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Jackson Public School District

Audited Financial Statements
For the Year Ended June 30, 2021

Fortenberry & Ballard, PC
Certified Public Accountants

Jackson Public School District

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Jackson 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 Jackson 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 Jackson 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 District'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.

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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 Jackson 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 8 to 16 and 56 to 65, 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 Jackson 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 July 29, 2022, on our consideration of the Jackson 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 Jackson 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 Jackson Public School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
July 29, 2022

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Jackson Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2021 decreased \$16,110,412, including a prior period adjustment of \$3,620,388, which represents a 5% decrease from fiscal year 2020. Total net position for 2020 decreased \$2,620,458, including a prior period adjustment of \$189,479, which represents a 1% decrease from fiscal year 2019.
- General revenues amounted to \$206,595,766 and \$211,466,630, or 78% and 79% 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 \$57,698,984, or 22% of total revenues for 2021, and \$55,035,122, or 21% of total revenues for 2020.
- The District had \$284,025,550 and \$269,311,689 in expenses for fiscal years 2021 and 2020; only \$57,698,984 for 2021 and \$55,035,122 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$206,595,766 for 2021 and \$211,466,630 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$179,931,657 in revenues and \$179,754,039 in expenditures for 2021, and \$188,203,957 in revenues and \$188,521,654 in expenditures in 2020. The General Fund's fund balance decreased by \$561,712 from 2020 to 2021, including a prior period adjustment of \$971,873 and an increase in inventory of \$150,888, and decreased by \$1,578,783 from 2019 to 2020, including a prior period adjustment of (\$193,252) and a decrease in inventory of \$104,949.
- Capital assets, net of accumulated depreciation, decreased by \$6,020,577 for 2021 and decreased by \$6,370,097 for 2020. The decrease for 2021 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding bond premium, decreased by \$15,695,024 for 2021 and decreased by \$16,234,341 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$79,177 for 2021 and increased by \$141,789 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.

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$313,854,311 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.

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 63,185,740	\$ 62,845,916	0.54 %
Restricted assets	55,449,427	76,060,327	(27.10) %
Capital assets, net	178,638,557	184,659,134	(3.26) %
Total assets	297,273,724	323,565,377	(8.13) %
 Deferred outflows of resources	 59,770,543	 42,613,666	 40.26 %
 Current liabilities	19,126,946	16,836,740	13.60 %
Long-term debt outstanding	200,025,908	218,046,787	(8.26) %
Net OPEB liability	24,633,958	27,659,284	(10.94) %
Net pension liability	403,674,749	380,045,022	6.22 %
Total liabilities	647,461,561	642,587,833	0.76 %
 Deferred inflows of resources	 23,437,017	 21,335,109	 9.85 %
 Net position:			
Net investment in capital assets	75,035,758	67,885,426	10.53 %
Restricted	29,795,500	28,430,176	4.80 %
Unrestricted	(418,685,569)	(394,059,501)	(6.25) %
Total net position (Deficit)	\$ (313,854,311)	\$ (297,743,899)	(5.41) %

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)	\$ (418,685,569)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	402,537,424
Unrestricted net position (deficit), exclusive of the net pension liability and net OPEB liability effect	<u>\$ (16,148,145)</u>

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

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

- Decrease in net capital assets in the amount of \$6,020,577.
- The principal retirement of \$17,175,847 of long-term debt.
- The refunding of \$7,910,000 of general obligation bonds with the issuance of \$9,470,000 of general obligation refunding bonds.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$264,294,750 and \$266,501,752, respectively. The total cost of all programs and services was \$284,025,550 for 2021 and \$269,311,689 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</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 384,885	\$ 2,053,416	(81.26) %
Operating grants and contributions	57,314,099	52,981,706	8.18 %
General revenues:			
Property taxes	97,517,923	95,922,120	1.66 %
Grants and contributions not restricted	107,097,256	111,013,501	(3.53) %
Investment earnings	270,513	1,948,706	(86.12) %
Sixteenth section sources	780,582	1,154,861	(32.41) %
Other	929,492	1,427,442	(34.88) %
Total revenues	<u>264,294,750</u>	<u>266,501,752</u>	<u>(0.83) %</u>
Expenses:			
Instruction	124,538,288	116,708,189	6.71 %
Support services	112,360,600	99,619,142	12.79 %
Non-instructional	9,853,258	14,926,605	(33.99) %
Sixteenth section	56,046	106,652	(47.45) %
Pension expense	29,080,377	27,896,980	4.24 %
OPEB expense	144,246	1,316,218	(89.04) %
Interest on long-term liabilities	7,992,735	8,737,903	(8.53) %
Total expenses	<u>284,025,550</u>	<u>269,311,689</u>	<u>5.46 %</u>
Increase (Decrease) in net position	<u>(19,730,800)</u>	<u>(2,809,937)</u>	<u>(602.18) %</u>
Net Position (Deficit), July 1, as previously reported	<u>(297,743,899)</u>	<u>(295,123,441)</u>	<u>(0.89) %</u>
Prior Period Adjustment	<u>3,620,388</u>	<u>189,479</u>	<u>1,810.71 %</u>
Net Position (Deficit), July 1, as restated	<u>(294,123,511)</u>	<u>(294,933,962)</u>	<u>0.27 %</u>
Net Position (Deficit), June 30	<u>\$ (313,854,311)</u>	<u>\$ (297,743,899)</u>	<u>(5.41) %</u>

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

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 124,538,288	\$ 116,708,189	6.71 %
Support services	112,360,600	99,619,142	12.79 %
Non-instructional	9,853,258	14,926,605	(33.99) %
Sixteenth section	56,046	106,652	(47.45) %
Pension Expense	29,080,377	27,896,980	4.24 %
OPEB Expense	144,246	1,316,218	(89.04) %
Interest on long-term liabilities	7,992,735	8,737,903	(8.53) %
Total expenses	\$ 284,025,550	\$ 269,311,689	5.46 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (98,550,459)	\$ (95,106,795)	(3.62) %
Support services	(93,447,872)	(81,283,703)	(14.97) %
Non-instructional	2,945,169	171,684	1,615.46 %
Sixteenth section	(56,046)	(106,652)	47.45 %
Pension Expense	(29,080,377)	(27,896,980)	(4.24) %
OPEB Expense	(144,246)	(1,316,218)	89.04 %
Interest on long-term liabilities	(7,992,735)	(8,737,903)	8.53 %
Total net (expense) revenue	\$ (226,326,566)	\$ (214,276,567)	(5.62) %

- Net cost of governmental activities (\$226,326,566 for 2021 and \$214,276,567 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$97,517,923 for 2021 and \$95,922,120 for 2020) and state and federal revenues (\$107,097,256 for 2021 and \$111,013,501 for 2020). In addition, there was \$780,582 and \$1,154,861 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$270,513 for 2021 and \$1,948,706 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

JACKSON PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

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 \$100,680,876, a decrease of \$22,804,901, which includes a prior period adjustment of \$3,620,388 and an increase in inventory of \$80,744. \$20,346,530, or 20% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$80,334,346, or 80% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$561,712, which includes a prior period adjustment of \$971,873 and an increase in inventory of \$150,888. The fund balance of Other Governmental Funds showed an increase in the amount of \$1,302,931, which includes a prior period adjustment of \$2,648,416 and a decrease in inventory of \$70,144. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER Fund	no increase or decrease
GO Bond Construction 2018 Fund	\$ (23,546,120)

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major special revenue 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 \$328,021,893, including land, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$1,668,253 from 2020. Total accumulated depreciation as of June 30, 2021, was \$149,383,336, and total depreciation expense for the year was \$6,121,648, resulting in total net capital assets of \$178,638,557.

