



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

Rankin County School District

Audited Financial Statements
For the Year Ended June 30, 2022

Fortenberry & Ballard, PC
Certified Public Accountants

**Rankin County School District
TABLE OF CONTENTS**

	PAGE #	
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	4	
MANAGEMENT’S DISCUSSION AND ANALYSIS	9	
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Exhibit A - Statement of Net Position	22	
Exhibit B - Statement of Activities	23	
Governmental Funds Financial Statements		
Exhibit C - Balance Sheet	24	
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.	25	
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	26	
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	27	
Notes to the Financial Statements	29	
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule - General Fund	64	
Schedule of the District’s Proportionate Share of the Net Pension Liability	65	
Schedule of District Contributions (PERS)	66	
Schedule of the District’s Proportionate Share of the Net OPEB Liability	67	
Schedule of District Contributions (OPEB).	68	
Notes to the Required Supplementary Information	69	
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures of Federal Awards	75	
Notes to the Schedule of Expenditures of Federal Awards	76	
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	77	
OTHER INFORMATION		
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years.	79	
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years.	80	
REPORTS ON INTERNAL CONTROL AND COMPLIANCE		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance Required by the Uniform Guidance	84	
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS		88
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		91

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin County School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rankin County School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin County School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2023, on our consideration of the Rankin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rankin County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rankin County School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
June 8, 2023

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

The following discussion and analysis of Rankin County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2022. 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 2022 increased \$11,057,094, including a prior period adjustment of \$97,457, which represents a 13% increase from fiscal year 2021. Total net position for 2021 decreased \$1,326,262, including a prior period adjustment of \$1,936, which represents a 2% decrease from fiscal year 2020.
- General revenues amounted to \$180,831,694 and \$180,018,891, or 80% and 82% of all revenues for fiscal years 2022 and 2021, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$45,330,203, or 20% of total revenues for 2022, and \$40,848,663, or 18% of total revenues for 2021.
- The District had \$215,202,093 and \$222,195,752 in expenses for fiscal years 2022 and 2021; only \$45,330,203 for 2022 and only \$40,848,663 for 2021 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$180,831,694 were adequate to provide for these programs, for 2022 and \$180,018,891, for 2021 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$171,155,383 in revenues and \$166,399,432 in expenditures for 2022, and \$163,918,780 in revenues and \$155,295,289 in expenditures for 2021. The General Fund's fund balance increased by \$4,353,074, including as prior period adjustment of \$50,653, from 2021 to 2022, and increased by \$8,326,200, from 2020 to 2021.
- Capital assets, net of accumulated depreciation, increased by \$7,156,399 for 2022 and increased by \$40,293,738 for 2021. The increase for 2022 was due primarily to the additions to construction in progress, building improvements, mobile equipment, furniture and equipment and intangible right to use equipment.
- Long-term debt decreased by \$9,319,072 for 2022 and decreased by \$8,812,902 for 2021. The decrease for 2022 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$98,105 for 2022 and decreased by \$5,237 for 2021.

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,

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

supplementary information, and other information.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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.

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$72,340,212 as of June 30, 2022.

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.

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 1 presents a summary of the District's net position at June 30, 2022 and June 30, 2021.

Table 1
Condensed Statement of Net Position

	June 30, 2022	June 30, 2021	Percentage Change
Current assets	\$ 82,614,965	58,997,180	40%
Restricted assets	28,620,916	53,467,375	(46)%
Capital assets, net	324,549,026	317,392,627	2%
Total assets	435,784,907	429,857,182	1%
Deferred outflows of resources	50,800,627	54,149,286	(6)%
Current liabilities	10,685,642	13,765,883	(22)%
Long-term debt outstanding	214,008,885	224,216,997	(5)%
Net OPEB liability	13,138,591	15,616,378	(16)%
Net pension liability	233,761,922	303,339,053	(23)%
Total liabilities	471,595,040	556,938,311	(15)%
Deferred inflows of resources	87,330,706	10,465,630	734%
Net position:			
Net investment in capital assets	111,960,346	99,553,617	12%
Restricted	46,163,087	56,533,402	(18)%
Unrestricted	(230,463,645)	(239,484,492)	4%
Total net position (deficit)	\$ (72,340,212)	(83,397,473)	13%

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (230,463,645)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	271,279,571
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 40,815,926

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

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

- Increase in net capital assets in the amount of \$7,156,399.
- The principal retirement of \$9,850,963 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2022 and June 30, 2021 were \$226,161,897 and \$220,867,554, respectively. The total cost of all programs and services was \$215,202,093 for 2022 and \$222,195,752 for 2021.

