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BILOXI PUBLIC SCHOOL DISTRICT  
Audited Financial Statements  
For the Year Ended June 30, 2021

BILOXI PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Biloxi Public School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Biloxi Public School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Biloxi Public School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Biloxi Public School District, as of June 30, 2021, 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.

### **Other Matters**

#### *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) on pages 6-14, 50, 51, 52, 53 & 54, respectively, be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Biloxi Public 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, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes 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 are presented for purposes of additional analysis and are not a required part of the 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2021, on our consideration of the Biloxi Public 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 Biloxi Public 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 Biloxi Public School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, MS

December 20, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

The following discussion and analysis of District's financial performance provides an overview of the Biloxi Public School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the Biloxi Public 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 Biloxi Public School District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- Total net position for 2021 decreased \$2,296,886, which represents a 13% decrease from fiscal year 2020. Total net position for 2020 decreased \$4,849,983, including a prior period adjustment of \$179,165, which represents a 21% decrease from fiscal year 2019.
- General revenues amounted to \$63,143,081 and \$60,850,658, or 79% and 84% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,961,822, or 21% of total revenues for 2021, and \$12,013,656, or 16% of total revenues for 2020.
- The District had \$82,401,789 and \$77,893,462 in expenses for fiscal years 2021 and 2020; only \$16,961,822 for 2021 and \$12,013,656 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$63,143,081 for 2021 and \$60,850,658 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$61,967,549 in revenues and \$52,529,152 in expenditures for 2021, and \$59,800,312 in revenues and \$52,769,699 in expenditures in 2020. The General Fund's fund balance increased by \$1,932,311 from 2020 to 2021, and increased by \$1,268,280, which includes a prior period adjustment of \$179,165, from 2019 to 2020.
- Capital assets, net of accumulated depreciation, increased by \$1,301,399 for 2021 and increased by \$3,480,823 for 2020. The increase for 2021 was due primarily construction in progress and other capital additions net of the increase in accumulated depreciation.
- Long-term debt increased by \$1,169,753 for 2021 and decreased by \$4,043,555 for 2020. This increase for 2021 was due primarily to the inception of an energy efficiency lease net of the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$37,709 for 2021 and increased by \$39,320 for 2020.

### **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.

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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 classified as governmental funds.

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

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

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

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

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

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

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

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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.

**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. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,948,437 as of June 30, 2021.

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

Table 1 presents a summary of the District's net position at June 30, 2021 and June 30, 2020.

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Current assets	\$ 27,199,836	\$ 22,491,441	20.93 %
Restricted assets	4,415,143	5,979,989	(26.17) %
Capital assets, net	150,146,675	148,845,276	0.87 %
<b>Total assets</b>	<b><u>181,761,654</u></b>	<b><u>177,316,706</u></b>	<b>2.51 %</b>
<b>Deferred outflows of resources</b>	<b><u>15,795,525</u></b>	<b><u>10,199,572</u></b>	<b>54.86 %</b>
Current liabilities	7,765,275	7,353,524	5.60 %
Long-term debt outstanding	67,421,079	66,289,035	1.71 %
Net OPEB liability	4,696,242	4,998,228	(6.04) %
Net pension liability	100,616,593	89,170,721	12.84 %
<b>Total liabilities</b>	<b><u>180,499,189</u></b>	<b><u>167,811,508</u></b>	<b>7.56 %</b>
<b>Deferred inflows of resources</b>	<b><u>1,109,553</u></b>	<b><u>1,459,447</u></b>	<b>(23.97) %</b>
<b>Net position:</b>			
Net investment in capital assets	85,062,155	85,316,148	(0.30) %
Restricted	2,845,292	2,605,912	9.19 %
Unrestricted	(71,959,010)	(69,676,737)	(3.28) %
<b>Total net position</b>	<b><u>\$ 15,948,437</u></b>	<b><u>\$ 18,245,323</u></b>	<b>(12.59) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (71,959,010)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	<u>90,626,863</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	<u>\$ 18,667,853</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 \$1,301,399.
- The principal retirement of \$3,941,595 of long-term debt.
- Inception of \$5,331,016 of capital leases.

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$80,104,903 and \$72,864,314, respectively. The total cost of all programs and services was \$82,401,789 for 2021 and \$77,893,462 for 2020.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,411,063	\$ 1,835,957	(23.14) %
Operating grants and contributions	15,550,759	10,177,699	52.79 %
General revenues:			
Property and gaming taxes	31,873,350	29,556,624	7.84 %
Grants and contributions not restricted	29,888,886	30,118,905	(0.76) %
Investment earnings	420,369	552,603	(23.93) %
Sixteenth section	10,564	10,568	(0.04) %
Other	949,912	611,958	55.23 %
<b>Total revenues</b>	<b><u>80,104,903</u></b>	<b><u>72,864,314</u></b>	<b>9.94 %</b>
<b>Expenses:</b>			
Instruction	39,122,168	35,421,531	10.45 %
Support services	26,491,266	26,273,950	0.83 %
Non-instructional	2,997,787	3,286,399	(8.78) %
Pension expense	11,206,842	10,086,482	11.11 %
OPEB expense	217,703	380,557	(42.79) %
Interest on long-term liabilities	2,366,023	2,444,543	(3.21) %
<b>Total expenses</b>	<b><u>82,401,789</u></b>	<b><u>77,893,462</u></b>	<b>5.79 %</b>
<b>Increase (Decrease) in net position</b>	<b><u>(2,296,886)</u></b>	<b><u>(5,029,148)</u></b>	<b>54.33 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>18,245,323</b>	<b>23,095,306</b>	(21.00) %
<b>Prior Period Adjustment</b>	<b>-</b>	<b>179,165</b>	(100.00) %
<b>Net Position, July 1, as restated</b>	<b><u>18,245,323</u></b>	<b><u>23,274,471</u></b>	<b>(21.61) %</b>
<b>Net Position, June 30</b>	<b><u>\$ 15,948,437</u></b>	<b><u>\$ 18,245,323</u></b>	<b>(12.59) %</b>