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

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 6,780,059	\$ 6,780,059	0.00 %
Buildings	152,516,973	156,695,743	(2.67) %
Improvements other than buildings	13,977,953	14,770,295	(5.36) %
Mobile equipment	1,464,070	1,572,165	(6.88) %
Furniture and equipment	912,517	1,149,591	(20.62) %
Leased property under capital leases	2,986,985	3,691,281	(19.08) %
Total	<u>\$ 178,638,557</u>	<u>\$ 184,659,134</u>	<u>(3.26) %</u>

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

Debt Administration. At June 30, 2021, the District had \$200,025,908 in outstanding long-term debt, of which \$18,010,299 is due within one year. During the fiscal year, the District made principal payments totaling \$17,175,847 on outstanding long-term debt. The District also refunded \$7,910,000 of general obligation bonds with the issuance of \$9,470,000 of general obligation refunding bonds. The liability for compensated absences decreased \$79,177 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	\$ 14,320,000	\$ 14,415,000	(0.66) %
Special obligation bonds payable	133,180,000	146,940,000	(9.36) %
Three mill notes payable	13,760,000	14,615,000	(5.85) %
Obligations under capital leases	3,453,113	4,358,960	(20.78) %
Qualified school construction bonds payable	15,400,000	15,400,000	0.00 %
Compensated absences payable	1,916,772	1,995,949	(3.97) %
Bond premiums	17,996,023	20,321,878	(11.45) %
Total	<u>\$ 200,025,908</u>	<u>\$ 218,046,787</u>	<u>(8.26) %</u>

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

CURRENT ISSUES

The Jackson 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 is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

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

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 Jackson Public School District, P.O. Box 2338, Jackson, MS 39225-2338.

FINANCIAL STATEMENTS

JACKSON PUBLIC SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 42,851,927
Due from other governments	17,373,987
Other receivables, net	1,212,872
Inventories	1,746,954
Restricted assets	55,449,427
Capital assets, non-depreciable:	
Land	6,780,059
Capital assets, net of accumulated depreciation:	
Buildings	152,516,973
Improvements other than buildings	13,977,953
Mobile equipment	1,464,070
Furniture and equipment	912,517
Leased property under capital leases	2,986,985
Total Assets	<u>297,273,724</u>
 Deferred Outflows of Resources	
Deferred outflows - advance refunding of debt	10,562,243
Deferred outflows - pensions	44,570,335
Deferred outflows - OPEB	4,637,965
Total Deferred Outflows of Resources	<u>59,770,543</u>
 Liabilities	
Accounts payable and accrued liabilities	17,949,720
Unearned revenue	4,571
Interest payable on long-term liabilities	1,172,655
Long-term liabilities, due within one year:	
Capital related liabilities	13,010,710
Non-capital related liabilities	4,999,589
Net OPEB liability	957,397
Long-term liabilities, due beyond one year:	
Capital related liabilities	84,484,903
Capital related bond premiums	17,996,023
Non-capital related liabilities	79,534,683
Net pension liability	403,674,749
Net OPEB liability	23,676,561
Total Liabilities	<u>647,461,561</u>
 Deferred Inflows of Resources	
Deferred inflows - pensions	16,659,110
Deferred inflows - OPEB	6,777,907
Total Deferred Inflows of Resources	<u>23,437,017</u>
 Net Position	
Net investment in capital assets	75,035,758
Restricted for:	
Expendable:	
School-based activities	11,053,632
Debt service	16,879,003
Forestry improvements	39,830
Unemployment benefits	1,523,517
Non-expendable:	
Sixteenth section	299,518
Unrestricted	(418,685,569)
Total Net Position (Deficit)	<u>\$ (313,854,311)</u>

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 124,538,288	\$ 185,351	\$ 25,802,478	\$ (98,550,459)
Support services	112,360,600	196,261	18,716,467	(93,447,872)
Non-instructional	9,853,258	3,273	12,795,154	2,945,169
Sixteenth section	56,046	-	-	(56,046)
Pension expense	29,080,377	-	-	(29,080,377)
OPEB expense	144,246	-	-	(144,246)
Interest on long-term liabilities	7,992,735	-	-	(7,992,735)
Total Governmental Activities	\$ 284,025,550	\$ 384,885	\$ 57,314,099	\$ (226,326,566)

General Revenues:

Taxes:

General purpose levies	72,653,650
Debt purpose levies	24,864,273

Unrestricted grants and contributions:

State	106,875,892
Federal	221,364
Unrestricted investment earnings	270,513
Sixteenth section sources	780,582
Other	929,492
Total General Revenues	206,595,766

Change in Net Position (19,730,800)

Net Position (Deficit) - Beginning, as previously reported (297,743,899)

Prior Period Adjustments 3,620,388

Net Position (Deficit) - Beginning, as restated (294,123,511)

Net Position (Deficit) - Ending \$ (313,854,311)

JACKSON PUBLIC SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2021

	Major Funds					
	General Fund	ESSER Fund	GO Bond Construction 2018 Fund	Other Governmental Funds	Total Governmental Funds	
Assets						
Cash and cash equivalents	\$ 17,709,145	\$ -	\$ 4,935,004	\$ 26,785,993	\$ 49,430,142	
Cash with fiscal agents	-	-	18,759,553	7,698,328	26,457,881	
Investments	-	-	22,413,331	-	22,413,331	
Due from other governments	6,644,833	2,924,273	-	7,804,881	17,373,987	
Other receivables, net	1,207,835	4,917	-	120	1,212,872	
Due from other funds	7,928,361	2,063	-	1,158,580	9,089,004	
Inventories	1,094,069	-	-	652,885	1,746,954	
Total assets	\$ 34,584,243	\$ 2,931,253	\$ 46,107,888	\$ 44,100,787	\$ 127,724,171	
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 11,945,622	\$ 1,126,833	\$ 1,506,910	\$ 3,370,355	\$ 17,949,720	
Due to other funds	30,091	1,804,420	-	7,254,493	9,089,004	
Unavailable revenue - federal programs	-	-	-	4,571	4,571	
Total Liabilities	11,975,713	2,931,253	1,506,910	10,629,419	27,043,295	
Fund Balances:						
Nonspendable:						
Inventory	1,094,069	-	-	652,885	1,746,954	
Permanent fund principal	-	-	-	299,518	299,518	
Restricted:						
Debt service	-	-	-	18,051,658	18,051,658	
Capital projects	-	-	44,600,978	1,326,594	45,927,572	
Forestry improvement purposes	-	-	-	39,830	39,830	
Grant activities	-	-	-	9,306,678	9,306,678	
Unemployment benefits	-	-	-	1,523,517	1,523,517	
Assigned:						
Facility repairs and improvements	-	-	-	2,270,688	2,270,688	
Capital reserve	376,226	-	-	-	376,226	
Activity funds/athletics	791,705	-	-	-	791,705	
Unassigned	20,346,530	-	-	-	20,346,530	
Total Fund Balances	22,608,530	-	44,600,978	33,471,368	100,680,876	
Total Liabilities and Fund Balances	\$ 34,584,243	\$ 2,931,253	\$ 46,107,888	\$ 44,100,787	\$ 127,724,171	

JACKSON 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 \$ 100,680,876

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	\$ 6,780,059	
Buildings	248,395,514	
Improvements other than buildings	39,414,769	
Mobile equipment	10,638,442	
Furniture and equipment	15,254,274	
Leased property under capital leases	7,538,835	
Accumulated depreciation	<u>(149,383,336)</u>	178,638,557

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	(403,674,749)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	44,570,335	
Deferred inflows of resources related to pensions	<u>(16,659,110)</u>	(375,763,524)

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	(24,633,958)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	4,637,965	
Deferred inflows of resources related to OPEB	<u>(6,777,907)</u>	(26,773,900)

