% 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 nonspendable, restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$4,964,401 or 61% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$323,082. The fund balance of Other Governmental Funds showed an increase in the amount of \$924,388, including an increase in inventory of \$14,830 and changes within the financial reporting from major to nonmajor in the amount of \$1,891,629.

BUDGETARY HIGHLIGHTS

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

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

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2024, the District's total capital assets were \$38,070,781, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles, furniture and equipment, leased assets and subscription IT assets. This amount represents an increase of \$1,248,415 from 2023. Total accumulated depreciation/amortization as of June 30, 2024, was \$16,716,292, and total depreciation/amortization expense for the year was \$1,097,689, resulting in total net capital assets of \$21,354,489.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Land	\$ 238,944	238,944	0%
Construction in progress		136,432	(100)%
Buildings	13,732,272	14,134,246	(3)%
Building improvements	4,611,876	4,178,245	10%
Improvements other than buildings	939,825	896,247	5%
Mobile equipment	1,246,074	993,577	25%
Furniture and equipment	379,261	344,213	10%
Leased assets	153,395	223,504	(31)%
Subscription IT assets	52,842	66,467	(20)%
Total	\$ <u>21,354,489</u>	<u>21,211,875</u>	<u>1%</u>

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

Debt Administration. At June 30, 2024, the District had \$2,583,329 in outstanding long-term debt, including compensated absences, lease liabilities and subscription IT liabilities, of which \$239,509 is due within one year. The liability for compensated absences increased \$6,121 from the prior year.

South Tippah School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 2,150,471	1,094,658	96%
Installment purchases loans payable		53,655	(100)%
Qualified school construction bonds payable		2,000,000	(100)%
Obligations under lease liabilities	156,966	225,815	(30)%
Subscription IT liabilities	77,205	64,913	19%
Compensated absences payable	198,687	192,566	3%
Total	<u>\$ 2,583,329</u>	<u>3,631,607</u>	<u>(29)%</u>

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

CURRENT ISSUES

The South Tippah School District is financially stable. The District is proud of its community support of the public schools.

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

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

Enrollment for the 2023 - 2024 year increased by 1% to 2,203 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the South Tippah School District, 402 Greenlee Avenue, Ripley, MS 38663.

FINANCIAL STATEMENTS

SOUTH TIPPAAH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

JUNE 30, 2024

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 8,941,991
<i>Due from other governments</i>	985,746
<i>Accrued interest receivable</i>	31
<i>Inventories</i>	43,942
<i>Restricted assets</i>	7,674
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	238,944
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	13,732,272
<i>Building improvements</i>	4,611,876
<i>Improvements other than buildings</i>	939,825
<i>Mobile equipment</i>	1,246,074
<i>Furniture and equipment</i>	379,261
<i>Leased assets</i>	153,395
<i>Subscription IT assets</i>	52,842
Total Assets	<u>31,333,873</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	13,098,542
Deferred outflows - OPEB	563,796
Total Deferred Outflows of Resources	<u>13,662,338</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	1,821,713
<i>Unearned revenue</i>	3,979
<i>Other payables</i>	14,577
<i>Interest payable on long-term liabilities</i>	17,176
Long-term liabilities, due within one year:	
<i>Capital related liabilities</i>	246,982
<i>Lease liabilities</i>	54,821
<i>SBITA liabilities</i>	37,707
<i>Net OPEB liability</i>	74,058
Long-term liabilities, due beyond one year:	
<i>Capital related liabilities</i>	1,903,489
<i>Non-capital related liabilities</i>	198,687
<i>Lease liabilities</i>	102,145
<i>SBITA liabilities</i>	39,498
<i>Net pension liability</i>	56,169,185
<i>Net OPEB liability</i>	1,723,242
Total Liabilities	<u>62,407,259</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	337,384
Deferred inflows - OPEB	674,617
Total Deferred Inflows of Resources	<u>1,012,001</u>
Net Position	
Net Investment in Capital Assets	18,969,847
Restricted For:	
Expendable:	
School-based activities	1,468,581
Debt service	166,303
Capital projects	568,962
Unemployment benefits	66,840
Unrestricted	(39,663,582)
Total Net Position (Deficit)	<u>\$ (18,423,049)</u>

The accompanying notes are an integral part of this statement.

SOUTH TIPPAH SCHOOL DISTRICT**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
<i>Instruction</i>	\$ 15,770,496	\$ 712,683	\$ 3,867,908	\$ (11,189,905)
<i>Support services</i>	9,584,674	--	2,515,448	(7,069,226)
<i>Noninstructional services</i>	1,528,011	162,777	1,401,344	36,110
<i>Pension expense</i>	7,500,045	--	--	(7,500,045)
<i>OPEB expense</i>	(113,566)	--	--	113,566
<i>Interest on long-term liabilities</i>	55,345	--	--	(55,345)
Total Governmental Activities	<u>\$ 34,325,005</u>	<u>\$ 875,460</u>	<u>\$ 7,784,700</u>	<u>(25,664,845)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				5,026,056
<i>Debt purpose levies</i>				249,205
Unrestricted grants and contributions:				
<i>State</i>				16,056,646
<i>Federal</i>				132,437
<i>Unrestricted investment earnings</i>				158,995
<i>Other</i>				92,659
Total General Revenues				<u>21,715,998</u>
Change in Net Position				<u>(3,948,847)</u>
Net Position (Deficit) - Beginning, as previously reported				(14,559,985)
Adjustment or restatement				<u>85,783</u>
Net Position (Deficit) - Beginning, as restated				(14,474,202)
Net Position (Deficit) - Ending				<u>\$ (18,423,049)</u>

The accompanying notes are an integral part of this statement.