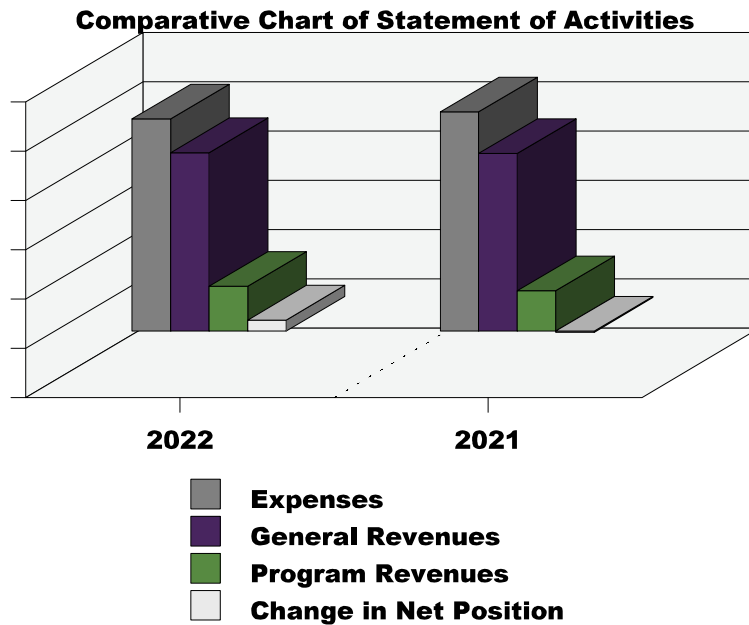
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021.

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 2
Changes in Net Position

	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 7,651,629	5,909,273	29%
Operating grants and contributions	37,678,574	34,939,390	8%
General Revenues:			
Property taxes	84,063,333	83,529,569	1%
Grants and contributions not restricted	93,679,455	90,381,427	4%
Unrestricted investment earnings	268,513	1,347,339	(80)%
Increase (decrease) in fair market value	(1,199,570)		N/A
Sixteenth section sources	2,620,108	2,372,336	10%
Other	1,399,855	2,388,220	(41)%
Total revenues	<u>226,161,897</u>	<u>220,867,554</u>	2%
Expenses:			
Instruction	112,778,629	111,001,753	2%
Support services	67,521,549	60,669,844	11%
Non-instructional	11,199,990	8,972,919	25%
Sixteenth section	338,136	276,247	22%
Pension expense	16,349,111	32,788,093	(50)%
OPEB expense	(556,809)	464,602	(220)%
Interest on long-term liabilities	7,571,487	8,022,294	(6)%
Total expenses	<u>215,202,093</u>	<u>222,195,752</u>	(3)%
Increase (Decrease) in net position	<u>10,959,804</u>	<u>(1,328,198)</u>	925%
Net position (Deficit), July 1, as previously reported	(83,397,473)	(82,071,211)	(2)%
Prior period adjustment	97,457	1,936	4,934%
Net position (Deficit), July 1, as restated	<u>(83,300,016)</u>	<u>(82,069,275)</u>	(1)%
Net Position (Deficit), June 30	<u>\$ (72,340,212)</u>	<u>(83,397,473)</u>	13%

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022



Governmental activities

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	<u>2022</u>	<u>2021</u>	
Instruction	\$ 112,778,629	111,001,753	2%
Support services	67,521,549	60,669,844	11%
Non-instructional	11,199,990	8,972,919	25%
Sixteenth section	338,136	276,247	22%
Pension expense	16,349,111	32,788,093	(50)%
OPEB expense	(556,809)	464,602	(220)%
Interest on long-term liabilities	<u>7,571,487</u>	<u>8,022,294</u>	<u>(6)%</u>
Total expenses	\$ <u>215,202,093</u>	<u>222,195,752</u>	<u>(3)%</u>