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

General obligation bonds	(14,320,000)	
Special obligation bonds	(133,180,000)	
Other bonds payable	(15,400,000)	
Notes payable	(13,760,000)	
Capital lease obligations	(3,453,113)	
Compensated absences	(1,916,772)	
Unamortized charges	10,562,243	
Unamortized premiums	(17,996,023)	
Accrued interest payable	<u>(1,172,655)</u>	(190,636,320)

Net Position of governmental activities	<u>\$ (313,854,311)</u>
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JACKSON 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
	General Fund	ESSER Fund	GO Bond Construction 2018 Fund	Other Governmental Funds	Governmental Funds
Revenues:					
Local sources	\$ 73,600,129	\$ 27,598	\$ 185,650	\$ 24,987,712	\$ 98,801,089
Intermediate sources	-	-	-	73,636	73,636
State sources	105,172,349	-	-	5,315,611	110,487,960
Federal sources	378,597	8,386,942	-	45,189,183	53,954,722
Sixteenth section sources	780,582	-	-	-	780,582
Total Revenues	179,931,657	8,414,540	185,650	75,566,142	264,097,989
Expenditures:					
Instruction	107,093,606	1,347,458	-	28,705,172	137,146,236
Support services	72,432,511	6,622,124	23,731,869	14,185,942	116,972,446
Noninstructional services	87,504	6,313	-	10,936,342	11,030,159
Sixteenth section	56,046	-	-	-	56,046
Debt service:					
Principal	-	-	-	17,175,847	17,175,847
Interest	75,122	-	-	8,460,577	8,535,699
Issuance costs	-	-	-	210,000	210,000
Other	9,250	-	-	12,810	22,060
Total Expenditures	179,754,039	7,975,895	23,731,869	79,686,690	291,148,493
Excess (Deficiency) of Revenues over (under) Expenditures	177,618	438,645	(23,546,219)	(4,120,548)	(27,050,504)
Other Financing Sources (Uses):					
Insurance recovery	196,261	-	-	-	196,261
Refunding bonds issued	-	-	-	9,470,000	9,470,000
Payments held by escrow agent	-	-	-	1,114,070	1,114,070
Payment to refunded bond escrow agent	-	-	-	(8,859,252)	(8,859,252)
Payment to QSCB debt escrow agent	(1,114,070)	-	-	-	(1,114,070)
Operating transfers in	2,968,176	-	-	18,297,125	21,265,301
Other financing sources	-	-	-	500	500
Operating transfers out	(3,649,420)	(438,645)	-	(17,177,236)	(21,265,301)
Other financing uses	(263,038)	-	-	-	(263,038)
Total Other Financing Sources (Uses)	(1,862,091)	(438,645)	-	2,845,207	544,471
Net Change in Fund Balances	(1,684,473)	-	(23,546,219)	(1,275,341)	(26,506,033)
Fund Balances:					
July 1, 2020, as previously reported	23,170,242	-	68,147,098	32,168,437	123,485,777
Prior period adjustments	971,873	-	99	2,648,416	3,620,388
July 1, 2020, as restated	24,142,115	-	68,147,197	34,816,853	127,106,165
Increase (Decrease) in inventory	150,888	-	-	(70,144)	80,744
June 30, 2021	\$ 22,608,530	\$ -	\$ 44,600,978	\$ 33,471,368	\$ 100,680,876

JACKSON 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

Net change in fund balances - total governmental funds \$ (26,506,033)

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	\$ 194,137	
Depreciation expense	<u>(6,121,648)</u>	(5,927,511)

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. (93,066)

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:

Refunding bonds issued	(9,470,000)	
Payments of debt principal	17,175,847	
Payments to refunded bond escrow agent	8,859,252	
Accrued interest payable	<u>243,619</u>	16,808,718

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	(29,080,377)	
Contributions subsequent to the measurement date	<u>23,739,266</u>	(5,341,111)

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	(144,246)	
Contributions subsequent to the measurement date	<u>781,123</u>	636,877

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	79,177	
Change in inventory	80,744	
Amortization of deferred charges, premiums and discounts	<u>531,405</u>	691,326

Change in Net Position of governmental activities	\$	<u>(19,730,800)</u>
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JACKSON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position
June 30, 2021

Exhibit E

	Private-Purpose Trust Funds
Assets	
Cash and cash equivalents	\$ 60,124
Total Assets	<u>60,124</u>
Liabilities	
Accounts payable and accrued liabilities	<u>2,516</u>
Total Liabilities	<u>2,516</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>57,608</u>
Total Net Position	<u><u>\$ 57,608</u></u>

JACKSON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ 124
Contributions and donations from private sources	51,524
Total Additions	51,648
Deductions	
Educational media services	43,109
Total Deductions	43,109
Net increase (decrease) in fiduciary net position	8,539
Net Position	
Net Position - Beginning	49,069
Net Position - Ending	\$ 57,608

Jackson Public School District

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

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Jackson 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, Jackson 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.

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly

JACKSON PUBLIC SCHOOL DISTRICT

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

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

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

The school district reports the following major governmental funds:

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

ESSER Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's Elementary and Secondary School Emergency Relief (ESSER) Fund.

GO Bond Construction 2018 Fund - This is a capital projects fund that accounts for the proceeds from the issuance of the Special Obligation Bonds, Series 2018 and the expenditure of the proceeds for the construction and renovation of school facilities.

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

The school district also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

Lake Memorial Library Fund - This fund serves as a private-purpose trust fund used to report a trust arrangement, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT

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

FIDUCIARY FUNDS

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and

JACKSON PUBLIC SCHOOL DISTRICT

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

various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents, cash with fiscal agent, and/or investments in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

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:

JACKSON PUBLIC SCHOOL DISTRICT

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

	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 school district has incurred deferred outflows which are presented as a deferred outflow from advance refunding of debt, a deferred outflow related to pensions, and a deferred outflow related to OPEB. See Note 16 for further details.

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 school district has incurred deferred inflows which are presented as a deferred inflow related to pensions and a deferred inflow related to OPEB. See Note 16 for further details.

8. Compensated Absences

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

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

9. 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

JACKSON PUBLIC SCHOOL DISTRICT

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

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.

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 a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

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

JACKSON PUBLIC SCHOOL DISTRICT

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

restricted or committed. Assignments of fund balance are created by the Superintendent and the Chief Financial Officer pursuant to authorization established by the School District's approved fund balance policy.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues.

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 is to improve guidance regarding the identification of fiduciary activities for accounting 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 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.

JACKSON PUBLIC SCHOOL DISTRICT

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$49,430,142 and \$60,124, respectively. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of \$42,851,927 and a portion of restricted assets in the amount of \$6,578,215 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$55,948,829 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$26,457,881.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury Bills	AA	Less than 1 year	\$ 9,996,527
Agency Obligations	AA	Less than 1 year	12,416,804
Total			<u>\$ 22,413,331</u>

JACKSON PUBLIC SCHOOL DISTRICT

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

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. Treasury Bills of \$9,996,527 are valued using quoted market prices (Level 1 inputs)
- Agency Obligations of \$12,416,804 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2021, the district did not have any investments to which this would apply.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER Fund	\$ 1,804,420
	Other governmental funds	6,123,941
ESSER Fund	General Fund	2,063
Other governmental funds	General Fund	28,028
	Other governmental funds	1,130,552
Total		<u>\$ 9,089,004</u>

The inter-fund loans were made mainly to cover the initial payments of reimbursable expenditures of federal programs and to eliminate deficit cash balances. In addition, inter-fund loans were made to record indirect costs from various federal program funds due to the General Fund and to record various other inter-fund loans between other governmental funds.