SOUTH TIPPAH SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
<i>Cash and cash equivalents</i>	\$ 6,666,984	\$ 2,275,007	\$ 8,941,991
<i>Cash with fiscal agents</i>	--	7,674	7,674
<i>Due from other governments</i>	266,661	719,085	985,746
<i>Accrued interest receivable</i>	--	31	31
<i>Due from other funds</i>	787,444	48,494	835,938
<i>Inventories</i>	--	43,942	43,942
Total Assets	<u>\$ 7,721,089</u>	<u>\$ 3,094,233</u>	<u>\$ 10,815,322</u>
Liabilities and Fund Balances			
Liabilities:			
<i>Accounts payable and accrued liabilities</i>	\$ 1,821,342	\$ 371	\$ 1,821,713
<i>Due to other funds</i>	48,494	787,444	835,938
<i>Unearned revenue</i>	--	3,979	3,979
<i>Other payables</i>	--	14,577	14,577
Total Liabilities	<u>1,869,836</u>	<u>806,371</u>	<u>2,676,207</u>
Fund Balances:			
Nonspendable:			
Inventory	--	43,942	43,942
Restricted:			
Unemployment benefits	--	66,840	66,840
Capital improvements	--	568,962	568,962
Debt service	--	183,479	183,479
Grant activities	--	802,335	802,335
Food service	--	622,304	622,304
Assigned:			
Vocational Center Maintenance	2,241,853	--	2,241,853
School activity funds	313,191	--	313,191
Special education	121,495	--	121,495
Unassigned	<u>3,174,714</u>	<u>--</u>	<u>3,174,714</u>
Total Fund Balances	<u>5,851,253</u>	<u>2,287,862</u>	<u>8,139,115</u>
Total Liabilities and Fund Balances	<u>\$ 7,721,089</u>	<u>\$ 3,094,233</u>	<u>\$ 10,815,322</u>

The accompanying notes are an integral part of this statement.

SOUTH TIPPAAH SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024*

Total fund balances for governmental funds	\$ 8,139,115
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	21,148,252
Liabilities due in one year are not recognized in the funds.	(413,568)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(102,145)
Payables for debt interest which are not due in the current period are not reported in the funds.	(17,176)
Payables for notes which are not due in the current period are not reported in the funds.	(1,903,489)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(198,687)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(56,169,185)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(337,384)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	13,098,542
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(1,723,242)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(674,617)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	563,796
Right-to-use lease assets used in governmental activities are not reported in the funds.	153,395
Right-to-use subscription IT assets used in governmental activities are not reported in the funds.	52,842
Payables for subscription IT liabilities which are not due in the current period are not reported in the funds.	(39,498)
Net position of governmental activities	\$ <u>(18,423,049)</u>

The accompanying notes are an integral part of this statement.

South Tippah School District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Major Funds	Previously Major Fund		
	General Fund	QSCB Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 5,598,727	\$	\$ 788,648	\$ 6,387,375
State sources	18,015,695		1,271,849	19,287,544
Federal sources	132,437		4,553,802	4,686,239
Total Revenues	23,746,859	-	6,614,299	30,361,158
Expenditures:				
Instruction	14,749,124		2,801,606	17,550,730
Support services	8,250,826		1,913,453	10,164,279
Noninstructional services	24,677		1,588,696	1,613,373
Facilities acquisition and construction	37,016		569,396	606,412
Debt service:				
Principal	150,979		2,157,048	2,308,027
Interest	18,650		36,509	55,159
Other	-		2,500	2,500
Total Expenditures	23,231,272	-	9,069,208	32,300,480
Excess (Deficiency) of Revenues over (under) Expenditures	515,587	-	(2,454,909)	(1,939,322)
Other Financing Sources (Uses):				
Notes issued			1,200,000	1,200,000
Leases issued	28,476			28,476
SBITA issued	-		36,857	36,857
Insurance recovery	15,000			15,000
Payment held by QSCB escrow agent			104,825	104,825
Payment to QSCB escrow agent			(104,825)	(104,825)
Operating transfers in	155,585		523,629	679,214
Operating transfers out	(391,566)		(287,648)	(679,214)
Total Other Financing Sources (Uses)	(192,505)	-	1,472,838	1,280,333
Net Change in Fund Balances	323,082	-	(982,071)	(658,989)
Fund Balances:				
July 1, 2023, as previously reported	5,528,171	1,891,629	1,363,474	8,783,274
Changes within the financial reporting entity (from major to nonmajor)		(1,891,629)	1,891,629	-
July 1, 2023, as restated	5,528,171	-	3,255,103	8,783,274
Increase (Decrease) in inventory	-		14,830	14,830
June 30, 2024	\$ 5,851,253	\$ -	\$ 2,287,862	\$ 8,139,115

SOUTH TIPPAAH SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024*

Net change in fund balances - total governmental funds	\$ (658,989)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,116,242
The depreciation of capital assets used in governmental activities is not reported in the funds.	(959,381)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(72)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,000,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	97,325
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	144,187
Repayment of installment purchases loans principal is an expenditure in the funds but is not an expense in the SOA.	53,655
(Increase) decrease in accrued interest from beginning of period to end of period.	2,314
Change in inventory affects fund balance in the funds but affects expense in the SOA.	14,830
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(6,121)
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,200,000)
Inception of leases liabilities do not provide revenue in the SOA, but are reported as current resources in the funds.	(28,476)
Outlays of right-to-use assets are not reported as expenses in the SOA.	28,476
Outlays of subscription IT assets are not reported as expenses in the SOA.	39,357
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	2,879,546
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(7,500,045)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NOL.	77,044
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	113,566
The amortization of right-to-use lease assets used in governmental activities is not reported in the funds.	(98,585)
Repayment of subscription IT principal is an expenditure in the funds, but is not an expense in the SOA.	12,860
Inception of subscriptions do not provide revenue in the SOA, but are reported as current resources in the funds.	(36,857)
The amortization of subscription assets used in governmental activities is not reported in the funds.	(39,723)
Change in net position of governmental activities	\$ <u>(3,948,847)</u>

The accompanying notes are an integral part of this statement.

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

For financial reporting purposes, South Tippah 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.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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

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

Fund Financial Statements - Separate financial statements are provided for governmental 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.

