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TUPELO PUBLIC SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

**TUPELO PUBLIC SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Tupelo Public School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Tupelo 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 Tupelo Public School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Tupelo Public School District, as of June 30, 2021, and the respective changes in financial position 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 7-14, 49, 50, 51, 52 and 53, 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 Tupelo Public School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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 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 (CFR) 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 information 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 June 10, 2022, on our consideration of the Tupelo 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 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 Tupelo 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 Tupelo Public School District's internal control over financial reporting and compliance.

Tupelo, MS
June 10, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Tupelo 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 increased \$2,372,094, including prior period adjustments of \$2,750, which represents a 11% increase from fiscal year 2020. Total net position for 2020 increased \$6,614,450, including prior period adjustments of \$54,175, which represents a 24% increase from fiscal year 2019.

General revenues amounted to \$72,963,262 and \$70,382,224, or 82% and 85% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,004,837, or 18% of total revenues for 2021, and \$12,472,627, or 15% of total revenues for 2020.

The District had \$86,598,755 and \$76,294,576 in expenses for fiscal years 2021 and 2020; only \$16,004,837 for 2021 and \$12,472,627 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$72,963,262 for 2021 and \$70,382,224 for 2020 were adequate to provide for these programs.

Among major funds, the General Fund had \$67,674,606 in revenues, \$61,429,380 in expenditures, and \$8,133,982 in other financing uses for 2021, and \$66,489,650 in revenues, \$59,511,730 in expenditures, and \$606,393 in other financing uses for 2020. The General Fund's fund balance decreased by \$1,873,866 from 2020 to 2021, including a prior period adjustment of (\$580) and an increase in reserve for inventory of \$15,470, and increased by \$6,493,408 from 2019 to 2020, including a prior period adjustment of \$54,117 and an increase in reserve for inventory of \$67,764.

Among major funds, the STN 2020 Capital Projects Fund had \$190,084 in revenues, \$1,359,807 in expenditures and \$6,955,345 in other financing sources for 2021. The STN 2020 Capital Projects Fund's fund balance increased by \$5,785,622 from 2020 to 2021.

Among major funds, the Capital Reserve Fund had \$2,912,863 in expenditures and \$7,977,013 in other financing sources for 2021. The Capital Reserve Fund's fund balance increased by \$5,064,150 from 2020 to 2021.

Capital assets, net of accumulated depreciation, decreased by \$763,499 for 2021 and decreased by \$2,600,304 for 2020. The decreases for 2021 and 2020 were due primarily to the recording of annual depreciation expense.

Long-term debt increased by \$3,407,047 for 2021 and decreased by \$4,146,853 for 2020. The increase for 2021 was primarily due to the issuance of three mill notes payable, and the decrease for 2020 was due primarily to principal payments on long-term debt. The liability for compensated absences decreased by \$45,491 for 2021 and increased by \$86,099 for 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. For the governmental activities of the district, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$20,307,219 as of June 30, 2021. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,424,171 as of June 30, 2021 for the component unit of the district.

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

	Governmental Activities		Percentage	Component Unit		Percentage
	2021	2020	Change	2021	2020	Change
Current assets	\$ 36,383,875	37,960,730	-4.15%	\$ 627,943	565,505	11.04%
Restricted assets	36,821,721	22,872,848	60.98%	27,300	30,209	-9.63%
Capital assets, net	68,647,440	69,410,939	-1.10%	842,289	842,289	0.00%
Total assets	141,853,036	130,244,517	8.91%	1,497,532	1,438,003	4.14%
Deferred outflows of resources	17,415,397	9,936,191	75.27%	-0-	-0-	N/A
Current liabilities	3,353,400	816,016	310.95%	73,361	69,563	5.46%
Long-term debt	48,968,717	45,607,161	7.37%	-0-	-0-	N/A
Net pension liability	118,817,191	105,281,800	12.86%	-0-	-0-	N/A
Net OPEB liability	6,364,045	6,934,116	-8.22%	-0-	-0-	N/A
Total liabilities	177,503,353	158,639,093	11.89%	73,361	69,563	5.46%
Deferred inflows of resources	2,072,299	4,165,197	-50.25%	-0-	-0-	N/A
Net position:						
Net investment in capital assets	20,225,371	24,395,917	-17.10%	842,289	842,289	0.00%
Restricted	34,380,762	22,498,083	52.82%	-0-	-0-	N/A
Unrestricted	(74,913,352)	(69,517,582)	-7.76%	581,882	526,151	10.59%
Total net position	\$ (20,307,219)	(22,623,582)	10.24%	\$ 1,424,171	1,368,440	4.07%

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

- In accordance with the implementation of GASB 84, *Fiduciary Activities*, agency funds reported as fiduciary assets in prior years are now reported as governmental activities in the general fund. This implementation resulted in offsetting increases to general fund cash and accrued liabilities.
- The issuance of three mill notes payable amounting to \$7,000,000.
- The principal retirement and amortization of \$3,592,953 of long-term debt.

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:

	Governmental Activities	Component Unit
Total unrestricted net position (deficit)	\$ (74,913,352)	\$ 581,882
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	109,838,138	-0-
Unrestricted net position exclusive of the aforementioned effects	\$ 34,924,786	\$ 581,882

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$88,968,099 and \$82,854,851, respectively. The total cost of all programs and services was \$86,598,755 for 2021 and \$76,294,576 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

	Governmental Activities			Component Unit		
	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
Revenues:						
Program revenues:						
Charges for services	\$ 695,911	\$ 1,031,926	-32.56%	\$ 570,245	\$ 557,806	2.23%
Operating grants and contributions	14,426,240	10,544,276	36.82%			N/A
Capital grants and contributions	312,441	338,619	-7.73%			N/A
General revenues:						
Property taxes	36,450,206	34,625,731	5.27%			N/A
Grants and contributions not restricted	34,145,022	33,896,147	0.73%			N/A
Investment earnings	1,856,387	1,567,192	18.45%	18,777	16,351	14.84%
Other	490,587	274,052	79.01%	2,283	2,751	-17.01%
Total revenues	<u>88,376,794</u>	<u>82,277,943</u>	7.41%	<u>591,305</u>	<u>576,908</u>	2.50%
Expenses:						
Instruction	42,463,643	38,782,128	9.49%			N/A
Support services	28,433,058	25,991,312	9.39%			N/A
Non-instructional	3,191,758	2,791,158	14.35%			N/A
Pension expense	10,658,141	6,557,914	62.52%			N/A
OPEB expense	153,937	410,081	-62.46%			N/A
Interest on long-term liabilities	1,162,644	1,246,107	-6.70%			N/A
Learning foundation			N/A	535,574	515,876	3.82%
Total expenses	<u>86,063,181</u>	<u>75,778,700</u>	13.57%	<u>535,574</u>	<u>515,876</u>	3.82%
Change in net position	<u>2,313,613</u>	<u>6,499,243</u>	-64.40%	<u>55,731</u>	<u>61,032</u>	-8.69%
Net Position, July 1,						
as previously reported	(22,623,582)	(29,177,000)	22.46%	1,368,440	1,307,408	4.67%
Prior Period Adjustments	<u>2,750</u>	<u>54,175</u>	-94.92%			N/A
Net Position, July 1,						
as restated	<u>(22,620,832)</u>	<u>(29,122,825)</u>	22.33%	<u>1,368,440</u>	<u>1,307,408</u>	4.67%
Net Position, June 30	<u>\$ (20,307,219)</u>	<u>\$ (22,623,582)</u>	10.24%	<u>\$ 1,424,171</u>	<u>\$ 1,368,440</u>	4.07%