**Governmental activities**

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

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ 39,122,168	\$ 35,421,531	10.45 %
Support services	26,491,266	26,273,950	0.83 %
Non-instructional	2,997,787	3,286,399	(8.78) %
Pension Expense	11,206,842	10,086,482	11.11 %
OPEB Expense	217,703	380,557	(42.79) %
Interest on long-term liabilities	2,366,023	2,444,543	(3.21) %
<b>Total expenses</b>	<b>\$ 82,401,789</b>	<b>\$ 77,893,462</b>	<b>5.79 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ (30,233,552)	\$ (30,677,451)	1.45 %
Support services	(22,087,275)	(22,616,405)	2.34 %
Non-instructional	671,428	325,632	106.19 %
Pension Expense	(11,206,842)	(10,086,482)	(11.11) %
OPEB Expense	(217,703)	(380,557)	42.79 %
Interest on long-term liabilities	(2,366,023)	(2,444,543)	3.21 %
<b>Total net (expense) revenue</b>	<b>\$ (65,439,967)</b>	<b>\$ (65,879,806)</b>	<b>0.67 %</b>

- Net cost of governmental activities (\$65,439,967 for 2021 and \$65,879,806 for 2020) was financed by general revenue, which is primarily made up of property and gaming taxes (\$31,873,350 for 2021 and \$29,556,624 for 2020) and state and federal revenues (\$29,888,886 for 2021 and \$30,118,905 for 2020). In addition, there was \$10,564 and \$10,568 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$420,369 for 2021 and \$552,603 for 2020.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$23,027,354, an increase of \$2,482,201, which includes a decrease in inventory of \$104,319. \$11,131,547 or 48% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$11,895,807 or 52% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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 \$1,932,311. The fund balance of Other Governmental Funds showed a decrease in the amount of \$250,169, which includes a decrease in reserve for inventory of \$104,319, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Future Building Fund	\$ 800,059

**BUDGETARY HIGHLIGHTS**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2021, the District's total capital assets were \$216,052,911, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$3,955,125 from 2020. Total accumulated depreciation as of June 30, 2021, was \$65,906,236, and total depreciation expense for the year was \$4,795,015, resulting in total net capital assets of \$150,146,675.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 6,394,218	\$ 6,394,218	0.00 %
Construction in progress	3,915,819	12,800,704	(69.41) %
Buildings	123,616,014	112,568,895	9.81 %
Building improvements	9,943,549	10,447,871	(4.83) %
Improvements other than buildings	3,892,854	4,133,571	(5.82) %
Mobile equipment	1,612,221	1,885,327	(14.49) %
Furniture and equipment	772,000	614,690	25.59 %
<b>Total</b>	<b><u>\$ 150,146,675</u></b>	<b><u>\$ 148,845,276</u></b>	<b>0.87 %</b>

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



BILOXI PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

**Debt Administration.** At June 30, 2021, the District had \$67,421,079 in outstanding long-term debt, of which \$4,464,229 is due within one year. The liability for compensated absences decreased \$37,709 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ -	\$ 2,330,000	(100.00) %
Premium on bonds	-	4,967	(100.00) %
Three mill notes payable	3,620,000	4,705,000	(23.06) %
Trust certificates payable	51,105,000	51,355,000	(0.49) %
Premium on trust certificates	3,148,949	3,363,650	(6.38) %
Obligations under capital leases	193,284	380,956	(49.26) %
Obligations under energy efficiency leases	6,597,623	1,355,530	386.72 %
Qualified school construction bonds payable	2,335,000	2,335,000	0.00 %
Compensated absences payable	421,223	458,932	(8.22) %
<b>Total</b>	<b><u>\$ 67,421,079</u></b>	<b><u>\$ 66,289,035</u></b>	<b>1.71 %</b>

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

**CURRENT ISSUES**

The Biloxi Public 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 are 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.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Biloxi Public School District, 160 St. Peters Avenue, Biloxi, Mississippi 39533.

## FINANCIAL STATEMENTS

**BILOXI PUBLIC SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2021**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 21,695,463
Due from other governments	4,113,145
Inventories	30,869
Prepaid items	1,360,359
Restricted assets	4,415,143
Capital assets, non-depreciable:	
Land	6,394,218
Construction in progress	3,915,819
Capital assets, net of accumulated depreciation:	
Buildings	123,616,014
Building improvements	9,943,549
Improvements other than buildings	3,892,854
Mobile equipment	1,612,221
Furniture and equipment	772,000
Total Assets	<u>181,761,654</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	14,430,256
Deferred outflows - OPEB	1,365,269
Total deferred outflows of resources	<u>15,795,525</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	7,227,266
Interest payable on long-term liabilities	538,009
Long-term liabilities, due within one year:	
Capital related liabilities	4,464,229
Net OPEB liability	160,880
Long-term liabilities, due beyond one year:	
Capital related liabilities	62,535,627
Non-capital related liabilities	421,223
Net pension liability	100,616,593
Net OPEB liability	4,535,362
Total Liabilities	<u>180,499,189</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	93,824
Deferred inflows - OPEB	1,015,729
Total deferred inflows of resources	<u>1,109,553</u>
<b>Net Position</b>	
Net investment in capital assets	85,062,155
Restricted for:	
Expendable:	
School-based activities	2,650,016
Debt service	51,322
Unemployment benefits	135,704
Non-expendable:	
Sixteenth section principal	8,250
Unrestricted	(71,959,010)
Total Net Position	<u>\$ 15,948,437</u>

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

**BILOXI PUBLIC SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2021**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>						
Instruction	\$ 39,122,168	\$ 1,184,433	\$ 7,704,183	\$ -	\$ (30,233,552)	
Support services	26,491,266	-	4,403,991	-	(22,087,275)	
Non-instructional	2,997,787	226,630	3,442,585	-	671,428	
Pension expense	11,206,842	-	-	-	(11,206,842)	
OPEB expense	217,703	-	-	-	(217,703)	
Interest on long-term liabilities	2,366,023	-	-	-	(2,366,023)	
<b>Total Governmental Activities</b>	<b>\$ 82,401,789</b>	<b>\$ 1,411,063</b>	<b>\$ 15,550,759</b>	<b>\$ -</b>	<b>\$ (65,439,967)</b>	

**General Revenues:**

**Taxes:**

General purpose levies	23,952,103
Debt purpose levies	1,236,251
Gaming	6,684,996

**Unrestricted grants and contributions:**

State	28,413,557
Federal	1,475,329
Unrestricted investment earnings	420,369
Sixteenth section	10,564
Other	949,912

**Total General Revenues** 63,143,081

Change in Net Position (2,296,886)