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

other capital assets.

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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
Leased asset	**	**
Subscription IT asset	**	**
Intangible assets	**	**

** The estimated useful life is the term of the lease and subscription agreements. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reported \$13,098,542 regarding the cost-sharing pension plan deferred outflows. The School District also reported

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

\$563,796 regarding the cost-sharing OPEB plan deferred outflow.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The School District reported \$337,384 for deferred inflows regarding the cost-sharing pension plan. The School District also reported \$674,617 for deferred inflows regarding the cost-sharing OPEB plan.

See Note 15 for further details.

8. Compensated Absences

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

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

9. Leases

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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 financial reporting requirements for SBITAs, to improve comparability of financial statements along governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023.

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

14. Fund Balances

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

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

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

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

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

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

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the General Fund at fiscal-year end of not less than 7% of district maintenance revenues or expenditures.

15. Accounting Standards Update

GASB 100, Accounting Changes and Error Corrections, was implemented during the 2024 fiscal year. The Statement is an amendment of GASB Statement 62 Codification of Accounting and Financial Reporting Guidance. The purpose of the standard is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability.

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

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$8,941,991.

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, 2024, none of the district's bank balance of \$10,024,211 was exposed to custodial credit risk.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$7,674.

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	Other Governmental Funds	\$ 787,444
Other Governmental Funds	General Fund	48,494
Total		\$ <u>835,938</u>

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 155,585
Other Governmental Funds	General Fund	391,566
	Other Governmental Funds	132,063
Total		\$ <u>679,214</u>

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

Note 4 - Restricted Assets

The restricted assets represent the cash with fiscal agents balance, totaling \$7,674, in the QSCB Retirement Fund.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Note 5 - Capital Assets

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

	Balance 7-1-2023	Additions	Decreases	Completed Construction	Adjustments	Balance 6-30-2024
<u>Non-depreciable capital assets:</u>						
Land	\$ 238,944					238,944
Construction in progress	136,432	498,440		(634,872)		0
Total non-depreciable capital assets	375,376	498,440	0	(634,872)	0	238,944
<u>Depreciable capital assets:</u>						
Buildings	23,226,213					23,226,213
Building improvements	5,455,488			634,872	22,396	6,112,756
Improvements other than buildings	1,781,275	107,972				1,889,247
Mobile equipment	4,020,924	421,627				4,442,551
Furniture and equipment	1,503,145	88,203	7,161		62,364	1,646,551
Total depreciable capital assets	35,987,045	617,802	7,161	634,872	84,760	37,317,318
<u>Less accumulated depreciation for:</u>						
Buildings	9,091,967	401,974				9,493,941
Building improvements	1,277,243	221,336			2,301	1,500,880
Improvements other than buildings	885,028	66,070			(1,676)	949,422
Mobile equipment	3,027,347	169,130				3,196,477
Furniture and equipment	1,158,932	100,871	7,089		14,576	1,267,290
Total accumulated depreciation	15,440,517	959,381	7,089	0	15,201	16,408,010
Total depreciable capital assets, net	20,546,528	(341,579)	72	634,872	69,559	20,909,308
Governmental activities capital assets, net	\$ 20,921,904	156,861	72	0	69,559	21,148,252
Lease and subscription IT assets, net (Note 6)	289,971					206,237
Total capital assets, net, as reported in the statement of net position	21,211,875					21,354,489

Building Improvements of \$22,396 and Furniture and Equipment of \$62,364 were purchased in fiscal year 2023 but not capitalized until fiscal year 2024. As a result, an adjustment of \$14,576 to Furniture and Equipment Accumulated Depreciation was necessary to reflect depreciation for those assets in fiscal year 2023.

Accumulated depreciation adjustments of \$2,301 to Building Improvements and \$1,676 to Improvements Other than Buildings were made to correct errors in fiscal year 2023 depreciation expense.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 309,725
Support services	616,909
Non-instructional	32,747
Total depreciation expense	\$ 959,381

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

A summary of leases and subscription IT asset activity during the year ended June 30, 2024 is as follows:

	Balance 7-1-2023	Additions	Adjustments	Balance 6-30-2024
<u>Lease assets:</u>				
Furniture and equipment	\$ 360,245	28,476		388,721
Total lease assets	360,245	28,476	0	388,721
<u>Less accumulated depreciation:</u>				
Furniture and equipment	136,741	98,585		235,326
Total accumulated depreciation	136,741	98,585		235,326
Total lease assets, net	223,504	(70,109)	0	153,395
<u>Subscription IT assets</u>	\$ 99,700	39,357	(13,259)	125,798
Less accumulated amortization	33,233	39,723		72,956
Subscription IT assets, net	66,467	(366)	(13,259)	52,842
Total lease and subscription IT assets, net	\$ 289,971	(70,475)	(13,259)	206,237

During fiscal year 2024, the number of modules included in the Edmentum subscription decreased, resulting in a \$13,259 decrease in SBITA Net Assets.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

A summary of lease and subscription IT liabilities activity during the year ended June 30, 2024 is as follows:

	Balance 7-1-2023	Additions	Reductions	Adjustments	Balance 6-30-2024	Amounts due within one year
Lease liabilities	\$ 225,815	28,476	97,325		156,966	54,821
Subscription IT liabilities	64,913	36,857	12,860	(11,705)	77,205	37,707
Total	\$ 290,728	65,333	110,185	(11,705)	234,171	92,528

During fiscal year 2024, the number of modules included in the Edmentum subscription decreased, resulting in an \$11,705 decrease in SBITA Net Liabilities.