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change	Net (Expense) Revenue		Percentage Change
	2021	2020		2021	2020	
Instruction	\$ 42,463,643	\$ 38,782,128	9.49%	\$ (32,784,500)	\$ (32,168,597)	-1.91%
Support services	28,433,058	25,991,312	9.39%	(26,103,408)	(23,543,650)	-10.87%
Non-instructional	3,191,758	2,791,158	14.35%	234,041	62,470	274.65%
Pension expense	10,658,141	6,557,914	62.52%	(10,658,141)	(6,557,914)	-62.52%
OPEB expense	153,937	410,081	-62.46%	(153,937)	(410,081)	62.46%
Interest on long-term liabilities	1,162,644	1,246,107	-6.70%	(1,162,644)	(1,246,107)	6.70%
	<u>\$ 86,063,181</u>	<u>\$ 75,778,700</u>	13.57%	<u>\$ (70,628,589)</u>	<u>\$ (63,863,879)</u>	-10.59%

Net cost of governmental activities ((\$70,628,589) for 2021 and (\$63,863,879) for 2020), was financed by general revenue, which is primarily made up of property taxes (\$36,450,206 for 2021 and \$34,625,731 for 2020) and state and federal revenues (\$34,065,245 for 2021 and \$33,667,123 for 2020).

Investment earnings amounted to \$1,856,387 for 2021 and \$1,567,192 for 2020.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$70,336,236, an increase of \$9,725,501, which includes a prior period adjustment of (\$580) and an increase in inventory of (\$42,400). \$35,045,027 or 50% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$35,291,209 or 50% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

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 \$1,873,866, which includes a prior period adjustment of (\$580) and an increase in reserve for inventory of \$15,470. The fund balance of Other Governmental Funds showed an increase of \$749,595, which included a decrease in reserve for inventory of \$57,870. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
STN 2020 Capital Projects	\$ 5,785,622
Capital Reserve	\$ 5,064,150

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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 \$126,340,979, including land, school buildings, buses, other school vehicles, furniture and equipment. This amount represents an increase of \$1,418,915 from 2020. Total accumulated depreciation as of June 30, 2021, was \$56,851,250, and total depreciation expense for the year was \$3,253,530, resulting in total net capital assets of \$69,489,729.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 4,122,182	\$ 4,122,182	0.00%
Construction in progress	1,040,693	192,663	440.16%
Buildings	49,303,297	50,785,691	-2.92%
Building Improvements	8,367,182	9,118,177	-8.24%
Improvements other than buildings	2,273,739	2,346,830	-3.11%
Mobile equipment	3,588,787	3,061,546	17.22%
Furniture and equipment	793,849	626,139	26.78%
	<u>\$ 69,489,729</u>	<u>\$ 70,253,228</u>	-1.09%

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

Debt Administration. At June 30, 2021, the District had \$48,968,717 in outstanding long-term debt, of which \$2,862,952 is due within one year. The liability for compensated absences decreased \$45,491 from the prior year.

The District maintains an A-1 bond rating.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 32,165,000	\$ 33,585,000	-4.23%
Unamortized premiums	612,069	655,022	-6.56%
Three mill notes payable	5,210,000	340,000	1432.35%
Qualified school construction bonds payable	10,435,000	10,435,000	0.00%
Compensated absences payable	<u>546,648</u>	<u>592,139</u>	-7.68%
	<u>\$ 48,968,717</u>	<u>\$ 45,607,161</u>	7.37%

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

CURRENT ISSUES

The Tupelo Public School District is financially stable. The District is proud of its community support of the public schools. The following is a listing of the schools within our District:

<u>Site</u>	<u>Grade Span</u>
Carver Elementary	K - 1
Joyner Elementary	K - 2
Early Childhood Education Center	Pre K
Lawhon Elementary	2 - 5
Lawndale Elementary	3 - 5
Milam Elementary	6
Parkway Elementary	K - 2
Pierce St. Elementary	3 - 5
Rankin Elementary	3 - 5
Structured Day Program	3 - 12
Thomas St. Elementary	K - 2
Tupelo High School	9 - 12
Tupelo Middle School	7 - 8
Tupelo Career and Technical Center	9 - 12

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal 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.

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 Tupelo Public School District, P.O. Box 557, Tupelo, Mississippi 38802.

FINANCIAL STATEMENTS

**TUPELO PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

Exhibit A	<u>Primary Government Governmental Activities</u>	<u>Component Unit Learning Foundation</u>	<u>Total Reporting Entity</u>
Assets			
Cash and cash equivalents	\$ 33,532,843	579,673	34,112,516
Due from other governments	2,417,201		2,417,201
Accrued interest receivable	4,352		4,352
Other receivables, net	3,072	5,142	8,214
Inventories	248,489		248,489
Prepaid items	177,918	43,128	221,046
Restricted assets	36,821,721	27,300	36,849,021
Capital assets, non-depreciable:			
Land	3,922,182	200,000	4,122,182
Construction in progress	1,040,693		1,040,693
Capital assets, net of accumulated depreciation:			
Buildings	48,661,297	642,000	49,303,297
Building improvements	8,367,182		8,367,182
Improvements other than buildings	2,273,739		2,273,739
Mobile equipment	3,588,787		3,588,787
Furniture and equipment	793,560	289	793,849
Total Assets	<u>141,853,036</u>	<u>1,497,532</u>	<u>143,350,568</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	16,023,236		16,023,236
Deferred outflows - OPEB	1,392,161		1,392,161
Total deferred outflows of resources	<u>17,415,397</u>	<u>-0-</u>	<u>17,415,397</u>
Liabilities			
Accounts payable and accrued liabilities	2,869,360	73,361	2,942,721
Interest payable on long-term liabilities	484,040		484,040
Long-term liabilities, due within one year:			
Capital related liabilities	2,820,000		2,820,000
Capital related bond premiums	42,952		42,952
Net OPEB liability	220,185		220,185
Long-term liabilities, due beyond one year:			
Capital related liabilities	44,990,000		44,990,000
Capital related bond premiums	569,117		569,117
Non-capital related liabilities	546,648		546,648
Net pension liability	118,817,191		118,817,191
Net OPEB liability	6,143,860		6,143,860
Total Liabilities	<u>177,503,353</u>	<u>73,361</u>	<u>177,576,714</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	647,661		647,661
Deferred inflows - OPEB	1,424,638		1,424,638
Total deferred inflows of resources	<u>2,072,299</u>	<u>-0-</u>	<u>2,072,299</u>
Net Position			
Net investment in capital assets	20,225,371	842,289	21,067,660
Restricted for:			
Expendable:			
School-based activities	1,333,327		1,333,327
Debt service	9,772,161		9,772,161
Capital improvements	23,110,669		23,110,669
Unemployment benefits	164,605		164,605
Unrestricted	(74,913,352)	581,882	(74,331,470)
Total Net Position	<u>\$ (20,307,219)</u>	<u>1,424,171</u>	<u>(18,883,048)</u>