Net Position - Beginning 18,245,323

Net Position - Ending \$ 15,948,437

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

**BILOXI PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2021**

**Exhibit C**

	Major Funds			Total Governmental Funds
	General Fund	Future Building Fund	Other Governmental Funds	
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,407,129	\$ 3,861,622	\$ 4,141,382	\$ 22,410,133
Cash with fiscal agents	2	-	2,031,961	2,031,963
Investments	1,668,510	-	-	1,668,510
Due from other governments	1,267,084	-	2,846,061	4,113,145
Due from other funds	2,572,658	1,750,014	902,702	5,225,374
Inventories	-	-	30,869	30,869
Total assets	19,915,383	5,611,636	9,952,975	35,479,994
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 5,419,291	\$ 135,563	\$ 1,672,412	\$ 7,227,266
Due to other funds	2,243,454	-	2,981,920	5,225,374
Total Liabilities	7,662,745	135,563	4,654,332	12,452,640
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	30,869	30,869
Permanent fund principal	-	-	8,250	8,250
<b>Restricted:</b>				
Debt service	-	-	589,331	589,331
Grant activities	-	-	2,619,147	2,619,147
Capital improvements	-	-	1,915,336	1,915,336
Unemployment benefits	-	-	135,704	135,704
<b>Assigned:</b>				
Capital improvements	-	5,476,073	6	5,476,079
Student activities	1,121,091	-	-	1,121,091
<b>Unassigned</b>	11,131,547	-	-	11,131,547
Total Fund Balances	12,252,638	5,476,073	5,298,643	23,027,354
Total Liabilities and Fund Balances	\$ 19,915,383	\$ 5,611,636	\$ 9,952,975	\$ 35,479,994

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

**BILOXI PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 23,027,354

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	6,394,218	
Construction in progress	3,915,819	
Buildings	169,664,091	
Building improvements	17,013,214	
Improvements other than buildings	9,987,088	
Mobile equipment	5,663,865	
Furniture and equipment	3,414,616	
Accumulated depreciation	<u>(65,906,236)</u>	150,146,675

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(100,616,593)	
Deferred outflow s and inflow s of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to pensions	14,430,256	
Deferred inflow s of resources related to pensions	<u>(93,824)</u>	(86,280,161)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(4,696,242)	
Deferred outflow s and inflow s of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflow s of resources related to OPEB	1,365,269	
Deferred inflow s of resources related to OPEB	<u>(1,015,729)</u>	(4,346,702)

4. Items that are normally expenses in the governmental funds are capitalized as prepaid expenses in the Statement of Net Position.

1,360,359

5. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Three mill notes payable	(3,620,000)	
Trust certificates payable	(51,105,000)	
Obligation under capital leases	(193,284)	
Qualified school construction bonds payable	(2,335,000)	
Energy efficiency leases	(6,597,623)	
Premium on debt issuance	(3,148,949)	
Compensated absences payable	(421,223)	
Accrued interest payable	<u>(538,009)</u>	(67,959,088)

**Net position of governmental activities**

**\$ 15,948,437**

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

**BILOXI PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2021**

**Exhibit D**

	Major Funds			Total Governmental Funds
	General Fund	Future Building Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local sources	\$ 31,990,095	\$ 85,469	\$ 2,578,777	\$ 34,654,341
State sources	28,675,538	-	1,537,751	30,213,289
Federal sources	1,291,352	-	13,935,000	15,226,352
Sixteenth section sources	10,564	-	-	10,564
<b>Total Revenues</b>	<b>61,967,549</b>	<b>85,469</b>	<b>18,051,528</b>	<b>80,104,546</b>
<b>Expenditures:</b>				
Instruction	29,705,026	-	9,471,989	39,177,015
Support services	22,149,784	785,410	4,784,462	27,719,656
Noninstructional services	76	-	2,969,781	2,969,857
Facilities acquisition and construction	204,515	-	6,345,952	6,550,467
Debt service:				
Principal	276,595	-	3,665,000	3,941,595
Interest	191,906	-	2,307,233	2,499,139
Other	1,250	-	7,750	9,000
<b>Total Expenditures</b>	<b>52,529,152</b>	<b>785,410</b>	<b>29,552,167</b>	<b>82,866,729</b>
Excess (Deficiency) of Revenues over (under) Expenditures	9,438,397	(699,941)	(11,500,639)	(2,762,183)
<b>Other Financing Sources (Uses):</b>				
Inception of capital leases	-	-	5,331,016	5,331,016
Operating transfers in	350,210	2,000,000	7,586,104	9,936,314
Other financing sources	17,687	-	-	17,687
Operating transfers out	(7,873,983)	(500,000)	(1,562,331)	(9,936,314)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,506,086)</b>	<b>1,500,000</b>	<b>11,354,789</b>	<b>5,348,703</b>
<b>Net Change in Fund Balances</b>	<b>1,932,311</b>	<b>800,059</b>	<b>(145,850)</b>	<b>2,586,520</b>
<b>Fund Balances:</b>				
July 1, 2020	10,320,327	4,676,014	5,548,812	20,545,153
Increase (Decrease) in reserve for inventory	-	-	(104,319)	(104,319)
<b>June 30, 2021</b>	<b>\$ 12,252,638</b>	<b>\$ 5,476,073</b>	<b>\$ 5,298,643</b>	<b>\$ 23,027,354</b>

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

**BILOXI PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2021** **Exhibit D-1**

<b>Net change in fund balances - total governmental funds</b>	\$	2,586,520
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 7,045,927	
Depreciation expense	<u>(4,795,015)</u>	2,250,912
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		
		(949,513)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	3,941,595	
Inception of capital leases	(5,331,016)	
Amortization of bond premiums	219,668	
Amortization of deferred bond charges	(72,173)	
Accrued interest payable	<u>(5,379)</u>	(1,247,305)
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(11,206,842)	
Contributions subsequent to the measurement date	<u>6,137,799</u>	(5,069,043)
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	(217,703)	
Contributions subsequent to the measurement date	<u>160,880</u>	(56,823)
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	37,709	
Change in prepaid items	254,976	
Change in inventory reserve	<u>(104,319)</u>	<u>188,366</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(2,296,886)</u></b>

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



# BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

## Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Biloxi Public 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 Biloxi Public 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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Biloxi since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Biloxi Public 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.

Blended component unit

The Biloxi Public School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 14).

### 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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

acquisition, construction or improvement of those assets.

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

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

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 Biloxi Public School District reports the following major governmental funds:

General Fund - This is the Biloxi Public 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.

Future Building Fund – This is a capital projects fund that is used to account for various construction projects throughout the district.

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 Biloxi Public School District reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

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

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

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

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

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

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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**D. Encumbrances**

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Biloxi Public 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 Biloxi Public School District can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports \$14,430,256 of deferred outflows related to its pension plan and \$1,365,269 related to its OPEB plan.