Leases

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

At lease commencement, the school district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, 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 depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

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

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

As Lessee:

BME Copier #1

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	3.00%	08-01-19	07-31-23	\$ <u>17,593</u>	<u>0</u>

BMH Copier #2

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	3.00%	07-01-20	06-30-24	\$ <u>27,526</u>	<u>0</u>

PG Copier #3

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	3.00%	07-01-20	06-30-24	\$ <u>55,052</u>	<u>0</u>

RHS Copier #4

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	3.00%	07-01-20	06-30-24	\$ <u>65,463</u>	<u>0</u>

RES Rayco Copier #5

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	3.00%	05-01-22	04-30-26	\$ <u>4,913</u>	<u>2,320</u>

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 1,249	53	1,302
2026	1,071	15	1,086
Total	\$ <u>2,320</u>	<u>68</u>	<u>2,388</u>

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

PreK Copier - Rayco

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	4.75%	03-01-23	02-01-27	\$ 11,391	7,800

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,810	310	3,120
2026	2,947	173	3,120
2027	2,043	37	2,080
Total	\$ 7,800	520	8,320

OSB Copier - Rayco

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	4.75%	04-03-23	03-03-27	\$ 13,362	9,417

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 3,284	376	3,660
2026	3,443	217	3,660
2027	2,690	54	2,744
Total	\$ 9,417	647	10,064

RMS Copier - Rayco

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	4.75%	06-01-23	05-01-27	\$ 65,496	53,929

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 15,718	1,972	17,690
2026	16,743	1,197	17,940
2027	21,468	1,879	23,347
Total	\$ 53,929	5,048	58,977

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

RES Copier - Rayco

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	4.75%	11-01-22	10-01-26	\$ 99,449	60,053

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 24,926	2,314	27,240
2026	26,136	1,104	27,240
2027	8,991	89	9,080
Total	\$ 60,053	3,507	63,560

DO Copier

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copier	4.75%	11-01-22	09-01-27	\$ 28,476	23,447

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 6,834	966	7,800
2026	7,166	634	7,800
2027	7,513	287	7,800
2028	1,934	15	1,949
Total	\$ 23,447	1,902	25,349

SBITA

The school district has contracts for two subscription-based IT arrangements for software. For contracts that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the contract. For all other contracts, other than short term, the school district recognized a subscription liability and a right to use subscription asset.

At commencement, the school district initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The school district generally uses its estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the district would be charged for borrowing the subscription payment amounts during the subscription term.

The subscription term includes the noncancellable period of the contract plus any additional periods covered by either a school district or vendor 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 vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

	Interest Rate	Issue Date	Maturity Date		Amount Issued	Amount Outstanding
1. Edmentum	4.75%	5/23/23	5/22/26	\$	64,913	53,208
2. Ion Wave Technologies	4.75%	12/1/23	11/30/25		36,857	23,997
Total				\$	<u>101,770</u>	<u>77,205</u>

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

Year Ending June 30	Principal	Interest	Total
2025	\$ 37,707	3,667	41,374
2026	39,498	1,876	41,374
Total	<u>\$ 77,205</u>	<u>5,543</u>	<u>82,748</u>

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Note 7 - Long-term liabilities

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

		Balance 7-1-2023	Additions	Reductions	Balance 6-30-2024	Amounts due within one year
A.	Three mill notes payable	\$ 1,094,658	1,200,000	144,187	2,150,471	246,982
B.	Installment purchases loans payable	53,655		53,655	0	
C.	Qualified school construction bonds payable	2,000,000		2,000,000	0	
D.	Compensated absences payable	192,566	6,121		198,687	
Total		\$ 3,340,879	1,206,121	2,197,842	2,349,158	246,982

A. Three Mill Notes Payable

Debt currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note, Series 2019	3.75%	03-27-19	03-27-29	\$ 750,000	409,471
Limited Tax Note, Series 2020	3.00%	07-23-20	07-23-30	750,000	541,000
Limited Tax Note, Series 2023	4.50%	09-22-23	09-22-33	1,200,000	1,200,000
Total				\$ 2,700,000	2,150,471

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

1. Limited tax note, Series 2019:

Year Ending June 30	Principal	Interest	Total
2025	\$ 75,982	15,355	91,337
2026	78,831	12,506	91,337
2027	81,787	9,550	91,337
2028	84,836	6,500	91,336
2029	88,035	3,302	91,337
Total	\$ 409,471	47,213	456,684

This debt will be retired from the Three Mill Notes FY19 Debt Service Fund.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

2. Limited tax note, series 2020:

Year Ending June 30	Principal	Interest	Total
2025	\$ 71,000	18,360	89,360
2026	74,000	16,230	90,230
2027	76,000	14,100	90,100
2028	78,000	11,880	89,880
2029	80,000	9,600	89,600
2030 - 2031	162,000	14,520	176,520
Total	\$ <u>541,000</u>	<u>84,690</u>	<u>625,690</u>

This debt will be retired from the Three Mill Notes FY20 Debt Service Fund.

3. Limited tax note, series 2023:

Year Ending June 30	Principal	Interest	Total
2025	\$ 100,000	54,000	154,000
2026	105,000	49,500	154,500
2027	109,000	44,775	153,775
2028	114,000	39,870	153,870
2029	119,000	34,740	153,740
2030 - 2034	653,000	90,675	743,675
Total	\$ <u>1,200,000</u>	<u>313,560</u>	<u>1,513,560</u>

This debt will be retired from the Three Mill Notes FY23 Debt Service Fund.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2025	\$ 246,982	87,715	334,697
2026	257,831	78,236	336,067
2027	266,787	68,425	335,212
2028	276,836	58,250	335,086
2029	287,035	47,642	334,677
2030 - 2034	815,000	105,195	920,195
Total	\$ <u>2,150,471</u>	<u>445,463</u>	<u>2,595,934</u>

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

B. Installment purchases loans payable

This debt was paid off and retired from the General Fund.

C. Qualified school constructions bonds payable

This debt was paid off and retired from the QSCB Sinking Fund.

D. Compensated absences payable

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

Note 8 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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, 2024 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, 2024, 2023, and 2022, were \$2,879,546, \$2,880,490, and \$2,666,485, respectively, which equaled the required contributions for each year.