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

**TUPELO PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Exhibit B

Exhibit B		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Governmental Activities	Component Unit Learning Foundation	Total Reporting Entity
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction	\$ 42,463,643	574,290	9,032,665	72,188	(32,784,500)		(32,784,500)
Support services	28,433,058		2,089,397	240,253	(26,103,408)		(26,103,408)
Non-instructional	3,191,758	121,621	3,304,178		234,041		234,041
Pension expense	10,658,141				(10,658,141)		(10,658,141)
OPEB expense	153,937				(153,937)		(153,937)
Interest on long-term liabilities	1,162,644				(1,162,644)		(1,162,644)
Total Governmental Activities	\$ 86,063,181	695,911	14,426,240	312,441	(70,628,589)	-0-	(70,628,589)
Total Component Unit	\$ 535,574	570,245				34,671	34,671
General Revenues:							
Taxes:							
General purpose levies					\$ 31,198,157		31,198,157
Debt purpose levies					5,252,049		5,252,049
Unrestricted grants and contributions:							
State					33,675,648		33,675,648
Federal					389,597		389,597
Private					79,777		79,777
Unrestricted investment earnings					1,856,387	18,777	1,875,164
Other					490,587	2,283	492,870
Total General Revenues					72,942,202	21,060	72,963,262
Change in Net Position					2,313,613	55,731	2,369,344
Net Position - Beginning, as previously reported					(22,623,582)	1,368,440	(21,255,142)
Prior Period Adjustments					2,750		2,750
Net Position - Beginning, as restated					(22,620,832)	1,368,440	(21,252,392)
Net Position - Ending					\$ (20,307,219)	1,424,171	(18,883,048)

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

**TUPELO PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2021**

Exhibit C	Major Funds			Other	Total
	General	STN 2020 Capital	Capital	Governmental	Governmental
	Fund	Projects Fund	Reserve Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 35,852,810	6,150,029	17,150,956	5,040,507	64,194,302
Cash with fiscal agents				4,233,462	4,233,462
Investments				1,926,800	1,926,800
Due from other governments	1,144,267			1,272,934	2,417,201
Accrued interest receivable				4,352	4,352
Other receivables, net	3,072				3,072
Due from other funds	745,915				745,915
Inventories	93,677			154,812	248,489
Prepaid items	177,918				177,918
Total Assets	<u>\$ 38,017,659</u>	<u>6,150,029</u>	<u>17,150,956</u>	<u>12,632,867</u>	<u>73,951,511</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,372,046	364,407	22,169	110,738	2,869,360
Due to other funds				745,915	745,915
Total Liabilities	<u>2,372,046</u>	<u>364,407</u>	<u>22,169</u>	<u>856,653</u>	<u>3,615,275</u>
Fund Balances:					
Nonspendable:					
Inventory	93,677			154,812	248,489
Prepaid items	177,918				177,918
Restricted:					
Debt service				10,256,201	10,256,201
Capital projects		5,785,622	91,145	196,260	6,073,027
Unemployment benefits				164,605	164,605
Child nutrition				785,931	785,931
Grant activities				218,405	218,405
Committed:					
Transportation			2,249,487		2,249,487
Capital repairs and renovations			8,215,230		8,215,230
Fine arts equipment			474,233		474,233
Security enhancements			300,000		300,000
Technology improvements			5,798,692		5,798,692
Assigned:					
School activities	328,991				328,991
Unassigned	<u>35,045,027</u>				<u>35,045,027</u>
Total Fund Balances	<u>35,645,613</u>	<u>5,785,622</u>	<u>17,128,787</u>	<u>11,776,214</u>	<u>70,336,236</u>
Total Liabilities and Fund Balances	<u>\$ 38,017,659</u>	<u>6,150,029</u>	<u>17,150,956</u>	<u>12,632,867</u>	<u>73,951,511</u>

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

**TUPELO PUBLIC SCHOOL DISTRICT
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 \$ 70,336,236

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	3,922,182	
Construction in progress	1,040,693	
Buildings	80,818,187	
Building improvements	20,673,600	
Improvements other than buildings	4,193,926	
Mobile equipment	8,365,990	
Furniture and equipment	3,887,558	
Accumulated depreciation	<u>(54,254,696)</u>	68,647,440

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

Net pension liability	(118,817,191)
Net OPEB liability	(6,364,045)

3. Deferred outflows and inflows related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	16,023,236	
Deferred inflows of resources related to pensions	(647,661)	
Deferred outflows of resources related to OPEB	1,392,161	
Deferred inflows of resources related to OPEB	<u>(1,424,638)</u>	15,343,098

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	(32,165,000)	
Three mill notes payable	(5,210,000)	
Qualified school construction bonds	(10,435,000)	
Compensated absences	(546,648)	
Unamortized premiums	(612,069)	
Accrued interest payable	<u>(484,040)</u>	(49,452,757)

Net position of governmental activities **\$ (20,307,219)**

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

**TUPELO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

Exhibit D	Major Funds			Other	Total
	General Fund	STN 2020 Capital Projects Fund	Capital Reserve Fund	Governmental Funds	Governmental Funds
Revenues:					
Local sources	\$ 33,463,407	190,084		5,603,584	39,257,075
State sources	33,544,006			2,155,356	35,699,362
Federal sources	667,193			12,437,371	13,104,564
Total Revenues	67,674,606	190,084	-0-	20,196,311	88,061,001
Expenditures:					
Instruction	36,195,584	701,604	864,072	9,386,104	47,147,364
Support services	25,171,671	658,203	1,730,624	2,484,797	30,045,295
Noninstructional services	62,125		24,791	3,165,632	3,252,548
Facilities acquisition and construction			293,376		293,376
Debt service:					
Principal				3,550,000	3,550,000
Interest				1,262,625	1,262,625
Other				52,105	52,105
Total Expenditures	61,429,380	1,359,807	2,912,863	19,901,263	85,603,313
Excess (Deficiency) of Revenues over (under) Expenditures	6,245,226	(1,169,723)	(2,912,863)	295,048	2,457,688
Other Financing Sources (Uses):					
Insurance loss recoveries	310,793				310,793
Proceeds of three mill notes		7,000,000			7,000,000
Payments held by QSCB escrow agent				791,604	791,604
Payments to QSCB debt escrow agent				(791,604)	(791,604)
Operating transfers in	8,407,466		16,284,375	2,622,408	27,314,249
Operating transfers out	(16,852,241)	(44,655)	(8,307,362)	(2,109,991)	(27,314,249)
Total Other Financing Sources (Uses)	(8,133,982)	6,955,345	7,977,013	512,417	7,310,793
Net Change in Fund Balances	(1,888,756)	5,785,622	5,064,150	807,465	9,768,481
Fund Balances:					
July 1, 2020, as previously reported	37,519,479	-0-	12,064,637	11,026,619	60,610,735
Prior period adjustments	(580)				(580)
July 1, 2020, as restated	37,518,899	-0-	12,064,637	11,026,619	60,610,155
Increase (decrease) in reserve for inventory	15,470			(57,870)	(42,400)
June 30, 2021	\$ 35,645,613	5,785,622	17,128,787	11,776,214	70,336,236

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

**TUPELO PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 9,768,481**

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	2,575,184	
Depreciation expense	<u>(3,253,530)</u>	(678,346)

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.