# BILOXI PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$93,824 of deferred inflows related to its pension plan and \$1,015,729 related to its OPEB plan.

See Note 15 for further details.

### 8. Compensated Absences

Employees of the Biloxi Public School District accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by Biloxi Public 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 Biloxi Public 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. Long-term Liabilities and Bond Discounts/Premiums

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

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

### 10. 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.

### 11. Postemployment Benefits Other than Pensions (OPEB)

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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

12. 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. This formal action is for formal board approval of commitments. Currently there is no committed fund balance for this Biloxi Public 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 management pursuant to authorization established by the school board.

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

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

13. Accounting Standards Update

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this statement was to improve guidance regarding the identification of fiduciary activities for accounting

## BILOXI PUBLIC SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

#### **Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments**

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

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

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

#### **Cash and Cash Equivalents**

The carrying amount of the Biloxi Public School District's deposits with financial institutions reported in the governmental funds was \$22,410,133.

*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.

#### **Cash with Fiscal Agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$2,031,963.



BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

Investments

As of June 30, 2021, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Trustmark - Construction Bonds Common Trust Fund 2012-A	Unrated	Less than one year	\$ 1,668,510
Total			<u>\$ 1,668,510</u>

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

The district has the following recurring fair value measurements as of June 30, 2021:

- U.S. government securities type of investments of \$1,668,510 are valued using quoted market prices (Level 1 inputs)

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

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

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

*Concentration of Credit Risk.* Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2021, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Trustmark - Construction Bonds Common Trust Fund 2012-A	\$ 1,668,510	100%

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**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	\$ 2,572,658
Future building fund	General Fund	1,750,014
Other governmental funds	General Fund	493,440
	Other governmental funds	409,262
Total		<u>\$ 5,225,374</u>

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Future building fund	\$ 2,000,000
	Other governmental funds	5,873,983
Future building fund	Other governmental funds	500,000
Other governmental funds	General Fund	350,210
Other governmental funds	Other governmental funds	1,212,121
Total		<u>\$ 9,936,314</u>

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$9,436, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

The restricted assets represent the cash with fiscal agents balance, totaling \$18,729, of the unspent loan proceeds of the trust certificates payable.

The restricted assets represent the cash with fiscal agents balance, totaling \$2,013,232, of the unspent loan proceeds of the energy efficiency lease.

The restricted assets represent the cash balance, totaling \$705,234 of the debt service funds that is restricted for future debt service requirements.

Also, the restricted assets represent the cash with fiscal agents and investment balance, totaling \$2 and \$1,668,510 respectively, of the QSCB Sinking Fund.

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**Note 5 – Capital Assets**

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

	Balance 7/1/2020	Increases	Decreases	Completed Construction	Balance 6/30/2021
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,394,218	\$ -	\$ -	\$ -	6,394,218
Construction in progress	12,800,704	6,345,952	-	(15,230,837)	3,915,819
Total non-depreciable capital assets	19,194,922	6,345,952	-	(15,230,837)	10,310,037
<u>Depreciable capital assets:</u>					
Buildings	156,634,390	-	(2,201,136)	15,230,837	169,664,091
Building improvements	17,080,061	45,748	(112,595)	-	17,013,214
Improvement other than buildings	9,828,321	158,767	-	-	9,987,088
Mobile equipment	5,797,064	47,444	(180,643)	-	5,663,865
Furniture and equipment	3,563,028	448,016	(596,428)	-	3,414,616
Total depreciable capital assets	192,902,864	699,975	(3,090,802)	15,230,837	205,742,874
<u>Less accumulated depreciation for:</u>					
Buildings	44,065,495	3,303,264	(1,320,682)	-	46,048,077
Building improvements	6,632,190	505,032	(67,557)	-	7,069,665
Improvement other than buildings	5,694,750	399,484	-	-	6,094,234
Mobile equipment	3,911,737	302,484	(162,577)	-	4,051,644
Furniture and equipment	2,948,338	284,751	(590,473)	-	2,642,616
Total accumulated depreciation	63,252,510	4,795,015	(2,141,289)	-	65,906,236
Total depreciable capital assets, net	129,650,354	(4,095,040)	(949,513)	15,230,837	139,836,638
Governmental activities capital assets, net	\$ 148,845,276	\$ 2,250,912	\$ (949,513)	\$ -	\$ 150,146,675

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 4,246,358
Support services	460,559
Non-instructional	88,098
Total depreciation expense - Governmental activities	\$ 4,795,015

Construction in progress is composed of:

	Spent to June 30, 2021	Remaining Commitment
Energy efficiency project	\$ 3,915,819	\$ 1,915,197
Total construction in progress	\$ 3,915,819	\$ 1,915,197

Construction projects included in governmental activities are funded by the energy project fund.

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. General obligation refunding bonds payable	\$ 2,330,000	\$ -	(2,330,000)	\$ -	-
Premium on debt issuance	4,967	-	(4,967)	-	-
B. Three mill notes payable	4,705,000	-	(1,085,000)	3,620,000	1,120,000
C. Qualified school construction bonds payable	2,335,000	-	-	2,335,000	-
D. Trust certificates payable	51,355,000	-	(250,000)	51,105,000	2,625,000
Premium on debt issuance	3,363,650	-	(214,701)	3,148,949	214,701
E. Obligations under capital leases	380,956	-	(187,672)	193,284	193,284
F. Energy efficiency lease	1,355,530	5,331,016	(88,923)	6,597,623	311,244
G. Compensated absences payable	458,932	-	(37,709)	421,223	-
Total - net	<u>\$ 66,289,035</u>	<u>\$ 5,331,016</u>	<u>\$ (4,198,972)</u>	<u>\$ 67,421,079</u>	<u>\$ 4,464,229</u>

**A. General obligation bonds payable.**

This debt was retired during the year.

**B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note refunding, 2013	2.5%-3.375%	8/15/2013	5/1/2022	\$2,070,000	\$ 540,000
Limited tax note refunding, 2018	3.14%	6/21/2018	5/1/2026	<u>4,735,000</u>	<u>3,080,000</u>
Total				<u>\$6,805,000</u>	<u>\$3,620,000</u>

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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

1. Limited tax notes issued 8/15/13:

Year Ending June 30	Principal	Interest	Total
2022	\$ 540,000	\$ 18,225	\$ 558,225
Total	<u>\$ 540,000</u>	<u>\$ 18,225</u>	<u>\$ 558,225</u>

This debt will be retired from Fund 4021.