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

	Net (Expense) Revenue		
	2022	2021	Percentage Change
Instruction	\$ (90,090,560)	(86,003,179)	(5)%
Support services	(59,359,081)	(55,194,561)	(8)%
Non-instructional	3,222,195	1,320,670	144%
Sixteenth section	(280,655)	(195,030)	(44)%
Pension expense	(16,349,111)	(32,788,093)	50%
OPEB expense	556,809	(464,602)	220%
Interest on long-term liabilities	(7,571,487)	(8,022,294)	6%
Total net (expense) revenue	\$ (169,871,890)	(181,347,089)	6%

- Net cost of governmental activities (\$169,871,890 for 2022 and \$181,347,089 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$84,063,333 for 2022 and \$83,529,569 for 2021) and state and federal revenues (\$93,679,455 for 2022 and \$90,381,427 for 2021). In addition, there was \$2,620,108 and \$2,372,336 in Sixteenth Section sources for 2022 and 2021, respectively.
- Investment earnings amounted to \$268,513 for 2022 and \$1,347,339 for 2021.

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 \$88,879,786 a decrease of \$10,745,172, which includes a prior period adjustment of \$69,135 and an increase in inventory of \$38,136. \$37,667,671 or 42% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$51,212,115 or 58% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$4,353,074, which includes a prior period adjustment of \$50,653. The fund balance of Other Governmental Funds showed a decrease in the amount of \$14,807,666, which includes a prior period adjustment of \$37,065 and an increase in inventory of \$38,136. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Sixteenth Section Principal Fund	\$ (290,580)

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, 2022, the District's total capital assets were \$437,096,321, land, construction in progress, school buildings, building improvements, mobile equipment, buses, other school vehicles, furniture and equipment, and any intangible assets.. This amount represents an increase of \$15,036,312 from 2021. Total accumulated depreciation as of June 30, 2022, was \$112,547,295, and total depreciation expense for the year was \$8,880,837, resulting in total net capital assets of \$324,549,026.

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 10,417,388	10,417,388	0%
Construction in progress	36,197,100	133,707,703	(73)%
Buildings	257,812,757	153,192,190	68%
Building improvements	12,313,793	12,884,169	(4)%
Mobile equipment	6,284,372	5,942,998	6%
Furniture and equipment	1,253,798	1,248,179	0%
Intangible right to use equipment	269,818		N/A
Total	<u>\$ 324,549,026</u>	<u>317,392,627</u>	<u>2%</u>

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

Debt Administration. At June 30, 2022, the District had \$191,406,701 in outstanding long-term debt, of which \$9,464,457 is due within one year. The liability for compensated absences increased \$98,105 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 169,660,000	174,190,000	(3)%
Three mill notes payable	20,085,000	24,440,000	(18)%
Obligations under leases payable	0	773,673	(100)%
Obligations under leases	241,496	0	N/A
Compensated absences payable	1,420,205	1,322,100	7%
Total	<u>\$ 191,406,701</u>	<u>200,725,773</u>	<u>(5)%</u>

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

Rankin County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

CURRENT ISSUES

The Rankin County School District is financially stable. The District is proud of its community support of the public schools.

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

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

Enrollment for the 2021 - 2022 year increased by 3% to 17,248 students. Prior year enrollment was 16,735.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Rankin County School District, 1220 Apple Park Place, Brandon, MS 39042.