(88,483)

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

Payments of debt principal	3,550,000	
Proceeds of three mill notes	(7,000,000)	
Accrued interest payable	<u>109,133</u>	(3,340,867)

4. Some items relating to pensions and OPEB 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	(10,658,141)	
Contributions subsequent to the measurement date - Pension	7,198,677	
OPEB expense	(153,937)	
Contributions subsequent to the measurement date - OPEB	<u>220,185</u>	(3,393,216)

5. 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	45,491	
Change in inventory reserve	(42,400)	
Amortization of premiums	<u>42,953</u>	<u>46,044</u>

Change in net position of governmental activities **\$ 2,313,613**

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

**TUPELO 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.

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 Tupelo 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, Tupelo 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.

Discretely Presented Component Unit

The Tupelo School District Learning Foundation (Foundation) is incorporated in Mississippi as a non-profit organization exclusively for the educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to receive and maintain a contribution of an apartment complex and related assets and receives primarily all of its income from rentals of the apartments. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements.

Government-wide and Fund 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 for 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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The school district reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

STN 2020 Capital Projects Fund – This fund accounts for various capital projects that are funded by the issuance of three mill notes.

Capital Reserve Fund – This fund accounts for committed reserves and some restricted reserves set aside for capital projects.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

Measurement Focus and Basis of Accounting

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

Encumbrances

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

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, as well as for its component units, are reported at fair market value.

2. Receivables and Payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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 those thresholds.

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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 amounts will correspond with the amounts for the asset classifications as listed. See note 6 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.

This District currently reports deferred pension outflows of resources related to the implementation of GASB 68. The District also reports deferred OPEB outflows of resources related to the implementation of GASB 75.

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

The District currently reports deferred pension inflows of resources related to the implementation of GASB 68. The District also reports deferred OPEB inflows of resources related to the implementation of GASB 75.

See note 15 for further details.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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 become 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:

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

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 by resolution of the Board.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance, pursuant to authority established by the Board, are created by the superintendent and business manager.

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 10% of local and state 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 2021. 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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and discretely presented component unit was \$64,194,302 and \$606,973, respectively.

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. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above the FDIC coverage are collateralized by the pledging financial institutions 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 \$68,251,169 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 \$4,233,462, reported in the governmental funds.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Amount</u>
US Treasury Notes	AAA	7 years	\$ 1,926,800
Total			<u>\$ 1,926,800</u>

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 2: Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments (Continued)

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: US Treasury Notes of \$1,926,800 are valued using quoted market prices (Level 1 inputs).

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

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

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

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

Note 3: Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 745,915
Total		<u>\$ 745,915</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Capital Reserve Fund	\$ 16,284,375
General Fund	Other governmental funds	567,866
STN 2020 Capital Projects Fund	Other governmental funds	44,655
Capital Reserve Fund	General Fund	8,307,362
Other governmental funds	General Fund	100,104
Other governmental funds	Other governmental funds	2,009,887
Total		<u>\$ 27,314,249</u>

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 3: Inter-fund Receivables, Payables and Transfers (Continued)

The principal purpose of inter-fund transfers was to provide funds to re-pay purchases categorized for different bond issuances, to record indirect costs, to fund the vocational program with local funds, and to transfer committed funds per board action. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

Note 4: Restricted Assets

Restricted assets represent the legally restricted cash and investment balances of the following funds:

Funds with Restricted Balances	Account	Amount
General Fund - Payroll Clearing Fund	Cash and Cash Equivalents	\$ 2,319,967
Special Revenue Funds	Cash and Cash Equivalents	780,899
STN 2020 Capital Projects Fund	Cash and Cash Equivalents	6,150,029
Capital Reserve Fund	Cash and Cash Equivalents	17,150,956
Capital Projects Funds	Cash and Cash Equivalents	268,615
Debt Service Funds	Cash and Cash Equivalents	3,990,993
Component Unit - Security Deposit Account	Cash and Cash Equivalents	27,300
Total Restricted Cash and Cash Equivalents		<u>30,688,759</u>
Debt Service Funds	Cash with Fiscal Agents	4,233,462
Total Restricted Cash with Fiscal Agents		<u>4,233,462</u>
Debt Service Funds	Investments	1,926,800
Total Restricted Investments		<u>1,926,800</u>
Total Restricted Assets		<u><u>\$ 36,849,021</u></u>

Note 5: Other Receivables, Net

Other receivables include amounts due from students for equipment charges for the primary government and amounts due from tenants under rental agreements for the component unit. Receivables and revenues are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are evaluated to be uncollectible.

The following is a summary of other receivables, net of allowance for uncollectible accounts:

Governmental Funds / Activities:	Amount
<i>General Fund:</i>	
Travel refunds	\$ 3,072
Total Governmental Funds / Activities	<u>3,072</u>
Component Unit:	
<i>Learning Foundation:</i>	
Due from tenants	477,225
Less: Allowance for doubtful accounts	<u>(472,083)</u>
Total Component Unit	<u>5,142</u>
Total Other Receivables, Net	<u><u>\$ 8,214</u></u>

TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Note 6: 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	\$ 3,922,182				\$ 3,922,182
Construction-in-progress	192,663	896,930		(48,900)	1,040,693
Total non-depreciable capital assets	<u>4,114,845</u>	<u>896,930</u>	<u>-0-</u>	<u>(48,900)</u>	<u>4,962,875</u>
<u>Depreciable capital assets:</u>					
Buildings	80,818,187				80,818,187
Building improvements	20,623,992	49,608			20,673,600
Improvements other than buildings	4,145,026			48,900	4,193,926
Mobile equipment	7,968,737	1,231,763	834,510		8,365,990
Furniture and equipment	3,812,434	396,883	321,759		3,887,558
Total depreciable capital assets	<u>117,368,376</u>	<u>1,678,254</u>	<u>1,156,269</u>	<u>48,900</u>	<u>117,939,261</u>
<u>Less accumulated depreciation for:</u>					
Buildings	30,674,496	1,482,394			32,156,890
Building improvements	11,505,815	800,603			12,306,418
Improvements other than buildings	1,798,196	125,321		(3,330)	1,920,187
Mobile equipment	4,907,191	619,014	749,002		4,777,203
Furniture and equipment	3,186,584	226,198	318,784		3,093,998
Total accumulated depreciation	<u>52,072,282</u>	<u>3,253,530</u>	<u>1,067,786</u>	<u>(3,330)</u>	<u>54,254,696</u>
Total depreciable capital assets, net	<u>65,296,094</u>	<u>(1,575,276)</u>	<u>88,483</u>	<u>52,230</u>	<u>63,684,565</u>
Governmental activities capital assets, net	<u>\$ 69,410,939</u>	<u>(678,346)</u>	<u>88,483</u>	<u>3,330</u>	<u>\$ 68,647,440</u>

Adjustments were made to correct the beginning balance of accumulated depreciation and to reclassify completed construction projects.