2. Limited tax notes issued 6/21/2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ 580,000	\$ 96,712	\$ 676,712
2023	595,000	78,500	673,500
2024	615,000	59,818	674,818
2025	635,000	40,506	675,506
2026	655,000	20,566	675,566
Total	<u>\$ 3,080,000</u>	<u>\$ 296,102</u>	<u>\$ 3,376,102</u>

This debt will be retired from Fund 4021.

Total payments for all three mill note issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,120,000	\$ 114,937	\$ 1,234,937
2023	595,000	78,500	673,500
2024	615,000	59,818	674,818
2025	635,000	40,506	675,506
2026	655,000	20,566	675,566
Total	<u>\$ 3,620,000</u>	<u>\$ 314,327</u>	<u>\$ 3,934,327</u>

**C. Qualified school construction bonds payable**

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Federally taxable limited- tax note, Series 2011	6.25%	3/30/2011	3/1/2026	\$ 2,335,000	\$ 2,335,000
Total				<u>\$ 2,335,000</u>	<u>\$ 2,335,000</u>

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

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 145,938	\$ 145,938
2023	-	145,938	145,938
2024	-	145,938	145,938
2025	-	145,938	145,938
2026	2,335,000	145,938	2,480,938
Total	<u>\$ 2,335,000</u>	<u>\$ 729,690</u>	<u>\$ 3,064,690</u>

This debt will be retired from the QSCB debt service sinking fund.

**D. Trust Certificates Payable**

The district has issued trust certificates to fund the construction of a new jr. high school building and a fine arts facility. See Note 14 for further information related to the trust certificates.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Trust Certificates, Series 2016	3.37-5.00%	3/17/2016	3/1/2036	\$ 38,000,000	\$ 37,455,000
Trust Certificates, Series 2018	3.40%	12/20/2018	6/15/2029	4,510,000	4,345,000
Trust Certificates, Series 2019	3.35%	4/8/2019	6/15/2034	9,385,000	9,305,000
Total				<u>\$ 51,895,000</u>	<u>\$ 51,105,000</u>

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

Series 2016:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,770,000	\$ 1,607,688	\$ 3,377,688
2023	1,855,000	1,519,188	3,374,188
2024	1,950,000	1,426,438	3,376,438
2025	2,045,000	1,328,938	3,373,938
2026	2,150,000	1,226,688	3,376,688
2027-2031	12,435,000	4,436,540	16,871,540
2032-2036	15,250,000	1,627,158	16,877,158
Total	<u>\$ 37,455,000</u>	<u>\$ 13,172,638</u>	<u>\$ 50,627,638</u>

This debt will be retired from the trust certificate debt service fund.

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

Series 2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ 525,000	\$ 147,730	\$ 672,730
2023	540,000	129,880	669,880
2024	560,000	111,520	671,520
2025	580,000	92,480	672,480
2026	600,000	72,760	672,760
2027-2029	1,540,000	93,160	1,633,160
Total	<u>\$ 4,345,000</u>	<u>\$ 647,530</u>	<u>\$ 4,992,530</u>

This debt will be retired from the trust certificate debt service fund.

Series 2019:

Year Ending June 30	Principal	Interest	Total
2022	\$ 330,000	\$ 311,718	\$ 641,718
2023	345,000	300,662	645,662
2024	350,000	289,106	639,106
2025	365,000	277,380	642,380
2026	375,000	265,152	640,152
2027-2031	3,855,000	1,079,540	4,934,540
2032-2034	3,685,000	249,408	3,934,408
Total	<u>\$ 9,305,000</u>	<u>\$ 2,772,966</u>	<u>\$ 12,077,966</u>

This debt will be retired from the trust certificate debt service fund.

Total all Trust Certificates:

Year Ending June 30	Principal	Interest	Total
2022	\$ 2,625,000	\$ 2,067,136	\$ 4,692,136
2023	2,740,000	1,949,730	4,689,730
2024	2,860,000	1,827,064	4,687,064
2025	2,990,000	1,698,798	4,688,798
2026	3,125,000	1,564,600	4,689,600
2027-2031	17,830,000	5,609,240	23,439,240
2032-2036	18,935,000	1,876,566	20,811,566
Total	<u>\$ 51,105,000</u>	<u>\$ 16,593,134</u>	<u>\$ 67,698,134</u>

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**E. Obligations under capital leases**

The school district has entered into a lease agreement as lessee for financing the acquisition of Chromebooks costing \$752,000. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Chromebooks	2.99%	10/17/2018	4/1/2022	\$ 752,000	\$ 193,284
Total				<u>\$ 752,000</u>	<u>\$ 193,284</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 193,284	\$ 5,779	\$ 199,063
Total	<u>\$ 193,284</u>	<u>\$ 5,779</u>	<u>\$ 199,063</u>

This debt will be retired from the district maintenance fund.

**F. Obligations under energy efficiency lease**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease, series 2017	2.59%	1/26/2017	1/26/2033	\$ 1,548,000	\$ 1,266,607
Energy efficiency lease, series 2021	1.68%	2/4/2021	2/4/2036	5,331,016	5,331,016
Total				<u>\$ 6,879,016</u>	<u>\$ 6,597,623</u>

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

Series 2017:

Year Ending June 30	Principal	Interest	Total
2022	\$ 91,244	32,256	\$ 123,500
2023	93,625	29,785	123,410
2024	96,068	27,431	123,499
2025	98,577	24,923	123,500
2026	101,149	22,351	123,500
2027-2031	546,746	57,951	604,697
2032-2033	239,198	7,803	247,001
Total	<u>\$ 1,266,607</u>	<u>\$ 202,500</u>	<u>\$ 1,469,107</u>

This debt will be retired from the District Maintenance Fund.



BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

Series 2021:

Year Ending June 30	Principal	Interest	Total
2022	\$ 220,000	90,562	\$ 310,562
2023	224,000	85,866	309,866
2024	227,000	82,102	309,102
2025	231,000	78,288	309,288
2026	235,000	74,408	309,408
2027-2031	2,141,000	281,572	2,422,572
2032-2036	2,053,016	95,558	2,148,574
Total	\$ 5,331,016	\$ 788,356	\$ 6,119,372

This debt will be retired from the District Maintenance Fund.