FINANCIAL STATEMENTS

RANKIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 63,698,328
Due from other governments	6,135,683
Accrued interest receivable	32,496
Other receivables, net	3,915
Lease receivables	12,350,822
Inventories	393,721
Restricted assets	28,620,916
Capital assets, non-depreciable:	
Land	10,417,388
Construction in progress	36,197,100
Capital assets, net of accumulated depreciation:	
Buildings	257,812,757
Building improvements	12,313,793
Mobile equipment	6,284,372
Furniture and equipment	1,253,798
Intangible right to use equipment	269,818
Total Assets	<u>435,784,907</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	47,568,088
Deferred outflows - OPEB	3,232,539
Total Deferred Outflows of Resources	<u>50,800,627</u>
Liabilities:	
Accounts payable and accrued liabilities	10,177,437
Unearned revenue	27,635
Interest payable on long-term liabilities	480,570
Long-term liabilities, due within one year:	
Leases payable	163,447
Capital related liabilities	9,230,000
Non-capital related liabilities	71,010
Net OPEB liability	524,364
Long-term liabilities, due beyond one year:	
Leases payable	78,049
Capital related liabilities	180,515,000
Bond premium, capital related	22,602,184
Non-capital related liabilities	1,349,195
Net pension liability	233,761,922
Net OPEB liability	12,614,227
Total Liabilities	<u>471,595,040</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	70,555,636
Deferred inflows - OPEB	4,624,049
Deferred inflows - leases	12,151,021
Total Deferred Inflows of Resources	<u>87,330,706</u>
Net Position	
Net investment in capital assets	111,960,346
Restricted for:	
Expendable:	
School-based Activities	8,877,704
Debt service	7,856,577
Capital improvements	9,530,355
Unemployment benefits	408,060
Forestry improvements	224,448
Sixteenth section	333,089
Non-expendable:	
Sixteenth section	18,932,854
Unrestricted	(230,463,645)
Total Net Position (Deficit)	<u>\$ (72,340,212)</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				Governmental Activities
<i>Instruction</i>	112,778,629	5,808,828	16,879,241	(90,090,560)
<i>Support services</i>	67,521,549	12,900	8,149,568	(59,359,081)
<i>Noninstructional services</i>	11,199,990	1,772,420	12,649,765	3,222,195
<i>Sixteenth section</i>	338,136	57,481	--	(280,655)
<i>Pension expense</i>	16,349,111	--	--	(16,349,111)
<i>OPEB expense</i>	(556,809)	--	--	556,809
<i>Interest on long-term liabilities</i>	7,571,487	--	--	(7,571,487)
Total Governmental Activities	<u>\$ 215,202,093</u>	<u>\$ 7,651,629</u>	<u>\$ 37,678,574</u>	<u>(169,871,890)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				66,073,383
<i>Debt purpose levies</i>				17,989,950
Unrestricted grants and contributions:				
<i>State</i>				93,019,439
<i>Federal</i>				660,016
<i>Unrestricted investment earnings</i>				268,513
<i>Change in fair market value</i>				(1,199,570)
<i>Sixteenth section sources</i>				2,620,108
<i>Other</i>				1,399,855
Total General Revenues				<u>180,831,694</u>
Change in Net Position				<u>10,959,804</u>
Net Position (Deficit) - Beginning, as previously reported				(83,397,473)
Prior Period Adjustment				97,457
Net Position (Deficit) - Beginning, as restated				<u>(83,300,016)</u>
Net Position (Deficit) - Ending				<u>\$ (72,340,212)</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBT C