Depreciation expense was charged to the following functions:

	Amount
Instruction	\$ 928,170
Support services	2,308,217
Non-instructional	<u>17,143</u>
Total governmental activities depreciation expense	<u>\$ 3,253,530</u>

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 6: Capital Assets (Continued)

The following is a summary of changes in the capital assets for the discretely presented component unit:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
<u>Non-depreciable capital assets:</u>				
Land	\$ 200,000			\$ 200,000
Total non-depreciable capital assets	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>	<u>200,000</u>
<u>Depreciable capital assets:</u>				
Buildings	3,210,000			3,210,000
Furniture and equipment	<u>28,843</u>			<u>28,843</u>
Total depreciable capital assets	<u>3,238,843</u>	<u>-0-</u>	<u>-0-</u>	<u>3,238,843</u>
<u>Less accumulated depreciation for:</u>				
Buildings	2,568,000			2,568,000
Furniture and equipment	<u>28,554</u>			<u>28,554</u>
Total accumulated depreciation	<u>2,596,554</u>	<u>-0-</u>	<u>-0-</u>	<u>2,596,554</u>
Total depreciable capital assets, net	<u>642,289</u>	<u>-0-</u>	<u>-0-</u>	<u>642,289</u>
Discretely presented component unit capital assets, net	<u>\$ 842,289</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 842,289</u>

The capital assets above include significant amounts of buildings and furniture and equipment 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.

Commitments under construction contracts at June 30, 2021, are summarized as follows:

	Spent to June 30, 2021	Remaining Commitment
Church Street Parking Lot	\$ 446,038	\$ 347
Milam Parking Lot	190,049	398,955
THS 9th Grade Canopy	86,553	129,587
THS Video Scoreboard	<u>318,053</u>	<u>262,367</u>
	<u>\$ 1,040,693</u>	<u>\$ 791,256</u>

Construction projects included in governmental activities are funded with general obligation bonds and three mill notes.

TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Note 7: Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A General obligation bonds payable	\$ 33,585,000		1,420,000	32,165,000	2,025,000
Unamortized premiums	655,022		42,953	612,069	42,952
B Three mill notes payable	340,000	7,000,000	2,130,000	5,210,000	795,000
C Qualified school construction bonds payable	10,435,000			10,435,000	-0-
D Compensated absences	592,139		45,491	546,648	-0-
Total	<u>\$ 45,607,161</u>	<u>7,000,000</u>	<u>3,638,444</u>	<u>48,968,717</u>	<u>2,862,952</u>

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
General obligation bonds, Series 2015	3.0-3.5%	9/1/2015	9/1/2035	\$ 34,100,000	\$ 28,440,000
General obligation bonds, Series 2017	1.9-2.125%	3/15/2017	3/15/2026	<u>8,800,000</u>	<u>3,725,000</u>
Total				<u>\$ 42,900,000</u>	<u>\$ 32,165,000</u>

Details of the district's June 30, 2021 general obligation bonded indebtedness are as follows:

1. Bond issue of 9/1/2015:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,425,000	920,175	2,345,175
2023	1,425,000	877,425	2,302,425
2024	1,450,000	834,300	2,284,300
2025	1,450,000	783,550	2,233,550
2026	1,500,000	724,550	2,224,550
2027-2031	8,535,000	2,784,953	11,319,953
2032-2036	<u>12,655,000</u>	<u>1,015,028</u>	<u>13,670,028</u>
Total	<u>\$ 28,440,000</u>	<u>7,939,981</u>	<u>36,379,981</u>

This debt will be retired from the BI Retirement Fund.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 7: Long-term Liabilities (Continued)

Bond Premium:

The general obligation bonds, series 2015 were issued with a bond premium of \$859,045. This premium was capitalized and will be amortized over the remaining life of the bonds. During the fiscal year, \$42,953 was amortized and the remaining balance to be amortized is \$612,069.

2. Bond issue of 3/15/17

Year Ending June 30,	Principal	Interest	Total
2022	\$ 600,000	116,200	716,200
2023	640,000	104,200	744,200
2024	725,000	91,400	816,400
2025	785,000	76,900	861,900
2026	975,000	61,200	1,036,200
Total	\$ 3,725,000	449,900	4,174,900

This debt will be retired from the BI Retirement Fund.

Total general obligation bond payments for all issues:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,025,000	1,036,375	3,061,375
2023	2,065,000	981,625	3,046,625
2024	2,175,000	925,700	3,100,700
2025	2,235,000	860,450	3,095,450
2026	2,475,000	785,750	3,260,750
2027-2031	8,535,000	2,784,953	11,319,953
2032-2036	12,655,000	1,015,028	13,670,028
Total	\$ 32,165,000	8,389,881	40,554,881

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 3.04% of property assessments as of October 1, 2020.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 7: Long-term Liabilities (Continued)

B. Three mill note payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, Series 2020	0.60-1.60%	8/4/2020	6/1/2030	\$ 7,000,000	\$ 5,210,000
Total				<u>\$ 7,000,000</u>	<u>\$ 5,210,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 795,000	59,443	854,443
2023	500,000	53,877	553,877
2024	500,000	49,878	549,878
2025	525,000	45,377	570,377
2026	540,000	40,128	580,128
2027-2030	2,350,000	89,897	2,439,897
Total	<u>\$ 5,210,000</u>	<u>338,600</u>	<u>5,548,600</u>

This debt will be retired from the STN 2020 Retirement Fund.

C. 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
Qualified school construction bonds payable	0.84%	1/14/2010	9/15/2024	\$ 3,000,000	\$ 3,000,000
Qualified school construction bonds payable	4.60%	12/20/2011	12/1/2025	3,000,000	3,000,000
Qualified school construction bonds payable	0.00%	7/9/2013	6/15/2028	4,435,000	4,435,000
Total				<u>\$ 10,435,000</u>	<u>\$ 10,435,000</u>

The Qualified School Construction Bond (QSCB) issued 1/14/2010, was issued at a nominal interest rate. Investors receive federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows the state and local governments to borrow without incurring interest costs.

The QSCB issued 7/9/2013 was issued at a 0.00% interest rate under the aforementioned tax credit provision.

The QSCB issued 12/20/2011, was issued at an interest rate of 4.60% with anticipated refundable credit payments for the amount of interest cost from the Internal Revenue Service. It is possible the Internal Revenue Service may determine some reason not to reimburse some or all of the interest cost of the 12/20/2011 bond. The School District is responsible for the full amount of the interest payment in any event.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 7: Long-term Liabilities (Continued)

Qualified school construction bonds payable issued 1/14/2010:

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ -0-	25,200	25,200
2023	-0-	25,200	25,200
2024	-0-	25,200	25,200
2025	3,000,000 *	25,200	3,025,200
Total	\$ 3,000,000	100,800	3,100,800

* Payable from sinking fund, see Note 14.

Qualified school construction bonds payable issued 12/20/2011:

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ -0-	138,000	138,000
2023	-0-	138,000	138,000
2024	-0-	138,000	138,000
2025	-0-	138,000	138,000
2026	3,000,000 *	138,000	3,138,000
Total	\$ 3,000,000	690,000	3,690,000

* Payable from sinking fund, see Note 14.