JACKSON PUBLIC SCHOOL DISTRICT

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 3,649,420
ESSER Fund	General Fund	438,645
Other governmental funds	General Fund	2,529,531
	Other governmental funds	<u>14,647,705</u>
Total		<u>\$ 21,265,301</u>

Operating transfers were primarily for the following: the funding of daily operations and routine activities of funds other than School District Maintenance, indirect cost transfers, transfers to cover vocational and special education expenditures, debt service transfers, administrative cost pool transfers, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$299,518 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. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$7,698,328 of the QSCB Bond Retirement Fund. Also, the restricted assets include the cash and cash equivalents, cash with fiscal agent, and investment balances totaling \$4,935,004, \$18,759,553, and \$22,413,331, respectively, of the GO Bond Construction 2018 Fund. In addition, the restricted assets represent the cash balance of the 2020 Refinance Capital Improvements Fund totaling \$372,007, the QSCB Northwest Middle School Capital Projects Fund totaling \$918,761, and the Limited Tax Note 2017A Capital Projects Fund totaling \$52,925 resulting from unspent proceeds of long-term debt at fiscal year-end. Total restricted assets reported on the Statement of net Position are \$55,449,427.

JACKSON 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	Adjustments	Balance 6/30/2021
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 6,780,059	\$	\$	\$	\$ 6,780,059
Total non-depreciable capital assets	6,780,059	-	-	-	6,780,059
<u>Depreciable capital assets:</u>					
Buildings	248,395,514				248,395,514
Improvements other than buildings	39,414,769				39,414,769
Mobile equipment	10,482,312	87,207	1,086,973	1,155,896	10,638,442
Furniture and equipment	15,922,761	106,930	775,417		15,254,274
Leased property under capital leases	8,694,731			(1,155,896)	7,538,835
Total depreciable capital assets	322,910,087	194,137	1,862,390	-	321,241,834
<u>Less accumulated depreciation for:</u>					
Buildings	91,699,771	4,178,770			95,878,541
Improvements other than buildings	24,644,474	792,342			25,436,816
Mobile equipment	8,910,147	126,567	985,873	1,123,531	9,174,372
Furniture and equipment	14,773,170	352,038	783,451		14,341,757
Leased property under capital leases	5,003,450	671,931		(1,123,531)	4,551,850
Total accumulated depreciation	145,031,012	6,121,648	1,769,324	-	149,383,336
Total depreciable capital assets, net	177,879,075	(5,927,511)	93,066	-	171,858,498
Governmental activities capital assets, net	\$ 184,659,134	\$ (5,927,511)	\$ 93,066	\$ -	\$ 178,638,557

The capital assets above include significant amounts which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

Adjustments were needed to reclassify the cost and accumulated depreciation for various buses from leased property to mobile equipment. The capital lease related to the buses was paid in full during the fiscal year.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 4,425,796
Support services	1,546,522
Non-instructional	149,330
Total depreciation expense	\$ 6,121,648

JACKSON 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	Refunding Adjustments	Balance 6/30/2021	Amounts due within one year
A. General obligation bonds payable	\$ 14,415,000	\$ 9,470,000	\$ 1,655,000	\$ (7,910,000)	\$ 14,320,000	\$ 1,830,000
B. Special obligation bonds payable	146,940,000		13,760,000		133,180,000	11,320,000
C. Three mill notes payable	14,615,000		855,000		13,760,000	3,975,000
D. Obligations under capital leases	4,358,960		905,847		3,453,113	789,460
E. Qualified school construction bonds payable	15,400,000				15,400,000	-
F. Compensated absences payable	1,995,949		79,177		1,916,772	95,839
Subtotal	\$ 197,724,909	\$ 9,470,000	\$ 17,255,024	\$ (7,910,000)	\$ 182,029,885	\$ 18,010,299
Add: Bond premium	20,321,878		2,325,855		17,996,023	-
Total	\$ 218,046,787	\$ 9,470,000	\$ 19,580,879	\$ (7,910,000)	\$ 200,025,908	\$ 18,010,299

A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 2012-A	5.00%	1/15/2013	4/1/2024	\$ 21,065,000	\$ 4,995,000
2. General obligation refunding bonds, Series 2020	1.60%	11/19/2020	4/1/2028	9,470,000	9,325,000
Total				\$ 30,535,000	\$ 14,320,000

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

- General obligation bonds, Series 2012-A issued on January 15, 2013:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,585,000	\$ 249,750	\$ 1,834,750
2023	1,665,000	170,500	1,835,500
2024	1,745,000	87,250	1,832,250
Total	\$ 4,995,000	\$ 507,500	\$ 5,502,500

This debt will be retired from the General Obligation Series 2012A Refunding Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICT

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

2. General obligation refunding bonds, Series 2020, issued on November 19, 2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ 245,000	\$ 149,200	\$ 394,200
2023	250,000	145,280	395,280
2024	255,000	141,280	396,280
2025	2,095,000	137,200	2,232,200
2026	2,125,000	103,680	2,228,680
2027 – 2028	4,355,000	104,800	4,459,800
Total	\$ 9,325,000	\$ 781,440	\$ 10,106,440

This debt will be retired from the General Obligation Series 2012A Refunding Debt Service Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,830,000	\$ 398,950	\$ 2,228,950
2023	1,915,000	315,780	2,230,780
2024	2,000,000	228,530	2,228,530
2025	2,095,000	137,200	2,232,200
2026	2,125,000	103,680	2,228,680
2027 – 2028	4,355,000	104,800	4,459,800
Total	\$ 14,320,000	\$ 1,288,940	\$ 15,608,940

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2021, the amount of outstanding bonded indebtedness was equal to 1% of property assessments as of October 1, 2020.

Advance Refunding

On November 19, 2020, the district issued \$9,470,000 in General Obligation Refunding Bonds, Series 2020, with an average interest rate of 1.6% to advance refund \$7,910,000 of outstanding General Obligation Bonds, Series 2012A, with an average interest rate of 5.0%. The net proceeds of \$8,859,252, after payments of \$210,000 for issuance costs and savings of \$400,748 to be disbursed to the district at closing, were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the General Obligation Bonds, Series 2012A.

As a result, the General Obligation Bonds, Series 2012A, in the amount of \$7,910,000 are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the General Obligation Bonds, Series 2012A totaling \$7,910,000 to reduce its total debt service payments over the remaining 7 years of the debt by approximately

JACKSON PUBLIC SCHOOL DISTRICT

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

\$253.

B. Special obligation bonds payable

Special obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Special obligation bonds, Series 2015A	5.00%	11/10/2015	4/1/2028	\$ 104,990,000	\$ 72,190,000
2. Special obligation bonds, Series 2018	4.0%-5.25%	11/29/2018	6/30/2039	65,000,000	60,990,000
Total				<u>\$ 169,990,000</u>	<u>\$ 133,180,000</u>

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

1. Special obligation bonds, Series 2015A, issued on November 10, 2015:

Year Ending June 30	Principal	Interest	Total
2022	\$ 9,165,000	\$ 3,609,500	\$ 12,774,500
2023	9,640,000	3,151,250	12,791,250
2024	10,140,000	2,669,250	12,809,250
2025	10,660,000	2,162,250	12,822,250
2026	11,215,000	1,629,250	12,844,250
2027 – 2028	21,370,000	1,550,750	22,920,750
Total	<u>\$ 72,190,000</u>	<u>\$ 14,772,250</u>	<u>\$ 86,962,250</u>

This debt will be retired from the General Obligation Bonds Series 2015A Refunding Debt Service Fund.