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

At June 30, 2024, the school district reported a liability of \$56,169,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2024 net pension liability was 0.223325 percent, which was based on a measurement date of June 30, 2023. This was an increase of 0.000723 percent from its proportionate share used to calculate the June 30, 2023 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$7,500,045. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,406,597	\$
Net difference between projected and actual earnings on pension plan investments	2,124,136	
Changes of assumptions	6,603,042	
Changes in proportion and differences between District contributions and proportionate share of contributions	85,221	337,384
District contributions subsequent to the measurement date	2,879,546	
Total	<u>\$ 13,098,542</u>	<u>\$ 337,384</u>

\$2,879,546 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, 2025. 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:	
2025	\$ 3,538,972
2026	2,223,785
2027	4,102,155
2028	16,700
Total	<u>\$ 9,881,612</u>

Actuarial assumptions. The total pension liability as of June 30, 2023 was determined by actuarial valuation prepared as of June 30, 2022, by the new actuarial assumptions adopted by the Board subsequent to June 30, 2022 valuation based on the experience investigation for the four-year period ending June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. 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	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS. H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00%	4.75%
International Equity	22.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	1.75
Real Estate	10.00	3.25
Private Equity	8.00	6.00
Cash Equivalents	1.00	0.25
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.00 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 phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent FYE 2026, and 22.40 percent for FYE 2027). 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ <u>72,431,589</u>	\$ <u>56,169,185</u>	\$ <u>42,824,076</u>

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

Note 9 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

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

Benefits provided.

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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 \$77,044 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$1,797,300 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2023, the District's proportion was 0.32478885 percent. This was a decrease of 0.00552689 percent from the proportionate share as of the measurement date of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$113,566). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 294,613	\$ 507,424
Changes of assumptions	160,563	135,210
Net difference between projected and actual earnings on OPEB plan investments	110	
Changes in proportion and differences between District contributions and proportionate share of contributions	31,466	31,983
District contributions subsequent to the measurement date	77,044	
Total	<u>\$ 563,796</u>	<u>\$ 674,617</u>

\$77,044 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, 2025. 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:		
2025	\$	(69,052)
2026		(85,146)
2027		(56,957)
2028		(13,179)
2029		19,767
Thereafter		16,702
Total	\$	<u>(187,865)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following key actuarial assumptions and other inputs:

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Inflation	2.40 percent
Salary increases	2.65-17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.66%
Prior Measurement Date	3.37%
Year FNP is projected to be depleted	
Measurement Date	2023
Prior Measurement Date	2022
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.66%
Prior Measurement Date	3.37%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2024 decreasing to an ultimate rate of
Pre-Medicare	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, 2023 valuation were based on the results of the last actuarial experience study, dated April 21, 2023.

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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 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, 2023 was 3.66 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.37% to 3.66%.

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2023, the trust has \$1,067,750. 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, 2022 and the June 30, 2023 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2023 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 (2.66 percent) or 1-percentage-point higher (4.66 percent) than the current discount rate:

	<u>1% Decrease (2.66%)</u>	<u>Current Discount Rate (3.66%)</u>	<u>1% Increase (4.66%)</u>
Net OPEB liability	\$ 1,968,665	\$ 1,797,300	\$ 1,648,726

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,674,693	\$ 1,797,300	\$ 1,934,621

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 10 - Risk Management

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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

The school district is a member of the Mississippi School Boards Association Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 67 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 67 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

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

Note 11 - 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 12 - Insurance Loss Recoveries

The South Tippah School District received \$15,000 in insurance loss recoveries related to property damage during the 2023-2024 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as \$1,150 general revenues and \$13,850 as charges for services and allocated to the expense function support service.

Note 13 - Qualified School Construction Bonds

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

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount accumulated in the sinking fund was enough to retire the debt as of June 30, 2024.

Note 14 - Adjustments and Restatements of Beginning Balances

Government-wide

Change in Accounting Estimate

During fiscal year 2024, the number of modules included in the Edmentum subscription decreased, resulting in a \$13,259 decrease in SBITA Net Assets and an \$11,705 decrease in SBITA Net Liabilities.

Correction of an Error in Previously Issued Financial Statements

Building Improvements of \$22,396 and Furniture and Equipment of \$62,364 were purchased in fiscal year 2023 but not capitalized until fiscal year 2024. As a result, an adjustment of \$14,576 to Furniture and Equipment Accumulated Depreciation was necessary to reflect depreciation for those assets in fiscal year 2023.

Accumulated depreciation adjustments of \$2,301 to Building Improvements and (\$1,676) to Improvements Other Than Buildings were made to correct errors in fiscal year 2023 depreciation expense. An adjustment in the amount of \$17,778 was made to correct errors in fiscal year 2023 deferred outflows of resources - pensions and deferred inflows of resources - pensions.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balance		
Government-wide		
Governmental Activities		
6/30/23, as previously reported	\$	(14,559,985)
Change in accounting estimate		(1,554)
Error correction		87,337
6/30/23, as adjusted or restated	\$	(14,474,202)

South Tippah School District

Notes to the Financial Statements
For the Year Ended June 30, 2024

Note 15 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$39,663,582) 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 \$2,879,546 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, 2025. The \$10,218,996 balance of deferred outflow of resources, at June 30, 2024 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$39,663,582) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$337,384 balance of deferred inflow of resources related to pensions, at June 30, 2024 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$39,663,582) 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 \$77,044 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, 2025. The \$486,752 balance of deferred outflow of resources, at June 30, 2024 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$39,663,582) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$674,617 balance of deferred inflow of resources related to OPEB, at June 30, 2024 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

Note 16 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated March 20, 1996 and revised October 1999, creating the New Albany, South Tippah, Union County Behavioral Management School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the New Albany School District, the South Tippah School District and the Union County School District.

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

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

alternative school program will be the responsibility of the individual school district sending the students.

The New Albany Public School District, has been designated as the lead school district for the New Albany, South Tippah, Union County Behavioral Management School, and the operations of the consortium are included in its financial statements.