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 43,942,522	\$ 1,409,347	\$ 29,143,273	\$ 74,495,142
Investments	--	17,824,100	--	17,824,100
Due from other governments	2,616,795	--	3,518,887	6,135,682
Accrued interest receivable	--	32,496	--	32,496
Other receivables, net	--	--	3,915	3,915
Lease receivable	199,801	12,151,021	--	12,350,822
Due from other funds	2,899,986	--	--	2,899,986
Inventories	--	--	393,721	393,721
Total Assets	<u>\$ 49,659,104</u>	<u>\$ 31,416,964</u>	<u>\$ 33,059,796</u>	<u>\$ 114,135,864</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,395,339	\$ --	\$ 2,782,097	\$ 10,177,436
Due to other funds	--	--	2,899,986	2,899,986
Unearned revenue	27,635	--	--	27,635
Total Liabilities	<u>7,422,974</u>	<u>--</u>	<u>5,682,083</u>	<u>13,105,057</u>
Deferred Inflows of Resources:				
Leases	--	12,151,021	--	12,151,021
Total Deferred Inflow of Resources	<u>--</u>	<u>12,151,021</u>	<u>--</u>	<u>12,151,021</u>
Fund Balances:				
Non-spendable:				
Permanent fund principal	--	18,932,854	--	18,932,854
Inventory	--	--	393,721	393,721
Restricted:				
Unemployment benefits	--	--	408,060	408,060
Forestry improvements	--	--	221,700	221,700
Contractual commitments	--	--	9,530,355	9,530,355
Debt service	--	--	8,337,147	8,337,147
Grant activities	--	--	256,671	256,671
Food service	--	--	8,188,316	8,188,316
Assigned:				
School activities	3,238,183	--	--	3,238,183
District projects	485,719	--	--	485,719
Special education	29,449	--	--	29,449
Alternative school	34,587	--	--	34,587
At risk program	77,264	--	--	77,264
Extended day enrichment program	44,488	--	--	44,488
Self insurance - computers	658,769	--	--	658,769
Permanent fund	--	333,089	--	333,089
Gathering grounds local	--	--	29,825	29,825
Forestry improvements	--	--	2,748	2,748
R-Pal special	--	--	9,170	9,170
Unassigned	<u>37,667,671</u>	<u>--</u>	<u>--</u>	<u>37,667,671</u>
Total Fund Balances	<u>42,236,130</u>	<u>19,265,943</u>	<u>27,377,713</u>	<u>88,879,786</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 49,659,104</u>	<u>\$ 31,416,964</u>	<u>\$ 33,059,796</u>	<u>\$ 114,135,864</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022*

Total fund balances for governmental funds	\$ 88,879,786
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	324,549,026
Liabilities due in one year are not recognized in the funds.	(9,825,374)
Payables for bond principal which are not due in the current period are not reported in the funds.	(164,895,000)
Payables for obligations under leases which are not due in the current period are not reported in the funds.	(241,496)
Payables for debt interest which are not due in the current period are not reported in the funds.	(480,570)
Payables for notes which are not due in the current period are not reported in the funds.	(15,620,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,349,195)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(233,761,922)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(70,555,636)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	47,568,088
Bond premiums are amortized in the SNP but not in the funds.	(22,602,184)
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(12,614,227)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(4,624,049)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	3,232,539
Rounding difference	2
Net position of governmental activities	\$ <u>(72,340,212)</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT D

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 74,295,556	\$ --	\$ 18,279,845	\$ 92,575,401
Change in fair market value	--	(1,199,570)	--	(1,199,570)
State sources	94,589,673	--	4,617,240	99,206,913
Federal sources	771,178	--	30,792,062	31,563,240
Sixteenth section sources	1,498,976	1,260,662	57,825	2,817,463
Total Revenues	<u>171,155,383</u>	<u>61,092</u>	<u>53,746,972</u>	<u>224,963,447</u>
Expenditures:				
Instruction	102,921,848	--	18,146,058	121,067,906
Support services	60,376,415	--	11,653,566	72,029,981
Noninstructional services	1,504,243	--	9,506,398	11,010,641
Sixteenth section	305,552	--	50,679	356,231
Facilities acquisition and construction	300,832	--	13,582,635	13,883,467
Debt service:				
Principal	965,963	--	8,885,000	9,850,963
Interest	24,579	--	8,865,215	8,889,794
Other	--	--	16,450	16,450
Total Expenditures	<u>166,399,432</u>	<u>--</u>	<u>70,706,001</u>	<u>237,105,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,755,951</u>	<u>61,092</u>	<u>(16,959,029)</u>	<u>(12,141,986)</u>
Other Financing Sources (Uses):				
Inception of leases	64,136	--	--	64,136
Insurance recovery	14,033	--	--	14,033
Sale of transportation equipment	26,957	--	--	26,957
Sale of other property	1,151,162	--	33,255	1,184,417
Transfers In	916,026	--	2,906,856	3,822,882
Transfers Out	(2,625,844)	(333,089)	(863,949)	(3,822,882)
Total Other Financing Sources (Uses)	<u>(453,530)</u>	<u>(333,089)</u>	<u>2,076,162</u>	<u>1,289,543</u>
Net Change in Fund Balances	<u>4,302,421</u>	<u>(271,997)</u>	<u>(14,882,867)</u>	<u>(10,852,443)</u>
Fund Balances:				
July 1, 2021, as previously reported	37,883,056	19,556,523	42,185,379	99,624,958
Prior period adjustment	50,653	(18,583)	37,065	69,135
July 1, 2021, as restated	<u>37,933,709</u>	<u>19,537,940</u>	<u>42,222,444</u>	<u>99,694,093</u>
Increase (decrease) in inventory	--	--	38,136	38,136
June 30, 2022	<u>\$ 42,236,130</u>	<u>\$ 19,265,943</u>	<u>\$ 27,377,713</u>	<u>\$ 88,879,786</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022*