2. Special obligation bonds, Series 2018, issued on November 29, 2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ 2,155,000	\$ 2,947,275	\$ 5,102,275
2023	2,265,000	2,836,775	5,101,775
2024	2,380,000	2,720,650	5,100,650
2025	2,500,000	2,598,650	5,098,650
2026	2,630,000	2,470,400	5,100,400
2027 – 2031	15,315,000	10,185,375	25,500,375
2032 – 2036	19,585,000	5,919,800	25,504,800
2037 – 2039	14,160,000	1,141,088	15,301,088
Total	<u>\$ 60,990,000</u>	<u>\$ 30,820,013</u>	<u>\$ 91,810,013</u>

JACKSON PUBLIC SCHOOL DISTRICTNotes to the Financial Statements
For Year Ended June 30, 2021

This debt will be retired from the General Obligation Bonds Series 2018 Debt Service Fund.

Total special obligation bonds payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 11,320,000	\$ 6,556,775	\$ 17,876,775
2023	11,905,000	5,988,025	17,893,025
2024	12,520,000	5,389,900	17,909,900
2025	13,160,000	4,760,900	17,920,900
2026	13,845,000	4,099,650	17,944,650
2027 – 2031	36,685,000	11,736,125	48,421,125
2032 – 2036	19,585,000	5,919,800	25,504,800
2037 – 2039	14,160,000	1,141,088	15,301,088
Total	<u>\$ 133,180,000</u>	<u>\$ 45,592,263</u>	<u>\$ 178,772,263</u>

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax notes refunding, Series 2012B	4.37%	1/15/2013	10/1/2023	\$ 15,100,000	\$ 11,820,000
2. Limited tax notes, Series 2017	2.31%	8/18/2017	8/18/2028	2,500,000	1,940,000
Total				<u>\$ 17,600,000</u>	<u>\$ 13,760,000</u>

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

- Limited tax notes refunding, Series 2012B, issued on January 15, 2013:

Year Ending June 30	Principal	Interest	Total
2022	\$ 3,770,000	\$ 433,937	\$ 4,203,937
2023	3,935,000	265,640	4,200,640
2024	4,115,000	89,844	4,204,844
Total	<u>\$ 11,820,000</u>	<u>\$ 789,421</u>	<u>\$ 12,609,421</u>

This debt will be retired from the Limited Tax Note Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICTNotes to the Financial Statements
For Year Ended June 30, 2021

2. Limited tax notes, Series 2017, issued on August 18, 2017:

Year Ending June 30	Principal	Interest	Total
2022	\$ 205,000	\$ 42,446	\$ 247,446
2023	215,000	37,595	252,595
2024	225,000	32,513	257,513
2025	235,000	27,200	262,200
2026	245,000	21,656	266,656
2027 – 2029	815,000	28,817	843,817
Total	<u>\$ 1,940,000</u>	<u>\$ 190,227</u>	<u>\$ 2,130,227</u>

This debt will be retired from the Limited Tax Note 2017A Debt Service Fund.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 3,975,000	\$ 476,383	\$ 4,451,383
2023	4,150,000	303,235	4,453,235
2024	4,340,000	122,357	4,462,357
2025	235,000	27,200	262,200
2026	245,000	21,656	266,656
2027 – 2029	815,000	28,817	843,817
Total	<u>\$ 13,760,000</u>	<u>\$ 979,648</u>	<u>\$ 14,739,648</u>

D. Obligations under capital leases

The school district has entered into lease agreements, which qualify as capital leases for accounting purposes, for the acquisition of the following:

1. Transportation equipment and food service equipment at a cost of \$3,999,791
2. Buses at a cost of \$3,973,617

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Transportation/food service equipment	4.37%	9/19/2013	10/10/2023	\$ 3,999,791	\$ 966,698
2. Buses	2.58%	7/26/2017	4/10/2027	3,973,617	2,486,415
Total				<u>\$ 7,973,408</u>	<u>\$ 3,453,113</u>

JACKSON PUBLIC SCHOOL DISTRICTNotes to the Financial Statements
For Year Ended June 30, 2021

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2022	\$ 789,460	\$ 99,756	\$ 889,216
2023	771,244	72,690	843,934
2024	601,420	45,530	646,950
2025	419,346	30,620	449,966
2026	430,235	19,731	449,966
2027	441,408	8,560	449,968
Total	<u>\$ 3,453,113</u>	<u>\$ 276,887</u>	<u>\$ 3,730,000</u>

The capital lease for the buses will be retired from the EEF Buildings and Buses Fund (Special Revenue Fund) and the capital lease for the transportation/food service equipment will be retired from the Lunchroom Fund and EEF Buildings and Buses Fund (Special Revenue Funds).

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

E. Qualified school construction bonds payable

As more fully explained in Note 14, 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
QSCB, Series 2015	0.15%	8/14/2015	6/15/2027	\$ 15,400,000	\$ 15,400,000
Total				<u>\$ 15,400,000</u>	<u>\$ 15,400,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 23,100	\$ 23,100
2023	-	23,100	23,100
2024	-	23,100	23,100
2025	-	23,100	23,100
2026	-	23,100	23,100
2027	15,400,000	23,100	15,423,100
Total	<u>\$ 15,400,000</u>	<u>\$ 138,600</u>	<u>\$ 15,538,600</u>

This debt will be retired from the QSCB Series 2015 Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICT

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

F. 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 – Short-Term Financing

During the fiscal year ended June 30, 2021, the school district participated in the following short-term financing for the purpose of supplementing the school district's resources until tax proceeds become available:

A. Bank-financed short term debt.

The school district issued a revenue anticipation note payable to Trustmark National Bank, and the proceeds from such issuance are accounted for as a current liability in the General Fund of the school district. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee.

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

B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2021 are as follows:

Description	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021
Tax Anticipation Note, 0.94%	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -
Total	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

JACKSON PUBLIC SCHOOL DISTRICT

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

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$23,739,266, \$24,159,887 and \$22,159,763, 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 school district reported a liability of \$403,674,749 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 school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was 2.085222 percent, which was based on a measurement date of June 30, 2020. This was a decrease of 0.07511 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 \$29,080,377. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,544,634	\$
Net difference between projected and actual earnings on pension plan investments	15,946,939	
Changes of assumptions	2,339,496	
Changes in proportion and differences between District contributions and proportionate share of contributions		16,659,110
District contributions subsequent to the measurement date	23,739,266	
Total	\$ <u>44,570,335</u>	\$ <u>16,659,110</u>

JACKSON PUBLIC SCHOOL DISTRICT

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

\$23,739,266 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 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	\$ (6,913,882)
2023	3,149,891
2024	2,592,879
2025	<u>5,343,071</u>
Total	\$ <u>4,171,959</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>		

JACKSON PUBLIC SCHOOL DISTRICT

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

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, 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	\$ 522,507,359	\$ 403,674,749	\$ 305,590,097

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

JACKSON PUBLIC SCHOOL DISTRICT

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

retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$781,123 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 \$24,633,958 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 3.16547216 percent. This was a decrease of 0.09415627 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 \$144,246. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,401	\$ 4,286,967
Changes of assumptions	3,824,650	1,040,997
Net difference between projected and actual earnings on OPEB plan investments	791	
Changes in proportion and differences between District contributions and proportionate share of contributions		1,449,943
District contributions subsequent to the measurement date	781,123	
Total	\$ <u>4,637,965</u>	\$ <u>6,777,907</u>

JACKSON PUBLIC SCHOOL DISTRICT

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

\$781,123 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 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	\$ (748,095)
2023	(748,095)
2024	(654,636)
2025	(356,305)
2026	<u>(413,934)</u>
Total	\$ <u>(2,921,065)</u>

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
Pre-Medicare	ultimate rate of 4.50% by 2030

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.

JACKSON PUBLIC SCHOOL DISTRICT

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

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:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 27,222,206	\$ 24,633,958	\$ 22,413,949

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	\$ 22,745,690	\$ 24,633,958	\$ 26,773,279

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 – 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.