Note 17 - Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated August 24, 1981, creating the North and South Tippah County Vocational-Technical Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and was approved by the Mississippi Department of Education. The center includes the North Tippah School District and the South Tippah School District. The name of the center has been changed to the Tippah Career and Technology Center.

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

The South Tippah School District has been designated as the fiscal agent for the Tippah Career and Technology Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures, and Changes in Fund Balance is presented to detail the financial activity of the Tippah Career and Technology Center.

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2024

Revenues

Local sources:

Taxes	\$	332,823
Interest		3,265
Total Local sources		<u>336,088</u>

State sources

Mississippi Adequate Education Program	270,000
Career and Technical Education (CTE)	<u>264,096</u>
Total State Sources	<u>534,096</u>
Total Revenues	<u>870,184</u>

Expenditures

Salaries	559,733
Employee benefits	195,517
Purchased property services	37,298
Other purchased services	68,204
Supplies	13,948
Property	3,702
Other	<u>2,632</u>
Total Expenditures	<u>881,034</u>

Excess (Deficiency) of Revenues Over Expenditures	<u>(10,850)</u>
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Fund Balance:

July 1, 2023	<u>150,865</u>
June 30, 2024	<u>\$ 140,015</u>

Note 18 - Collaborative Agreement Between South Tippah School District and MillCreek of Pontotoc

The school district entered into a Collaborative Agreement between South Tippah School District and MillCreek of Pontotoc for the 2023-2024 school year and 2024 extended school year dated June 19, 2023. The school district is responsible for:

- providing services to children with disabilities on a mandatory basis following the individual with Disabilities Act Amendments of July 1, 2004 (IDEA 04).
- providing children with disabilities ages six through twenty-one (6-21) a free appropriate public education (FAPE) including the development and

South Tippah School District

Notes to the Financial Statements For the Year Ended June 30, 2024

implementation of the Individualized Education Program (IEP) procedural safeguards and the provision of related services, as deemed necessary.

- placing children with disabilities in their least restrictive environment with an opportunity to interact with nondisabled peers to the maximum extent appropriate.
- working with appropriate community agencies to provide services to children with disabilities ages six through twenty-one (6-21).

The South Tippah School District and MillCreek of Pontotoc shall follow the requirements outlined in the Family Education Rights and Privacy Act (FERPA) and the Individuals with Disabilities Education Act Amendments of 2004 (IDEA 04).

Note 19 - 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 South Tippah School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the no subsequent events have occurred requiring disclosure in the notes to the financial statement.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH TIPPAH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2024

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 6,154,283	5,543,863	5,598,727	(610,420)	54,864
State sources	17,571,527	14,114,771	18,015,695	(3,456,756)	3,900,924
Federal sources	100,000	90,000	132,437	(10,000)	42,437
Total Revenues	23,825,810	19,748,634	23,746,859	(4,077,176)	3,998,225
Expenditures:					
Instruction	15,059,729	15,249,123	14,749,124	(189,394)	499,999
Support services	9,316,979	8,377,021	8,250,826	939,958	126,195
Noninstructional services	430,986	29,935	24,677	401,051	5,258
Facilities acquisition and construction	7,440	43	37,016	7,397	(36,973)
Debt service:					
Principal	53,655	53,655	150,979	-	(97,324)
Interest	4,292	1,073	18,650	3,219	(17,577)
Total Expenditures	24,873,081	23,710,850	23,231,272	1,162,231	479,578
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(1,047,271)	(3,962,216)	515,587	(2,914,945)	4,477,803
Other Financing Sources (Uses):					
Leased issued			28,476	-	28,476
Insurance recovery			15,000	-	15,000
Transfers In	1,190,502	4,668,537	155,585	3,478,035	(4,512,952)
Transfers Out	(728,147)	(4,708,899)	(391,566)	(3,980,752)	4,317,333
Total Other Financing Sources (Uses)	462,355	(40,362)	(192,505)	(502,717)	(152,143)
Net Change in Fund Balances					
	(584,916)	(4,002,578)	323,082	(3,417,662)	4,325,660
Fund Balances:					
July 1, 2023	4,443,716	5,528,170	5,528,171	1,084,454	1
June 30, 2024	\$ 3,858,800	1,525,592	5,851,253	(2,333,208)	4,325,661

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

South Tippah School District

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

PERS

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 56,169,185	45,819,592	33,351,169	44,161,574	39,133,168	36,377,638	36,006,105	38,639,618	32,156,872	24,690,007
District's proportion of the net pension liability	0.223325%	0.222602%	0.225644%	0.228121%	0.222449%	0.218708%	0.216599%	0.216317%	0.208027%	0.203408%
District's covered payroll	16,554,540	15,324,626	15,003,011	15,190,017	13,113,707	13,966,603	13,894,921	13,838,324	12,996,343	12,429,257
District's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	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. GASB Statement No.68 was implemented in FYE 6/30/15 and the District has compiled a full 10-year trend.

South Tippah School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,879,546	2,880,490	2,666,485	2,610,524	2,643,063	2,281,785	2,199,740	2,188,450	2,179,536	2,046,924
Contributions in relation to the contractually required contribution	2,879,546	2,880,490	2,666,485	2,610,524	2,643,063	2,281,785	2,199,740	2,188,450	2,179,536	2,046,924
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 16,549,115	16,554,540	15,324,626	15,003,011	15,190,017	14,487,524	13,966,603	13,894,921	13,838,324	12,996,343
Contributions as a percentage of covered payroll	17.40%	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. GASB Statement No.68 ws implemented in FYE 6/30/15 and the District has compiled a full-year trend.