Total for all energy efficiency leases

Year Ending June 30	Principal	Interest	Total
2022	\$ 311,244	122,818	\$ 434,062
2023	317,625	115,741	433,366
2024	323,068	109,533	432,601
2025	329,577	103,211	432,788
2026	336,149	96,759	432,908
2027-2031	2,687,746	352,324	3,040,070
2032-2036	2,292,214	103,361	2,395,575
Total	\$ 6,597,623	\$ 1,003,747	\$ 7,601,370

2017 Series:

An energy efficiency lease agreement dated January 26, 2017, was executed by and between the School District, the lessee, and U.S. Bancorp Government Leasing and Finance, Inc., the lessor.

The agreement authorized the borrowing of \$1,548,000 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not exceed twenty-three (23) years.

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

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

## BILOXI PUBLIC SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

#### 2021 Series:

An energy efficiency lease agreement dated February 4, 2021 was executed by and between the School District, the lessee, and The Peoples Bank, the lessor.

The agreement authorized the borrowing of \$5,331,016 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not exceed twenty-three (23) years.

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

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

#### **G. Compensated absences payable**

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

#### **Note 7 – Prior Year Defeasance of Debt**

In prior years, the Biloxi Public School District defeased certain trust certificates payable notes payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds and notes are not included in the district's financial statements. On June 30, 2021, all of trust certificates payable are defeased.

#### **Note 8 – Defined Benefit Pension Plan**

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

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the Biloxi Public School District is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 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 Biloxi Public School District's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$6,137,799, \$6,021,314 and \$5,199,387, 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, 2021, the Biloxi Public School District reported a liability of \$100,616,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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 Biloxi Public School District's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The Biloxi Public School District's proportionate share used to calculate the June 30, 2021 net pension liability was .519745 percent, which was based on a measurement date of June 30, 2020. This was an increase of .0129 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$11,206,842. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 872,445	\$ -
Net difference between projected and actual earnings on pension plan investments	4,235,013	-
Changes of assumptions	548,920	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,636,079	93,824
District contributions subsequent to the measurement date	6,137,799	-
<b>Total</b>	<b>\$ 14,430,256</b>	<b>\$ 93,824</b>

\$6,137,799 reported as deferred outflows of resources related to pensions resulting from Biloxi Public School District contributions subsequent to the measurement date will be recognized as a reduction to the

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

net pension liability in the year ended June 30, 2022. 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:	
2022	\$ 1,820,753
2023	2,701,318
2024	2,344,789
2025	<u>1,331,773</u>
Total	<u>\$ 8,198,633</u>

*Actuarial assumptions.* The total pension liability as of June 30, 2020 was determined by actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates are projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
Total	<u>100</u>	<u>%</u>		

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore,

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 130,235,815	\$ 100,616,593	\$ 76,168,832

*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 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.

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

*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 \$160,880 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$4,696,242 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the District's proportion was .60346878 percent. This was an increase of .0144 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$217,703. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,986	\$ 817,272
Net difference between projected and actual earnings on OPEB plan investments	151	-
Changes of assumptions	729,135	198,457
Changes in proportion and differences between District contributions and proportionate share of contributions	469,117	-
District contributions subsequent to the measurement date	160,880	-
<b>Total</b>	<b>\$ <u>1,365,269</u></b>	<b>\$ <u>1,015,729</u></b>

\$160,880 reported as deferred outflows of resources related to OPEB resulting from Biloxi Public 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, 2022. 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:	
2022	\$ 47,587
2023	47,587
2024	53,625
2025	51,919
2026	(12,058)
<b>Total</b>	<b>\$ <u>188,660</u></b>

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

*Actuarial assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2030
Pre-Medicare	

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. 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, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 5,189,669	\$ 4,696,242	\$ 4,273,018

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 4,336,261	\$ 4,696,242	\$ 5,104,085

*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 – Contingencies**

Federal Grants – The Biloxi Public 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 Biloxi Public School District.

Litigation –The Biloxi Public 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 Biloxi Public School District with respect to the various proceedings. However, the Biloxi Public 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 Biloxi Public School District.

**Note 11 – Risk Management**

The Biloxi Public 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. 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.

**Note 12 – 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 Biloxi Public School District.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental



BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

interest payments discussed in the preceding paragraph, the Biloxi Public School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2021, the subsidy payments amounted to \$119,511.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$1,668,512. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2022	\$ 155,667
2023	155,667
2024	155,667
2025	155,667
Total	<u>\$ 622,668</u>

**Note 13 – Sixteenth Section Lands**

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2022	\$ 10,564
2023	10,564
2024	10,564
2025	10,564
2026	10,564
2027-2031	52,820
Thereafter	76,778
Total	<u>\$ 182,418</u>

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

**Note 14 – Trust Certificates**

**Series 2016:**

A trust agreement dated March 17, 2016 was executed by and between the school district and Biloxi Public School District Leasing Authority, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$38,000,000 at a premium of \$4,294,020. Approximately \$41,776,453 was used to provide financing for the construction of a new school building; the remainder of approximately \$517,567 was used to pay the cost of issuance.

**Series 2018 and 2019:**

A trust agreement dated December 20, 2018 for Series 2018 and April 8, 2019 for Series 2019 was executed by and between the school district and Biloxi Public School District Leasing Authority, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$13,895,000 for both series 2018 and 2019, combined. Approximately \$13,765,000 was used to provide financing for the construction of a new fine arts facility; the remainder of approximately \$130,000 was used to pay the cost of issuance.

The projects are leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, *et seq.*, Miss. Code Ann. (1972). The leases represent a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the projects will have sufficient value to satisfy the certificates in the event the school district defaults under the leases; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

**Note 15 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$71,959,010) 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 \$6,137,799 resulting from the Biloxi Public 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, 2022. The \$8,292,457 balance of deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$71,959,010) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$93,824 balance of deferred inflow of resources related to pensions, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$71,959,010) 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 \$160,880 resulting from the Biloxi Public 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, 2022. The \$1,204,389 balance of deferred outflow of resources related to OPEB, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

BILOXI PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2021

The unrestricted net position amount of (\$71,959,010) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,015,729 balance of deferred inflow of resources related to OPEB, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

**Note 16 – State Compliance Testing**

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the Biloxi Public School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