JACKSON PUBLIC SCHOOL DISTRICT

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

Year Ending June 30	Amount
2022	\$ 847,740
2023	847,740
2024	834,240
2025	834,240
2026	829,440
2027 – 2031	2,980,425
2032 - 2036	2,604,475
2037 – 2041	932,725
2042 – 2046	847,250
Thereafter	273,000
Total	<u>\$ 11,831,275</u>

Note 11 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct prior year revenues and expenditures at the governmental fund level.	\$ 3,620,388

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

Fund	Explanation	Amount
General Fund	To correct prior year expenditures and restate prior year fund balance	\$ 971,873
GO Bond Construction 2018 Fund	To correct prior year expenditures	99
Other governmental funds	To correct prior year revenues and expenditures	2,648,416
Total		<u>\$ 3,620,388</u>

Note 12 – Contingencies

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

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

JACKSON PUBLIC SCHOOL DISTRICT

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

Note 13 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 14 – Qualified School Construction Bonds

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2021, the subsidy payments amounted to \$0 because the interest paid was minimal.

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 \$7,698,328. 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	\$ 1,283,000
2023	1,283,000
2024	1,284,000
2025	1,284,000
2026	1,284,000
2027	1,284,000
Total	<u>\$ 7,702,000</u>

Note 15 - Insurance loss recoveries

The Jackson Public School District received \$196,261 in insurance loss recoveries during the fiscal year related to various damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

JACKSON PUBLIC SCHOOL DISTRICT

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

Note 16 – Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$75,035,758 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt and deferred bond premiums. The \$10,562,243 balance of deferred outflows from advance refunding of debt at June 30, 2021, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 7 years. The \$17,996,023 balance of deferred bond premiums at June 30, 2021, will be recognized as a decrease in an expense and will increase the net investment in capital assets net position over the next 18 years.

The unrestricted net position (deficit) amount of (\$418,685,569) 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 pensions in the amount of \$23,739,266 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$20,831,069 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 (deficit) amount of (\$418,685,569) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$16,659,110 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 (deficit) amount of (\$418,685,569) 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 \$781,123 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$3,856,842 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.

The unrestricted net position (deficit) amount of (\$418,685,569) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$6,777,907 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 17 - Other Matters

The onset of the recent COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

Note 18 - 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 Jackson Public School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined no subsequent events have occurred requiring disclosure in the notes to the financial statement.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON 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
Revenues:					
Local sources	\$ 74,109,426	\$ 73,600,129	\$ 73,600,129	\$ (509,297)	\$ -
Intermediate sources	27,500	-	-	(27,500)	-
State sources	98,253,174	105,172,349	105,172,349	6,919,175	-
Federal sources	385,000	378,597	378,597	(6,403)	-
Sixteenth section sources	882,500	780,582	780,582	(101,918)	-
Total Revenues	173,657,600	179,931,657	179,931,657	6,274,057	-
Expenditures:					
Instruction	96,302,110	107,093,874	107,093,606	(10,791,764)	268
Support services	82,123,135	71,829,364	72,432,511	10,293,771	(603,147)
Noninstructional services	100,000	87,504	87,504	12,496	-
Sixteenth section	82,500	56,046	56,046	26,454	-
Facilities acquisition and construction	400,000	561,168	-	(161,168)	561,168
Debt service:					
Principal	21,785,700	21,114,070	-	671,630	21,114,070
Interest	213,100	75,122	75,122	137,978	-
Other	35,338	9,250	9,250	26,088	-
Total Expenditures	201,041,883	200,826,398	179,754,039	215,485	21,072,359
Excess (Deficiency) of Revenues over (under) Expenditures	(27,384,283)	(20,894,741)	177,618	6,489,542	21,072,359
Other Financing Sources (Uses):					
Bonds and notes issued	20,000,000	20,000,000	-	-	(20,000,000)
Insurance recovery	40,000	196,261	196,261	156,261	-
Payment to QSCB debt escrow agent	-	-	(1,114,070)	-	(1,114,070)
Sale of other property	300,000	-	-	(300,000)	-
Operating transfers in	13,581,831	12,668,920	2,968,176	(912,911)	(9,700,744)
Operating transfers out	(10,972,775)	(13,350,165)	(3,649,420)	(2,377,390)	9,700,745
Other financing uses	-	(263,038)	(263,038)	(263,038)	-
Total Other Financing Sources (Uses)	22,949,056	19,251,978	(1,862,091)	(3,697,078)	(21,114,069)
Net Change in Fund Balances	(4,435,227)	(1,642,763)	(1,684,473)	2,792,464	(41,710)
Fund Balances:					
July 1, 2020, as previously reported	23,224,282	24,313,292	23,170,242	1,089,010	(1,143,050)
Prior period adjustments	1,216	564,570	971,873	563,354	407,303
July 1, 2020, as restated	23,225,498	24,877,862	24,142,115	1,652,364	(735,747)
Increase (Decrease) in inventory	-	-	150,888	-	150,888
June 30, 2021	\$ 18,790,271	\$ 23,235,099	\$ 22,608,530	\$ 4,444,828	\$ (626,569)

JACKSON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

ESSER Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ 27,598	\$ -	\$ 27,598
Federal sources	-	18,649,171	8,386,942	18,649,171	(10,262,229)
Total Revenues	-	18,649,171	8,414,540	18,649,171	(10,234,631)
Expenditures:					
Instruction	-	12,384,860	1,347,458	(12,384,860)	11,037,402
Support services	-	10,090,178	6,622,124	(10,090,178)	3,468,054
Noninstructional services	-	121,000	6,313	(121,000)	114,687
Total Expenditures	-	22,596,038	7,975,895	(22,596,038)	14,620,143
Excess (Deficiency) of Revenues over (under) Expenditures	-	(3,946,867)	438,645	(3,946,867)	4,385,512
Other Financing Sources (Uses):					
Operating transfers out	-	(438,645)	(438,645)	(438,645)	-
Total Other Financing Sources (Uses)	-	(438,645)	(438,645)	(438,645)	-
Net Change in Fund Balances	-	(4,385,512)	-	(4,385,512)	4,385,512
Fund Balances:					
July 1, 2020	-	-	-	-	-
June 30, 2021	\$ -	\$ (4,385,512)	\$ -	\$ (4,385,512)	\$ 4,385,512

Jackson Public School District

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

PERS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 403,674,749	380,045,022	368,172,643	378,914,640	421,187,498	364,433,367	280,432,367
District's proportion of the net pension liability	2.085222%	2.160332%	2.213511%	2.279406%	2.357943%	2.357567%	2.310335%
District's covered payroll	138,849,925	127,354,960	141,353,867	146,225,162	150,843,295	147,287,327	141,109,054
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.73%
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 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.

Jackson Public School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years

		2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$	23,739,266	24,159,887	22,159,763	22,263,234	23,030,463	23,757,819	23,197,754
Contributions in relation to the contractually required contribution		23,739,266	24,159,887	22,159,763	22,263,234	23,030,463	23,757,819	23,197,754
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-
District's covered payroll	\$	136,432,563	138,849,925	140,696,908	141,353,867	146,225,162	150,843,295	147,287,327
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 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.

Jackson Public School District

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

OPEB

Last 10 Fiscal Years*

	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 24,633,958	27,659,284	25,900,156	26,350,519
District's proportion of the net OPEB liability	3.16547216%	3.25962800%	3.34822000%	3.35842700%
District's covered-employee payroll	152,555,372	149,272,252	151,437,714	150,884,889 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0.00%

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

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statemen 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.