South Tippah School DistrictSchedule of the District's Proportionate Share of the Net OPEB Liability
OPEB

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 1,797,300	1,627,413	2,119,096	2,522,143	2,751,704	2,490,856	2,513,974
District's proportion of the net OPEB liability	0.32478885%	0.33031574%	0.32921472%	0.32409620%	0.32428654%	0.32200323%	0.32041112%
District's covered-employee payroll	\$ 17,285,425	16,231,570	15,651,520	15,619,350	14,850,462	14,563,987	14,395,190 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.40%	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

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

South Tippah School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	
Actuarially determined contribution	\$ 77,044	78,809	66,321	85,147	100,583	110,297	107,174	**
Contributions in relation to the actuarially determined contribution	77,044	78,809	66,321	85,147	100,583	110,297	107,174	**
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	
District's covered-employee payroll	\$ 13,362,477	15,026,128	15,324,626	15,003,011	14,004,425	14,979,385	14,565,531	
Contributions as a percentage of covered-employee payroll	0.58%	0.52%	0.43%	0.57%	0.72%	0.74%	0.74%	

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

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

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

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

2019:

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

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

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

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

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

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

2021:

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

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

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

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

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%.

2023:

The investment rate of return assumption was changed from 7.55% to 7.00%.

The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.

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

The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.

For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.

The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.

The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

(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, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 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.

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

2022:

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

2023:

The discount rate was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date. Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.

(2) *Changes in benefit provisions*

2017:

None

2018:

None

2019:

None

2020:

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

2021:

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

2023:

The schedule of monthly retiree contributions was increased as of January 1, 2024. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2024

South Tippah School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2024

- (3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*
The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.00%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.50%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2029
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.37%

SUPPLEMENTARY INFORMATION

SOUTH TIPPAH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	245MS326N1099	10.553	\$ 330,708
National School Lunch Program	245MS326N1099	10.555	1,218,003
Total Child Nutrition Cluster			1,548,711
Total passed-through the Mississippi Department of Education			1,548,711
Total U.S. Department of Agriculture			1,548,711
<u>U. S. Department of Education</u>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A230024	84.010	1,023,902
Career and Technical Education - Basic Grants to States	V048A230024	84.048	57,208
Rural Education	S358B230024	84.358	65,262
English Language Acquisition Grants	S365A230024	84.365A	17,154
Supporting Effective Instruction State Grants	S367A230023	84.367A	139,388
Student Support and Academic Enrichment Program	S424A230025	84.424A	43,010
Subtotal			1,345,924
Special Education Cluster:			
Special Education - Grants to States	H027A230108	84.027A	672,640
Special Education - Preschool Grants	H173A230113	84.173A	16,908
Total Special Education Cluster			689,548
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D210031	84.425D	601,209
COVID-19 - Elementary and Secondary School Emergency Relief Fund (Nurses Grant)	S425U210031	84.425U	64,000
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U210031	84.425U	369,516
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			1,034,725
Total passed-through the Mississippi Department of Education			3,070,197
Total U.S. Department of Education			3,070,197
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	2205MS5ADM	93.778	24,570
Total passed-through the Mississippi Department of Education			24,570
Total U.S. Department of Health and Human Services			24,570
<u>Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	04-19-04MSDI00	96.001	140
Total passed-through the Mississippi Department of Rehabilitation Services			140
Total Social Security Administration			140
Total for All Federal Awards			\$ 4,643,618

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

South Tippah School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the school district under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the school district, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school district.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$82,719 are included in the National School Lunch Program.

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SOUTH TIPPAH SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2024

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	22,970,673	17,859,778	1,094,440	1,552,122	2,464,333
Other	9,329,807	2,327,246	258,761	66,223	6,677,577
Total	\$ 32,300,480	20,187,024	1,353,201	1,618,345	9,141,910
Total number of students *	2,203				
Cost per student	\$ 14,662	9,163	614	735	4,150

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

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

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

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

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

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

OTHER INFORMATION

SOUTH TIPPAH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2024	2023*	2022*	2021*
Revenues:				
Local sources	\$ 5,598,727	5,273,817	5,168,317	5,179,325
Intermediate sources	-	9,709	2,000	-
State sources	18,015,695	17,784,571	16,257,256	15,675,310
Federal sources	132,437	169,623	710,466	143,703
Total Revenues	<u>23,746,859</u>	<u>23,237,720</u>	<u>22,138,039</u>	<u>20,998,338</u>
Expenditures:				
Instruction	14,749,124	14,947,281	14,179,802	12,884,069
Support services	8,250,826	8,507,959	7,729,727	7,338,655
Noninstructional services	24,677	2,199	207,238	140,775
Facilities acquisition and construction	37,016	63,002	9,580	4,717
Debt Service:				
Principal	150,979	130,246	110,112	-
Interest	18,650	7,399	6,996	-
Total Expenditures	<u>23,231,272</u>	<u>23,658,086</u>	<u>22,243,455</u>	<u>20,368,216</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>515,587</u>	<u>(420,366)</u>	<u>(105,416)</u>	<u>630,122</u>
Other Financing Sources (Uses):				
Leases issued	28,476	189,697	-	-
Insurance recovery	15,000	-	-	2,948
Sale of transportation equipment	-	-	4,713	-
Operating transfers in	155,585	2,146,324	532,374	118,211
Operating transfers out	(391,566)	(236,033)	(413,521)	(117,172)
Total Other Financing Sources (Uses)	<u>(192,505)</u>	<u>2,099,988</u>	<u>123,566</u>	<u>3,987</u>
Net Change in Fund Balances	323,082	1,679,622	18,150	634,109
Fund Balances:				
Beginning of period, as previously reported	5,528,171	3,849,572	3,658,079	3,005,253
Adjustment and restatement	-	(1,023)	173,343	18,717
Beginning of period, as restated	<u>5,528,171</u>	<u>3,848,549</u>	<u>3,831,422</u>	<u>3,023,970</u>
End of period	<u>\$ 5,851,253</u>	<u>5,528,171</u>	<u>3,849,572</u>	<u>3,658,079</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