**Note 17 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Biloxi Public School District evaluated the activity of the district through December 20, 2021 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**BILOXI PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 28,144,245	\$ 31,990,096	\$ 31,990,095	\$ 3,845,851	\$ (1)
State sources	28,398,168	28,676,990	28,675,538	278,822	(1,452)
Federal sources	1,019,000	1,170,388	1,291,352	151,388	120,964
Sixteenth section sources	9,000	10,564	10,564	1,564	-
Total Revenues	57,570,413	61,848,038	61,967,549	4,277,625	119,511
<b>Expenditures:</b>					
Instruction	29,614,445	29,705,025	29,705,026	(90,580)	(1)
Support services	22,059,149	22,108,036	22,149,784	(48,887)	(41,748)
Noninstructional services	36,599	27,899	76	8,700	27,823
Facilities acquisition and construction	42,600	218,444	204,515	(175,844)	13,929
Debt service:					
Principal	285,150	277,846	276,595	7,304	1,251
Interest	230,089	72,394	191,906	157,695	(119,512)
Other	-	-	1,250	-	(1,250)
Total Expenditures	52,268,032	52,409,644	52,529,152	(141,612)	(119,508)
Excess (Deficiency) of Revenues over (under) Expenditures	5,302,381	9,438,394	9,438,397	4,136,013	3
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	5,575,855	5,566,471	350,210	(9,384)	(5,216,261)
Other financing sources	-	17,330	17,687	17,330	357
Operating transfers out	(10,947,671)	(13,090,244)	(7,873,983)	(2,142,573)	5,216,261
Total Other Financing Sources (Uses)	(5,371,816)	(7,506,443)	(7,506,086)	(2,134,627)	357
Net Change in Fund Balances	(69,435)	1,931,951	1,932,311	2,001,386	360
Fund Balances:					
July 1, 2020	10,320,327	10,320,327	10,320,327	-	-
June 30, 2021	\$ 10,250,892	\$ 12,252,278	\$ 12,252,638	\$ 2,001,386	\$ 360

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

**BILOXI PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PERS**

**Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.519745%	0.506883%	0.501088%	0.487000%	0.473000%	0.470000%	0.460000%
District's proportionate share of the net pension liability	\$ 100,616,593	89,170,721	83,345,822	80,955,929	84,400,298	72,652,732	55,835,577
District's covered payroll	34,605,253	33,011,981	31,999,200	31,271,537	30,228,375	29,468,724	27,936,248
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.76%	270.12%	260.46%	258.88%	279.21%	246.54%	199.87%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**BILOXI PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERS**  
**Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,137,799	6,021,314	5,199,387	5,039,879	4,925,267	4,760,969	4,641,324
Contributions in relation to the contractually required contribution	\$ 6,137,799	6,021,314	5,199,387	5,039,879	4,925,267	4,760,969	4,641,324
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	\$ 35,274,707	34,605,253	33,011,981	31,999,200	31,275,537	30,228,375	29,468,724
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**BILOXI PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OPEB**  
**Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
District's proportion of the net OPEB liability	0.60346878%	0.58903785%	0.56431010%	0.52604261%
District's proportionate share of the net OPEB liability	\$ 4,696,242	4,998,228	4,365,221	4,127,378
District's covered-employee payroll	34,605,253	33,011,981	31,999,200	31,271,537
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.57%	15.14%	13.64%	13.20%
Plan fiduciary net position as a percentage of the total OPEB liability	0.1331%	0.1198%	0.1291%	0.0000%

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

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

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



**BILOXI PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 160,880	187,285	200,344	175,956
Contributions in relation to the actuarially determined contribution	\$ 160,880	187,285	200,344	175,956
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 35,274,707	34,605,253	33,011,981	31,271,537
Contributions as a percentage of covered-employee payroll	0.4561%	0.5412%	0.6069%	0.5627%

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 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

## Notes to Required Supplementary Information

### 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.

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

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

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

2019:

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

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

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

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

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

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

(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, 2018 valuation for the June 30, 2020 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	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.50%

SUPPLEMENTARY INFORMATION

**BILOXI PUBLIC SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
COVID-19 - Summer food service program for children	10.559	215MS326N1099	\$ 3,497,282
Total child nutrition cluster			<u>3,497,282</u>
Child and adult care food program	10.558	N/A	<u>26,214</u>
Total passed-through Mississippi Department of Education			<u>3,523,496</u>
<b>Total U.S. Department of Agriculture</b>			<u>3,523,496</u>
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
DODEA Grant Program	12.566	N/A	279,359
Reserve officers' training corps	12.357	N/A	<u>83,665</u>
<b>Total U.S. Department of Defense</b>			<u>363,024</u>
<b><u>U.S. Department of Treasury</u></b>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund:			
Equity in Distance Learning Act	21.019	21/12010115/8491/EDLA	1,737,498
Mississippi Pandemic Response Broadband Availability Act	21.019	21/1201021785/8499/PRBAA	<u>238,872</u>
COVID-19 - Coronavirus Relief Fund Subtotal			<u>1,976,370</u>
Total passed-through Mississippi Department of Education			<u>1,976,370</u>
<b>Total U.S. Department of Treasury</b>			<u>1,976,370</u>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	<u>129,878</u>
<b>Total Federal Communications Commission</b>			<u>129,878</u>
<b><u>U.S. Department of Education</u></b>			
Direct program:			
Impact Aid	84.041	N/A	<u>945,126</u>
Passed-through Mississippi Department of Rehabilitation Services:			
Rehabilitation services - vocational rehabilitation grants to states	84.126	H126A210034	<u>1,148</u>
Total			<u>1,148</u>
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	2,787,567
Career and technical education - basic grants to states	84.048	VO048A200024	64,947
English language acquisition grant	84.365	ES365A200024	60,600
Supporting Effective Instruction State Grants	84.367	S367A200023	420,864
Student Support and Academic Enrichment	84.424	S424A200025	<u>263,178</u>
Subtotal			<u>3,597,156</u>
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	2,104,853
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	33,145
Elementary and Secondary School Emergency Relief III ARP	84.425U	S425U210031	<u>528,404</u>
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>2,666,402</u>
Special education cluster:			
Special education - grants to states	84.027	H027A200108	1,840,762
Special education - preschool grants	84.173	H173A200113	<u>62,027</u>
Total special education cluster			<u>1,902,789</u>
Total passed-through Mississippi Department of Education			<u>8,166,347</u>
<b>Total U.S. Department of Education</b>			<u>9,112,621</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	1,453
Total passed-through Mississippi Department of Education			<u>1,453</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>1,453</u>
Total for All Federal Awards			<u>\$ 15,106,842</u>

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

# BILOXI PUBLIC SCHOOL DISTRICT

## Notes to the Supplementary Information For the Year Ended June 30, 2021

### 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 Biloxi Public School District under programs of the federal government for the year ended June 30, 2021. 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 Biloxi Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Biloxi Public School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$225,798 are included in the COVID-19 – Summer Food Service Program for Children.