Qualified school construction bonds payable issued 7/9/2013:

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ -0-	-0-	-0-
2023	-0-	-0-	-0-
2024	-0-	-0-	-0-
2025	-0-	-0-	-0-
2026	-0-	-0-	-0-
2027-2028	4,435,000 *	-0-	4,435,000
Total	\$ 4,435,000	-0-	4,435,000

* Payable from sinking fund, see Note 14.

D. Compensated absences payable.

As more fully explained in Note 1(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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 8: Other Commitments

Commitments under construction contracts are described in Note 6.

Operating Leases:

The School District has several operating leases for the following:

1. Copiers

Lease expenditures for the year ended June 30, 2021, amount to \$183,363. The District's existing lease agreements were extended for one year ending June 30, 2022. Future minimum lease payments for these leases are as follows:

Year Ending June 30,	Principal
2022	\$ 234,000
Total	\$ 234,000

Note 9: Defined Benefit Pension Plan

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

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 9: Defined Benefit Pension Plan (Continued)

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 \$7,198,677, \$7,111,192, and \$6,138,793, 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 \$118,817,191 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 0.613762 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.015297 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 \$10,658,141. 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	\$ 1,031,347	\$ -0-
Net difference between projected and actual earnings on pension plan investments	4,880,556	
Changes of assumptions	664,663	-0-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,247,993	647,661
District contributions subsequent to the measurement date	7,198,677	-0-
Total	\$ 16,023,236	\$ 647,661

\$7,198,677 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:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 1,114,168
2023	2,704,571
2024	2,785,485
2025	1,572,674
Total	\$ 8,176,898

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 9: Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability as of June 30, 2020 actuarial valuation 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 will be 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 the 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 asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100 %	

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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 9: Defined Benefit Pension Plan (Continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, 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 one (1) percentage-point lower (6.75 percent) or one (1) percentage-point higher (8.75 percent) than the current rate (7.75 percent):

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 153,794,254	\$ 118,817,191	\$ 89,947,060

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 10: Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 10: Other Postemployment Benefits (OPEB) (Continued)

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. The school district's contributions to the OPEB plan for the fiscal years ending June 30, 2021, 2020, and 2019 were \$220,185, \$253,797 and \$277,941, respectively, which equaled the required contributions for each year.

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 \$6,364,045 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 0.8178% percent. This was an increase of 0.0006% 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 \$153,937. 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	\$ 8,112	\$ 1,107,514
Net difference between projected and actual earnings on OPEB plan investments	204	-0-
Changes of assumptions	988,077	268,936
Changes in proportion and differences between District contributions and proportionate share of contributions	175,583	48,188
District contributions subsequent to the measurement date	220,185	-0-
Total	\$ 1,392,161	\$ 1,424,638

\$220,185 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	Amount
2022	\$ (76,595)
2023	(76,595)
2024	(54,052)
2025	5,342
2026	(50,762)
Total	\$ (252,662)

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 10: Other Postemployment Benefits (OPEB) (Continued)

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.

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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 10: Other Postemployment Benefits (OPEB) (Continued)

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%)
District's proportionate share of the net OPEB liability	\$ 7,032,704	\$ 6,364,045	\$ 5,790,518

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
District's proportionate share of the net OPEB liability	\$ 5,876,222	\$ 6,364,045	\$ 6,916,726

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

Note 11: Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
<i>Governmental Activities</i>	
1. To correct beginning balances for accumulated depreciation	\$ 3,330
2. To write off net effect of other receivables deemed to be uncollectible	(580)
Total	<u>\$ 2,750</u>

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

Explanation	Amount
<i>General Fund</i>	
1. To write off net effect of other receivables deemed to be uncollectible	\$ (580)
Total	<u>\$ (580)</u>

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 12: Contingencies

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

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

Note 13: Risk Management

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

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 \$6,160,262. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 855,000
2023	781,000
2024	781,000
2025	776,000
2026	510,000
2027-2028	595,000
Total	<u>\$ 4,298,000</u>

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 15: Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$74,913,352) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$7,198,677 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$8,824,559 remaining balance of the deferred outflow of resources related to pensions, at June 30, 2021 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$74,913,352) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$647,661 balance of the deferred inflow of resources related to pensions, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$74,913,352) 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 \$220,185 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$1,171,976 remaining balance of the 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 amount of (\$74,913,352) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,424,638 balance of the deferred inflow of resources related to OPEB, at June 30, 2021 will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Note 16: Insurance Loss Recoveries

The school district received \$310,793 in insurance loss recoveries, of which \$3,337 was related to fleet accident damage and \$307,456 was related to tropical storm damage during the 2020-2021 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as general revenues and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries		Percentage	Expense Function
\$	310,793	100%	Support services
\$	310,793	100%	

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Note 17: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Tupelo Public School District evaluated the activity of the district through June 10, 2022, (the date the financial statements were available to be issued) and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

- Subsequent to June 30, 2021, the District issued the following significant debt obligation:

<u>Issue Date</u>	<u>Interest Rates</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
05/16/22	1.380-1.980%	\$ 3,000,000	Limited-Tax Note	Ad valorem taxes

REQUIRED SUPPLEMENTARY INFORMATION

**TUPELO PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 30,842,670	31,408,102	33,463,407	565,432	2,055,305
State sources	31,766,316	33,598,990	33,544,006	1,832,674	(54,984)
Federal sources	674,800	689,643	667,193	14,843	(22,450)
Total Revenues	<u>63,283,786</u>	<u>65,696,735</u>	<u>67,674,606</u>	<u>2,412,949</u>	<u>1,977,871</u>
Expenditures:					
Instruction	40,661,251	40,717,160	36,195,584	(55,909)	4,521,576
Support services	29,108,492	29,515,741	25,171,671	(407,249)	4,344,070
Noninstructional services	66,272	69,168	62,125	(2,896)	7,043
Total Expenditures	<u>69,836,015</u>	<u>70,302,069</u>	<u>61,429,380</u>	<u>(466,054)</u>	<u>8,872,689</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,552,229)</u>	<u>(4,605,334)</u>	<u>6,245,226</u>	<u>1,946,895</u>	<u>10,850,560</u>
Other Financing Sources (Uses):					
Insurance loss recoveries	-0-	277,901	310,793	277,901	32,892
Operating transfers in	11,979,642	12,633,731	8,407,466	654,089	(4,226,265)
Operating transfers out	<u>(7,993,059)</u>	<u>(20,118,045)</u>	<u>(16,852,241)</u>	<u>(12,124,986)</u>	<u>3,265,804</u>
Total Other Financing Sources (Uses)	<u>3,986,583</u>	<u>(7,206,413)</u>	<u>(8,133,982)</u>	<u>(11,192,996)</u>	<u>(927,569)</u>
Net Change in Fund Balance	<u>(2,565,646)</u>	<u>(11,811,747)</u>	<u>(1,888,756)</u>	<u>(9,246,101)</u>	<u>9,922,991</u>
Fund Balance					
July 1, 2020, as previously reported	27,849,186	23,533,621	37,519,479	(4,315,565)	13,985,858
Prior period adjustments	<u>-0-</u>	<u>(580)</u>	<u>(580)</u>	<u>(580)</u>	<u>-0-</u>
July 1, 2020, as restated	27,849,186	23,533,041	37,518,899	(4,316,145)	13,985,858
Increase (Decrease) in reserve for inventory	<u>-0-</u>	<u>15,470</u>	<u>15,470</u>	<u>15,470</u>	<u>-0-</u>
June 30, 2021	<u>\$ 25,283,540</u>	<u>11,736,764</u>	<u>35,645,613</u>	<u>(13,546,776)</u>	<u>23,908,849</u>

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

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	%	0.613762%	0.598465%	0.6069%	0.5980%	0.6086%	0.6144%	0.6235%
District's proportionate share of the net pension liability	\$	118,817,191	105,281,800	100,945,501	99,407,896	108,711,157	94,974,124	75,678,935
District's covered payroll		40,869,920	38,976,425	38,765,107	38,362,224	38,936,119	38,386,820	38,097,852
District's proportionate share of the net pension liability as a percentage of its covered payroll		290.72%	270.12%	260.40%	259.13%	279.20%	247.41%	198.64%
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 prior year 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.