SOUTH TIPPAH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2024	2023*	2022*	2021*
Revenues:				
Local sources	\$ 6,387,375	6,180,415	5,824,874	5,846,965
Intermediate sources	-	9,709	2,000	-
State sources	19,287,544	18,920,192	17,101,298	16,910,887
Federal sources	4,686,239	8,507,418	7,482,768	5,642,134
Total Revenues	<u>30,361,158</u>	<u>33,617,734</u>	<u>30,410,940</u>	<u>28,399,986</u>
Expenditures:				
Instruction	17,550,730	18,098,957	17,283,597	15,884,347
Support services	10,164,279	10,380,713	9,822,223	9,529,094
Noninstructional services	1,613,373	1,713,783	1,896,925	1,526,893
Facilities acquisition and construction	606,412	1,612,763	836,689	488,580
Debt service:				
Principal	2,308,027	306,800	246,355	136,952
Interest	55,159	48,731	52,806	30,405
Other	2,500	2,500	2,500	2,500
Total Expenditures	<u>32,300,480</u>	<u>32,164,247</u>	<u>30,141,095</u>	<u>27,598,771</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,939,322)</u>	<u>1,453,487</u>	<u>269,845</u>	<u>801,215</u>
Other Financing Sources (Uses):				
Notes issued	1,200,000	-	-	750,000
Leases issued	28,476	189,697	4,913	-
SBITA issued	36,857	99,700	-	-
Insurance recovery	15,000	-	-	2,948
Payment held by QSCB escrow agent	104,825	112,734	97,441	116,194
Payment to QSCB escrow agent	(104,825)	(112,734)	(97,441)	(116,194)
Sale of transportation equipment	-	-	4,713	-
Sale of other property	-	-	-	-
Operating transfers in	679,214	2,426,455	973,470	408,297
Operating transfers out	(679,214)	(2,426,455)	(973,470)	(408,297)
Total Other Financing Sources (Uses)	<u>1,280,333</u>	<u>289,397</u>	<u>9,626</u>	<u>752,948</u>
Net Change in Fund Balances	(658,989)	1,742,884	279,471	1,554,163
Fund Balances:				
Beginning of period, as previously reported	8,783,274	7,053,470	6,590,511	5,064,876
Adjustment and restatement	-	(1,023)	173,343	18,717
Beginning of period, as restated	<u>8,783,274</u>	<u>7,052,447</u>	<u>6,763,854</u>	<u>5,083,593</u>
Increase (Decrease) in inventory	14,830	(12,057)	10,145	(47,245)
End of period	<u>\$ 8,139,115</u>	<u>8,783,274</u>	<u>7,053,470</u>	<u>6,590,511</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
South Tippah 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, the major fund, and the aggregate remaining fund information of South Tippah School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the South Tippah School District's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 16, 2024

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
South Tippah School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Tippah 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 South Tippah School District's major federal programs for the year ended June 30, 2024. The South Tippah 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, South Tippah School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of South Tippah 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 South Tippah School District's compliance with the compliance requirements referred to above.

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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 South Tippah 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 South Tippah School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Tippah School District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Tippah 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 South Tippah 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 South Tippah School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
December 16, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
South Tippah School District

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

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

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

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

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

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

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

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Finding 1

Criteria:

Section 25-4-25, Mississippi Code Annotated (1972) states, “Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: (a) Persons elected by popular vote, excluding United States Senators and United States Representatives, to any office, whether it be legislative, executive or judicial, and whether it be statewide, district, county, municipal or any other political subdivision, with the exception of members of boards of levee commissioners and election commissioners; (b) Members of local school boards that administer public funds, regardless of whether such members are elected or appointed.

Section 25-4-29(1)(a), Mississippi Code Annotated (1972) states, “Every incumbent public official required by paragraphs (a), (b), (d) and (e) of Section 25-4-25 to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official holds office, regardless of duration.”

Section 25-4-29(2), Mississippi Code Annotated (1972) states, “Any person who fails to file a statement of economic interest within thirty (30) days of the date the statement is due shall be deemed delinquent by the commission. The commission shall give written notice of the delinquency to the person by United States mail or by personal service of process. If within fifteen (15) days of receiving written notice of delinquency the delinquent filer has not filed the statement of economic interest, a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000.00), shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed.

Condition:

During our review of the School District’s Statements of Economic Interest, it was noted that five Board Members failed to file a Statement of Economic Interest with the Mississippi Ethics Commission by May 1, 2024.

Cause:

The school district forgot to remind board members to submit forms to the Ethics commission.

Effect:

Failure to file the Statement of Economic Interest, as required by state law, results in non-compliance with Section 25-4-25 and could result in fines being assessed and a civil judgment being enrolled against the delinquent filers, as allowed by Section 25-4-29(2).

Recommendation:

We recommend the School District ensure each Board Member file their Statement of Economic Interest no later than May 1st of each year that such office holds office, as required by law.

Response:

The Statement of Economic Interest has been added to the annual agenda calendar in January in order to allow ample time for board members to file their statement before the May 1st deadline. There will also be reminders sent out and the business manager will verify on the website that each board member has filed their statement of economic interest on time.

Finding 2

Criteria:

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

Condition:

During our testing of retired personnel, we noted two instances out of nine in which employees’ forms were not properly completed.

Cause:

The school district did not have a system in place to ensure forms were filed in a timely manner.

Effect:

An incomplete form could result in employees being paid more than the amounts allowed, ineligible employees being hired, and late submissions.

Recommendation:

Form 4B must be properly completed annually by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within 5 days from the date of re-employment and within five days from the termination of such re-employment, and employees must not be paid in excess of the maximum amount allowed.

Response:

South Tippah School District will have an additional employee look over Form 4B before submitting to PERS to ensure that document is properly completed.

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 16, 2024

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

South Tippah School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

Section II: Financial Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

South Tippah School District
402 Greenlee Street
Ripley, MS 38863
Tony Elliott - Superintendent
April Horton - Business Manager

PRIOR YEAR AUDIT FINDINGS FOLLOW UP

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the South Tippah School District has prepared and hereby submits the following prior year audit findings follow-up as of June 30, 2024:

<u>Finding</u>	<u>Status</u>
2023-001	Corrected