**BILOXI PUBLIC SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2021**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 49,192,559	40,347,396	1,771,299	2,670,484	4,403,380
Other	33,674,170	7,170,083	361,575	360	26,142,152
<b>Total</b>	<b>\$ 82,866,729</b>	<b>47,517,479</b>	<b>2,132,874</b>	<b>2,670,844</b>	<b>30,545,532</b>
Total number of students *	5,165				
Cost per student	\$ 16,044	9,200	413	517	5,914

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

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

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

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

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

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



## OTHER INFORMATION

**BILOXI PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 31,990,095	\$ 29,649,235	\$ 30,630,431	\$ 28,888,090
State sources	28,675,538	28,857,139	27,081,535	25,792,866
Federal sources	1,291,352	1,283,370	1,570,234	1,198,730
Sixteenth section sources	10,564	10,568	11,300	10,224
<b>Total Revenues</b>	<b>61,967,549</b>	<b>59,800,312</b>	<b>59,293,500</b>	<b>55,889,910</b>
<b>Expenditures:</b>				
Instruction	29,705,026	30,350,973	29,280,577	29,045,208
Support services	22,149,784	21,911,891	22,442,236	21,013,871
Noninstructional services	76	30,257	33,313	29,822
Facilities acquisition and construction	204,515	-	-	53,871
Debt service:				
Principal	276,595	268,886	273,278	28,412
Interest	191,906	199,614	195,222	68,323
Other	1,250	8,078	1,250	1,250
<b>Total Expenditures</b>	<b>52,529,152</b>	<b>52,769,699</b>	<b>52,225,876</b>	<b>50,240,757</b>
Excess (Deficiency) of Revenues over (under) Expenditures	9,438,397	7,030,613	7,067,624	5,649,153
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	-	-	752,000	-
Insurance recovery	-	-	82,579	57,209
Sale of other property	-	6,679	-	-
Operating transfers in	350,210	384,520	366,865	962,987
Other financing sources	17,687	-	-	223,728
Operating transfers out	(7,873,983)	(6,332,674)	(6,524,232)	(6,256,700)
Other financing uses	-	(23)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(7,506,086)</b>	<b>(5,941,498)</b>	<b>(5,322,788)</b>	<b>(5,012,776)</b>
<b>Net Change in Fund Balances</b>	<b>1,932,311</b>	<b>1,089,115</b>	<b>1,744,836</b>	<b>636,377</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	10,320,327	9,052,047	7,362,117	6,725,740
Prior period adjustments	-	179,165	(54,906)	-
Beginning of period, as restated	10,320,327	9,231,212	7,307,211	6,725,740
End of Period	\$ 12,252,638	\$ 10,320,327	\$ 9,052,047	\$ 7,362,117

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BILOXI PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 34,654,341	\$ 32,557,169	\$ 33,850,385	\$ 31,916,989
State sources	30,213,289	30,140,598	28,219,211	27,860,345
Federal sources	15,226,352	10,156,002	10,318,005	8,719,066
Sixteenth section sources	10,564	10,568	11,300	10,270
<b>Total Revenues</b>	<b>80,104,546</b>	<b>72,864,337</b>	<b>72,398,901</b>	<b>68,506,670</b>
<b>Expenditures:</b>				
Instruction	39,177,015	35,674,802	33,979,334	33,370,097
Support services	27,719,656	26,502,784	25,935,013	24,084,660
Noninstructional services	2,969,857	3,266,561	3,725,330	4,175,684
Facilities acquisition and construction	6,550,467	9,272,295	7,656,272	5,966,724
Debt service:				
Principal	3,941,595	3,823,886	4,022,006	4,933,412
Interest	2,499,139	2,623,480	2,385,626	2,112,528
Other	9,000	17,578	135,985	95,629
<b>Total Expenditures</b>	<b>82,866,729</b>	<b>81,181,386</b>	<b>77,839,566</b>	<b>74,738,734</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,762,183)	(8,317,049)	(5,440,665)	(6,232,064)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	-	13,895,000	-
Inception of capital leases	5,331,016	-	752,000	-
Insurance recovery	-	-	82,579	57,209
Sale of other property	-	6,679	-	-
Operating transfers in	9,936,314	7,038,091	7,529,705	7,219,687
Other financing sources	17,687	-	-	4,958,728
Operating transfers out	(9,936,314)	(7,038,091)	(7,529,705)	(7,219,687)
Other financing uses	-	(23)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,348,703</b>	<b>6,656</b>	<b>14,729,579</b>	<b>5,015,937</b>
<b>Net Change in Fund Balances</b>	<b>2,586,520</b>	<b>(8,310,393)</b>	<b>9,288,914</b>	<b>(1,216,127)</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	20,545,153	28,658,403	19,390,386	20,585,969
Prior period adjustments	-	179,165	(54,906)	-
Beginning of period, as restated	20,545,153	28,837,568	19,335,480	20,585,969
Increase (Decrease) in reserve for inventory	(104,319)	17,978	34,009	20,544
<b>End of Period</b>	<b>\$ 23,027,354</b>	<b>\$ 20,545,153</b>	<b>\$ 28,658,403</b>	<b>\$ 19,390,386</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

**CUNNINGHAM CPAs, PLLC**  
Certified Public Accountants & Consultants

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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  
Biloxi Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Biloxi Public School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Biloxi Public School District's basic financial statements, and have issued our report thereon dated December 20, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Biloxi Public 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.

A handwritten signature in black ink that reads "Cunningham CPAs". The word "Cunningham" is written in a cursive script, and "CPAs" is written in a more blocky, sans-serif style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

December 20, 2021

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

Superintendent and School Board  
Biloxi Public School District

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

We have audited the Biloxi Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Biloxi Public School District's major federal programs for the year ended June 30, 2021. Biloxi Public 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Biloxi Public School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Biloxi Public School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Biloxi Public School District's compliance.

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

In our opinion, the Biloxi Public School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of the Biloxi Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Biloxi Public School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Biloxi Public School District's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC  
Belzoni, Mississippi  
December 20, 2021



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BILOXI PUBLIC SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 – Coronavirus Relief Fund
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief I & II (ESSER)
84.425U	COVID-19 – Elementary and Secondary School Emergency Relief III ARP (ESSER)
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? Yes
- 10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). No

BILOXI PUBLIC SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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