Jackson Public School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 781,123	982,398	1,108,669	1,123,362 **
Contributions in relation to the actuarially determined contribution	781,123	982,398	1,108,669	1,123,362 **
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 122,555,164	138,849,925	140,696,908	141,353,867
Contributions as a percentage of covered-employee payroll	0.64%	0.71%	0.79%	0.79%

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 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information For Year Ended June 30, 2021

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information For Year Ended June 30, 2021

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information For Year Ended June 30, 2021

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	

JACKSON PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information
For Year Ended June 30, 2021

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

JACKSON PUBLIC SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	215MS326N1099	10.553	\$ 31,327
National School Lunch Program	215MS326N1099	10.555	1,304,534
COVID-19 - Summer Food Service Program for Children	215MS326N1099	10.559	11,405,329
Summer Food Service Program for Children	215MS326N1099	10.559	400,251
Total Child Nutrition Cluster			13,141,441
Fresh Fruit and Vegetable Program	215MS326L1603	10.582	350,954
Subtotal			13,492,395
Total passed-through the Mississippi Department of Education			13,492,395
Total U.S. Department of Agriculture			13,492,395
<u>U. S. Department of Defense</u>			
Direct Program:			
Reserve Officers' Training Corps	N/A	12.xxx	826,410
Total U.S. Department of Defense			826,410
<u>U. S. Department of Treasury</u>			
Passed-through the Mississippi Department of Education			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	7,383,471
Total passed-through the Mississippi Department of Education			7,383,471
Total U.S. Department of Treasury			7,383,471
<u>U. S. Department of Education</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to the States	H126A180034	84.126	157,233
Total passed-through the Mississippi Department of Rehabilitation Services			157,233
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A200024	84.010	14,082,153
Career and Technical Education - Basic Grants to States	V048A200024	84.048	187,021
Education for Homeless Children and Youth	ES196A200025	84.196	531,218
English Language Acquisition State Grants	ES365A200024	84.365	21,349
Supporting Effective Instruction State Grants	ES367A200023	84.367	2,361,207
Student Support and Academic Enrichment Program	ES424A200025	84.424	1,158,281
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I & II)	S425D200031	84.425D	8,818,387
Subtotal			27,159,616
Special Education Cluster:			
Special Education - Grants to States	H027A200108	84.027	7,043,698
Positive Behavior Specialists	H027A200108	84.027A	383,277
Special Education - Preschool Grants	H173A200113	84.173	50,585
Total Special Education Cluster			7,477,560
Total passed-through the Mississippi Department of Education			34,637,176
Total U.S. Department of Education			34,794,409
<u>U. S. Department of Health and Human Services</u>			
Direct Program:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	N/A	93.044	125
Subtotal			125
Passed-through the Mississippi Department of Human Services:			
Temporary Assistance for Needy Families	N/A	93.558	157,233
Total passed-through the Mississippi Department of Human Services:			157,233
Total U.S. Department of Health and Human Services			157,358
Total for All Federal Awards			\$ 56,654,043

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Jackson Public School District

Notes to the Schedule of Expenditures of Federal Awards 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 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The school district has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$1,304,534 are included in the National School Lunch Program.

JACKSON PUBLIC SCHOOL DISTRICT

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	191,676,331	142,276,463	8,549,707	14,121,961	26,728,200
Other	99,472,162	27,448,317	2,508,083	42,808	69,472,954
Total	\$ 291,148,493	169,724,780	11,057,790	14,164,769	96,201,154
Total number of students *	20,680				
Cost per student	\$ 14,079	8,207	535	685	4,652

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

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

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

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

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

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

OTHER INFORMATION

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 73,600,129	73,737,001	72,264,269	74,936,573
State sources	105,172,349	113,055,526	114,656,963	120,173,514
Federal sources	378,597	256,569	270,870	1,565,316
Sixteenth section sources	780,582	1,154,861	1,640,336	1,199,009
Total Revenues	<u>179,931,657</u>	<u>188,203,957</u>	<u>188,832,438</u>	<u>197,874,412</u>
Expenditures:				
Instruction	107,093,606	108,604,169	108,185,589	107,066,830
Support services	72,432,511	79,565,855	80,373,141	86,976,798
Noninstructional services	87,504	66,832	90,080	57,951
Sixteenth section	56,046	106,652	382,352	86,280
Debt service:				
Interest	75,122	173,896	192,166	155,285
Other	9,250	4,250	1,750	4,250
Total Expenditures	<u>179,754,039</u>	<u>188,521,654</u>	<u>189,225,078</u>	<u>194,347,394</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>177,618</u>	<u>(317,697)</u>	<u>(392,640)</u>	<u>3,527,018</u>
Other Financing Sources (Uses):				
Insurance recovery	196,261	337,379	157,197	35,998
Capital assets issued	-	-	-	3,973,617
Payment to QZAB/QSCB debt escrow agent	(1,114,070)	(1,283,000)	(1,283,000)	(1,259,798)
Operating transfers in	2,968,176	5,276,094	5,605,230	2,381,006
Operating transfers out	(3,649,420)	(5,293,358)	(5,325,985)	(6,392,153)
Other financing uses	(263,038)	-	(612,835)	(1,102,703)
Total Other Financing Sources (Uses)	<u>(1,862,091)</u>	<u>(962,885)</u>	<u>(1,459,393)</u>	<u>(2,364,033)</u>
Net Change in Fund Balances	(1,684,473)	(1,280,582)	(1,852,033)	1,162,985
Fund Balances:				
Beginning of period, as previously reported	23,170,242	24,749,025	26,652,189	25,544,790
Prior period adjustment	971,873	(193,252)	(69,419)	(30,588)
Beginning of period, as restated	<u>24,142,115</u>	<u>24,555,773</u>	<u>26,582,770</u>	<u>25,514,202</u>
Increase (Decrease) in inventory	150,888	(104,949)	18,288	(24,998)
End of period	<u>\$ 22,608,530</u>	<u>23,170,242</u>	<u>24,749,025</u>	<u>26,652,189</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 98,801,089	100,888,461	97,601,554	97,655,122
Intermediate sources	73,636	55,000	-	-
State sources	110,487,960	119,277,515	120,942,296	126,583,937
Federal sources	53,954,722	44,788,536	47,989,786	47,378,851
Sixteenth section sources	780,582	1,154,861	1,640,336	1,199,009
Total Revenues	<u>264,097,989</u>	<u>266,164,373</u>	<u>268,173,972</u>	<u>272,816,919</u>
Expenditures:				
Instruction	137,146,236	129,772,539	127,797,571	126,127,396
Support services	116,972,446	104,165,993	102,206,149	105,039,621
Noninstructional services	11,030,159	15,946,650	17,992,410	18,115,126
Sixteenth section	56,046	106,652	382,352	86,280
Facilities acquisition and construction	-	-	821,552	1,309,006
Debt service:				
Principal	17,175,847	16,376,130	15,085,651	14,682,501
Interest	8,535,699	9,519,207	8,134,423	7,645,382
Issuance costs	210,000	-	-	-
Other	22,060	18,750	362,500	60,118
Total Expenditures	<u>291,148,493</u>	<u>275,905,921</u>	<u>272,782,608</u>	<u>273,065,430</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(27,050,504)</u>	<u>(9,741,548)</u>	<u>(4,608,636)</u>	<u>(248,511)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	65,000,000	2,500,000
Capital leases issued	-	-	-	3,973,617
Insurance recovery	196,261	337,379	157,197	35,998
Refunding bonds issued	9,470,000	-	-	-
Payments held by escrow agent	1,114,070	1,283,000	1,283,000	1,259,798
Payment to refunded bond escrow agent	(8,859,252)	-	-	-
Premiums on bonds	-	-	5,763,109	-
Payment to QZAB/QSCB debt escrow agent	(1,114,070)	(1,283,000)	(1,283,000)	(1,259,798)
Operating transfers in	21,265,301	10,682,979	19,306,980	12,336,597
Other financing sources	500	-	-	-
Operating transfers out	(21,265,301)	(10,682,979)	(19,306,980)	(12,336,597)
Other financing uses	(263,038)	-	(612,835)	(1,105,160)
Total Other Financing Sources (Uses)	<u>544,471</u>	<u>337,379</u>	<u>70,307,471</u>	<u>5,404,455</u>
Net Change in Fund Balances	(26,506,033)	(9,404,169)	65,698,835	5,155,944
Fund Balances:				
Beginning of period, as previously reported	123,485,777	132,699,620	66,907,561	62,895,485
Prior period adjustment	3,620,388	189,479	21,563	(1,203,733)
Beginning of period, as restated	<u>127,106,165</u>	<u>132,889,099</u>	<u>66,929,124</u>	<u>61,691,752</u>
Increase (Decrease) in inventory	80,744	847	71,661	59,865
End of period	<u>\$ 100,680,876</u>	<u>123,485,777</u>	<u>132,699,620</u>	<u>66,907,561</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Jackson 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 Jackson 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 Jackson Public School District's basic financial statements, and have issued our report thereon dated July 29, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as Findings 2021-001 and 2021-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jackson 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*.