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,198,677	7,111,192	6,138,793	6,105,507	6,042,050	6,132,438	6,045,883
Contributions in relation to the contractually required contribution	(7,198,677)	(7,111,192)	(6,138,793)	(6,105,507)	(6,042,050)	(6,132,438)	(6,045,883)
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
District's covered payroll	41,371,693	40,869,920	38,976,425	38,765,107	38,362,224	38,936,119	38,386,820
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.

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS***

		2021	2020	2019	2018
District's proportion of the net OPEB liability	%	0.8178%	0.8172%	0.7989%	0.7835%
District's proportionate share of the net OPEB liability	\$	6,364,045	6,934,116	6,179,962	6,147,453
District's covered-employee payroll		39,411,825	37,422,153	36,133,704	35,200,500
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 prior year to the fiscal year presented.

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.

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 220,185	253,797	277,941	262,075
Contributions in relation to the actuarially determined contributions	(220,185)	(253,797)	(277,941)	(262,075)
Contribution deficiency (excess)	<u><u>\$ -0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>	<u><u>-0-</u></u>
 District's covered-employee payroll	 38,878,975	 39,411,825	 37,422,153	 36,133,704
Contributions as a percentage of covered-employee payroll	0.57%	0.64%	0.74%	0.73%

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).

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2021**

Budgetary Comparison Schedules

Note 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.

Note 2: Budget Amendments and Revisions

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

Pension Schedules

Note 1: Changes of Assumptions

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR YEAR ENDED JUNE 30, 2021**

Pension Schedules (Continued)

Note 1: Changes of Assumptions (Continued)

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%.

Note 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.

Note 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

TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR YEAR ENDED JUNE 30, 2021

OPEB Schedules

Note 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.

Note 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.

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR YEAR ENDED JUNE 30, 2021**

OPEB Schedules (Continued)

Note 3: Method and Assumptions Used in Calculations of Actuarially Determined Contributions

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

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

SUPPLEMENTARY INFORMATION

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child Nutrition Cluster:			
School breakfast program	10.553	215MS326N1099	\$ 752,997
National school lunch program	10.555	215MS326N1099	2,042,855
Summer food service program for children	10.559	215MS326N1099	79,853
Total child nutrition cluster			<u>2,875,705</u>
Food Distribution Cluster:			
Commodity supplemental food program	10.565	215MS340N1050	252,383
Total passed-through Mississippi Department of Education			<u>3,128,088</u>
Total U.S. Department of Agriculture			<u>3,128,088</u>
<u>U.S. Department of Labor</u>			
Passed-through Mississippi Department of Education:			
Workforce innovation and opportunity act	17.259	N/A	234
Total passed-through Mississippi Department of Education			<u>234</u>
Total U.S. Department of Labor			<u>234</u>
<u>Federal Communications Commission</u>			
Administered through the Universal Service Administrative Company			
The schools and libraries program of the universal service fund	32.004	N/A	189,229
Total Federal Communications Commission			<u>189,229</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010		
2018-2019		ES010A180024	156,881
2019-2020		ES010A190024	472,222
2020-2021		ES010A200024	1,632,576
Total title I - grants to local educational agencies			<u>2,261,679</u>
Career and technical education - basic grants to states	84.048	V048A200024	94,230
Education for homeless children and youth	84.196		
2019-2020		ES196A190025	67,490
2020-2021		ES196A200025	38,790
Total education for homeless children and youth			<u>106,280</u>
Rural education:	84.358		
2018-2019		ES358D180024	2,216
2019-2020		ES358D190024	33,057
2020-2021		ES358D200024	94,085
Total rural education			<u>129,358</u>
English language acquisition grants	84.365		
2018-2019		ES365A180024	3,275
2019-2020		ES365A190024	24,151
2020-2021		ES365A200024	1,573
Total english language acquisition grants			<u>28,999</u>

(Continued)

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

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
Supporting effective instruction state grants:	84.367		
2018-2019		ES367A180023	8,429
2019-2020		ES367A190023	18,227
2020-2021		ES367A200023	269,488
Total supporting effective instruction state grants			296,144
Student support and academic enrichment program	84.424		
2018-2019		ES424A180025	22,732
2019-2020		ES424A190025	26,871
2020-2021		ES424A200025	143,427
Total student support and academic enrichment program			193,030
Elementary and secondary school emergency relief fund I	84.425D		
2019-2020		S425D200031	4,086,824
Elementary and secondary school emergency relief fund II	84.425D		
2019-2020		S425D210031	31,213
Total elementary and secondary emergency relief fund			4,118,037
Special Education Cluster:			
Special education - grants to states	84.027		
2018-2019		H027A180108	36,611
2019-2020		H027A190108	204,943
2020-2021		H027A200108	1,455,341
Total special education - grants to states			1,696,895
Special education - preschool grants	84.173		
2019-2020		H173A190113	8,701
2020-2021		H173A200113	73,871
Total special education - preschool grants			82,572
Total special education cluster			1,779,467
Total passed-through Mississippi Department of Education			9,007,224
Passed-through Mississippi Department of Rehabilitation Services:			
Rehabilitation services vocational rehabilitation grants to states	84.126	H126A190034	198,957
Total passed-through Mississippi Department of Rehabilitation Services			198,957
Total U.S. Department of Education			9,206,181
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical Assistance program	93.778	2005MS5ADM	62,386
Total medicaid cluster			62,386
Total passed-through Mississippi Department of Education			62,386
Total U.S. Department of Health and Human Services			62,386
<u>U.S. Social Security Administration</u>			
Passed-through Mississippi Department of Rehabilitation Services:			
Disability insurance / SSI cluster:			
Social security disability insurance	96.001	N/A	1,484
Total disability insurance / SSI cluster			1,484
Total passed-through Mississippi Department of Rehabilitation Services			1,484
Total U.S. Social Security Administration			1,484
Total for All Federal Awards			\$ 12,587,602

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

**TUPELO PUBLIC SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2021**

Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of the Tupelo Public School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Tupelo Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Tupelo Public School District.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Other Items

The pass-through entities did not assign identifying numbers to the remaining catalog of federal domestic assistance (CFDA) numbers of this school district.