Jackson Public School District's Responses to Findings

The Jackson Public School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. The Jackson Public School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
July 29, 2022

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Jackson Public School District

Report on Compliance for Each Major Federal Program

We have audited Jackson 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 Jackson Public School District's major federal programs for the year ended June 30, 2021. The Jackson Public School District's major federal programs are identified in the summary of the 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 Jackson 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 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 on the school district's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Jackson 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 Jackson Public School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
July 29, 2022

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2021, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated July 29, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

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MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

Finding 1

Criteria:

Section 37-39-21 Miss. Code Ann. (1972) provides that Purchasing Agent(s) are to be each covered under an individual bond and that all bonds must be filed and recorded in the office of the clerk of the chancery court of the county.

Condition:

Purchasing Agents were covered under a blanket bond and not individually.

Cause:

Procedures were not followed to ensure compliance with State laws.

Effect:

The district was not in compliance with Section 37-39-21 of the Miss. Code Ann. (1972).

Recommendation:

We recommend that the district comply with Section 37-39-21 of the Miss. Code Ann. (1972) and have all Board Members, Superintendent and Purchasing Agent(s) covered under individual bonds that are filed with the clerk of the chancery court of the county.

Response:

As of July 1, 2021, the District has individual bonds for appropriate District's officials as required by Section 37-39-21 of the MS Code Ann. (1972) that has been filed with the Chancery Court's office.

Finding 2

Criteria:

Section 31-7-305, Miss. Code Ann. (1972) states "payments should be delivered to the vendor no later than 45 days of receipt of an undisputed invoice and receipt, inspection and approval of the goods and services."

Condition:

There were 13 instances out of 120 examined invoices which were paid over 45 days after receipt of goods or services.

Cause:

Procedures were not followed to ensure compliance with State laws.

Effect:

The District was not in compliance with the Section 31-7-305, Miss. Code Ann. (1972).

Recommendation:

We recommend that the school district comply with Section 31-7-305, Miss. Code Ann. (1972) and ensure that payments are made no later than 45 days of after receipt of goods or services.

Response:

The District will strengthen internal procedures to ensure compliance with Section 31-7-305, MS Code Ann. (1972) to make payments to vendors timely.

Finding 3

Criteria:

Section 37-9-18, Miss. Code Ann. (1972) states “Superintendent of schools to furnish school board with financial statement of receipts and disbursements, investigations and audits, contracts and review of audit report.

Condition:

Monthly financial statements from July 2020 to October 2020 were not approved in Board Minutes.

Cause:

Procedures were not followed to ensure compliance with State laws.

Effect:

The District was not in compliance with the Section 37-9-18, Miss. Code Ann. (1972).

Recommendation:

We recommend that the school district comply with Section 37-9-18, Miss. Code Ann. (1972) and ensure that financial statements are presented and approved monthly by the Board of Trustees.

Response:

The District will ensure that financial statements are presented and approved monthly by the Board of Trustees per Section 37-9-18, MS Code Ann. (1972).

The Office of the State Auditor or a public accounting firm will review, on the subsequent year’s audit engagement, the findings in this report to ensure that corrective action has been taken.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
July 29, 2022

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Jackson 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? Yes.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? 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:

CFDA Numbers:	Name of Federal Program or Cluster
---------------	------------------------------------

21.019	COVID-19 - Coronavirus Relief Fund
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84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I & II)
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8. Dollar threshold used to distinguish between type A and type B programs: \$1,699,621.
9. Auditee qualified as low-risk auditee? Yes
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). Yes.

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Significant Deficiencies

Finding 2021-001

Criteria:

Purchases of goods and/or services should be properly approved prior to the payment for those goods and/or services. In addition, the individual(s) approving the initial purchase(s) should be different than the individual(s) vouching for the receipt of the goods and/or services, and different from the individual(s) processing the payment for those goods and/or services.

Condition:

We were not provided with documentation showing the proper approval for the purchase of goods and/or services prior to the receipt of and payment for the goods and/or services by the Child Nutrition Department.

Cause:

The Child Nutrition Department has a dedicated payables clerk who pays invoices after reviewing documentation that goods or services have been received. The approval for payment prior to the receipt of and payment for goods and/or services should be documented.

Effect:

Without proper approval for purchases prior to the receipt and payment for goods and/or services, the risk for misappropriation of assets is increased.

Recommendation:

Purchases of goods and/or services should be properly documented prior to the receipt of and payment for those goods and/or services. In addition, separation of duties should be mandated and properly documented among the duties of the authorization to purchase, the receipt of goods and/or services, and the payment for those goods and/or services.

Response:

The District will implement separation of duties procedures to comply with the proper documentation between the authorization to purchase, the receipt of goods and/or services, and the payment for those goods and/or services.

Finding 2021-002

Criteria:

Schools should ensure information of assets given to students and ensure surplus items are sent to the district to be sent to the Board for approval of being surplus.

Condition:

MacBooks are not being tracked into the school systems at Galloway Elementary and Calloway High School and surplus items were not removed from active asset listing at Calloway High School.

Cause:

The Galloway Elementary School and Calloway High School did not have a system in place to upload the information of students with MacBooks in a time efficient way. Also, Callaway High School did not send information of surplus items.

Effect:

Asset lists are not fully updated and can't be tracked to correct student.

Recommendation:

District should implement policies to ensure student MacBook information is uploaded into the system in a timely manner and lists of surplus items should be sent to the district office for approval by the Board.

Response:

The District will implement policies to ensure student MacBook information is captured in a timely manner and lists of surplus items are sent to the district office for approval by the Board.

Section III: Federal Awards Findings and Questioned Costs

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

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



AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Jackson Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2021-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Mr. Earl Burke Title: Chief Operations Officer Phone Number: 601-960-8801</p> <p>b. Corrective Action Planned:</p> <p>The District will implement separation of duties procedures to comply with the proper documentation between the authorization to purchase, the receipt of goods and/or services, and the payment for those goods and/or services.</p> <p>c. Anticipated Completion Date:</p> <p>October 30, 2022</p>
2021-002	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Mr. Earl Burke Title: Chief Operations Officer Phone Number: 601-960-8801</p> <p>b. Corrective Action Planned:</p> <p>The District will implement policies to ensure student MacBook information is captured in a timely manner and lists of surplus items are sent to the district office for approval by the Board.</p> <p>c. Anticipated Completion Date:</p> <p>June 30, 2023</p>



SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOLLOW UP

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Jackson Public School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2021:

<u>Finding</u>	<u>Status</u>
2020-001	Corrected