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND
OTHER EXPENDITURES – GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2021**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 57,238,385	45,190,800	2,358,674	3,617,628	6,071,283
Other	28,364,928	11,735,926	443,691	165,964	16,019,347
Total	\$ 85,603,313	56,926,726	2,802,365	3,783,592	22,090,630
Total number of students *	6,088				
Cost per student	\$ 14,061	9,351	460	621	3,629

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 - (all the 1000, 2100, & 2200 functional codes.)

General Administration - includes expenditures for the following functions: Support Services - General Administration (2300s); and Support Services - Business (2500s).

School Administration - includes expenditures for the following function: Support Services - School Administration (2400s).

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

**TUPELO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GENERAL FUND
LAST FOUR YEARS**

	2021	2020*	2019*	"UNAUDITED" 2018*
Revenues:				
Local sources	\$ 33,463,407	31,661,291	30,696,368	29,825,268
State sources	33,544,006	34,096,922	32,491,218	31,870,971
Federal sources	667,193	731,437	614,782	425,905
Total Revenues	<u>67,674,606</u>	<u>66,489,650</u>	<u>63,802,368</u>	<u>62,122,144</u>
Expenditures:				
Instruction	36,195,584	35,823,362	33,574,448	33,569,488
Support services	25,171,671	23,633,212	23,255,039	22,845,910
Noninstructional services	62,125	55,156	48,630	50,768
Facilities acquisition and construction				99,180
Total Expenditures	<u>61,429,380</u>	<u>59,511,730</u>	<u>56,878,117</u>	<u>56,565,346</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>6,245,226</u>	<u>6,977,920</u>	<u>6,924,251</u>	<u>5,556,798</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	310,793	33,126		22,340
Sale of transportation equipment			4,708	8,204
Operating transfers in	8,407,466	85,072	146,420	113,325
Operating transfers out	<u>(16,852,241)</u>	<u>(724,591)</u>	<u>(5,118,726)</u>	<u>(5,503,749)</u>
Total Other Financing Sources (Uses)	<u>(8,133,982)</u>	<u>(606,393)</u>	<u>(4,967,598)</u>	<u>(5,359,880)</u>
Net Change in Fund Balances	<u>(1,888,756)</u>	<u>6,371,527</u>	<u>1,956,653</u>	<u>196,918</u>
Fund Balance:				
Beginning of period, as previously reported	37,519,479	31,026,071	29,065,296	28,881,427
Prior period adjustments	<u>(580)</u>	<u>54,117</u>		
Beginning of period, as restated	<u>37,518,899</u>	<u>31,080,188</u>	<u>29,065,296</u>	<u>28,881,427</u>
Increase (Decrease) in reserve for inventory	<u>15,470</u>	<u>67,764</u>	<u>4,122</u>	<u>(13,049)</u>
End of period	<u>\$ 35,645,613</u>	<u>37,519,479</u>	<u>31,026,071</u>	<u>29,065,296</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

**TUPELO PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUNDS
LAST FOUR YEARS**

		2021	2020*	2019*	"UNAUDITED" 2018*
Revenues:					
Local sources	\$	39,257,075	37,592,697	36,752,785	35,758,444
State sources		35,699,362	36,330,644	34,933,317	33,842,392
Federal sources		13,104,564	8,349,232	9,754,749	9,509,253
Total Revenues		88,061,001	82,272,573	81,440,851	79,110,089
Expenditures:					
Instruction		47,147,364	42,979,685	39,119,873	40,669,417
Support services		30,045,295	26,170,593	28,411,928	36,273,968
Noninstructional services		3,252,548	2,991,291	3,370,630	3,389,102
Facilities acquisition and construction		293,376	293,930	4,262,962	2,973,176
Debt service:					
Principal		3,550,000	4,190,000	2,300,000	3,025,000
Interest		1,262,625	1,318,803	1,365,371	1,426,912
Other		52,105	4,950	7,450	19,511
Total Expenditures		85,603,313	77,949,252	78,838,214	87,777,086
Excess (Deficiency) of Revenues over (under) Expenditures		2,457,688	4,323,321	2,602,637	(8,666,997)
Other Financing Sources (Uses):					
Proceeds of three mill notes		7,000,000			
Payment held by QSCB escrow agent		791,604	753,625	795,441	959,094
Payment to QSCB debt escrow agent		(791,604)	(753,625)	(795,441)	(959,094)
Insurance loss recoveries		310,793	33,126		22,340
Sale of transportation equipment				4,708	8,204
Operating transfers in		27,314,249	1,800,882	9,130,313	7,943,037
Operating transfers out		(27,314,249)	(1,800,882)	(9,130,313)	(7,943,037)
Other financing uses					(12,431)
Total Other Financing Sources (Uses)		7,310,793	33,126	4,708	18,113
Net Change in Fund Balances		9,768,481	4,356,447	2,607,345	(8,648,884)
Fund Balance:					
Beginning of period, as previously reported		60,610,735	56,030,604	53,397,755	62,082,110
Prior period adjustments		(580)	54,117		
Beginning of period, as restated		60,610,155	56,084,721	53,397,755	62,082,110
Increase (Decrease) in reserve for inventory		(42,400)	169,567	25,504	(35,471)
End of period	\$	70,336,236	60,610,735	56,030,604	53,397,755

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

J. E. VANCE & COMPANY, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Superintendent and School Board
Tupelo 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Tupelo 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 District's basic financial statements, and have issued our report thereon dated June 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Tupelo, MS
June 10, 2022

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

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

Superintendent and School Board
Tupelo Public School District

Report on Compliance for Each Major Federal Program

We have audited Tupelo Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 Title 2 U.S. Code of Federal Regulations (CFR) 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the 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 District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 District's internal control over compliance.

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

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

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

Tupelo, MS
June 10, 2022

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

Superintendent and School Board
Tupelo Public School District

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Tupelo Public School District as of and for the year ended June 30, 2021, which collectively comprise Tupelo Public School District's basic financial statements and have issued our report thereon dated June 10, 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 insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

1. Repeat Finding – Yes (OSA Compliance Audit 2020-5)

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

Condition – A review of the bond schedule revealed that the following county employee’s bond was listed as a “Continuation Certificate”:

- One (1) Board Member

A “Continuation Certificate” is a document that extends the life of the original surety bond that only covers the current bonding period, rather than both the current and previous periods. Failure to have a bond in place for a specific term of office could limit the amount available for a recovery of loss if the loss occurs over multiple terms.

Cause – The listed employee did not follow the Mississippi statute stated above.

Effect – Failure to have a sufficient bond in place for a specific term of office could limit the amount available for a recovery of loss.

Recommendation – County officials should ensure that all bonds comply with statutory coverage requirements, properly list a specific term of office covered and that new bonds are secured every four (4) years concurrent with the normal election cycle of the Governor.

Official Response – This board member’s term has now expired. We have corrected all current official’s bonds.

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

The Tupelo Public School District’s response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

Tupelo, MS
June 10, 2022

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**TUPELO PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED JUNE 30, 2021**

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion Issued</u>
84.425D	COVID-19 Education Stabilization Fund (ESSER I & II)	Unmodified
84.424	Student Support and Academic Enrichment Program	Unmodified

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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