Net change in fund balances - total governmental funds \$ (10,852,443)

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	15,740,900
The depreciation of capital assets used in governmental activities is not reported in the funds.	(8,880,837)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(15,162)
The gain or loss on the sale of capital assets is not reported in the funds.	(59,517)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(26,957)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,530,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	965,963
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	4,355,000
(Increase) decrease in accrued interest from beginning of period to end of period.	445,717
Change in inventory affects fund balance in the funds but affects expense in the SOA.	38,136
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(98,105)
Bond premiums are reported in the funds but not in the SOA.	889,040
Inception of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(64,136)
Amounts paid by employer as benefits come due subsequent to measurement date of NOL and before end of reporting period.	422,391
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	19,362,279
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(16,349,111)
Implicit rate subsidy fluctuation from one year to the next.	(164)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	556,809
Rounding difference	1

Change in net position of governmental activities \$ 10,959,804

The accompanying notes are an integral part of this statement.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund - This permanent fund accounts for resources from sixteenth section lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

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.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

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

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

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

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

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

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

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

D. Encumbrances

An encumbrance system is 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.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes. The unexpended bond and note proceeds of long-term debt is classified as restricted assets. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

The following schedule details the capitalization thresholds:

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

(**) Intangible assets for the district represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has three deferred inflow items which are presented as deferred inflow for pensions, deferred inflow for leases and deferred inflow for OPEB.

See Note 13 for further details.

8. Compensated Absences

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

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

9. Leases

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

The school district uses 4.00% to calculate the present value of lease payments when the school district is the lessor in leases involving 16th Section lands. See Note 6 for details.

10. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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.

11. 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 net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' 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.

12. 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 net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

13. Fund Balances

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

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

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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 the approval of the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

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

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

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

The goal of the District is to maintain an unassigned fund balance in the District Maintenance Fund of at least 10% at fiscal year end of its total revenues.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

14. Accounting Standards Update

GASB 87, Leases, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

Note 2 - Cash and Cash Equivalents and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$74,495,142.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2022, none of the district's bank balance of \$81,923,677 was exposed to custodial credit risk.

Investments

As of June 30, 2022, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Federal Home Loan Bank	AA+	1 to 7 years	\$ <u>17,824,100</u>

The district categorizes its fair value measurement 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, 2022:

Federal Home Loan Bank type of investments of \$17,824,100 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.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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. Disclosures 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	\$ 2,899,986

The amounts primarily represent inter-fund balances created by loans from the General Fund to special revenue funds to provide adequate cash flow for those funds operating on an expenditure reimbursement basis. Cash is loaned to the funds for operational purposes, and the loans are repaid after reimbursement for grant expenditures is received.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Sixteenth Section Principal Fund	\$ 333,089
	Other Governmental Funds	582,937
Other Governmental Funds	General Fund	2,625,844
	Other Governmental Funds	281,012
Total		<u>\$ 3,822,882</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education transfers, the transfer of expendable sixteenth section sources, debt service transfers, and other routine operating transfers.

Note 4 - Restricted Assets

The restricted assets represent the cash and investment balances, totaling \$1,409,347 and \$17,824,100 respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

The restricted assets represent the unexpended bond proceeds in the form of cash balances of \$9,387,469, of the 2019 Construction Fund.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Note 5 - Capital Assets

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

	Balance 7-1-2021	Additions	Deletions	Completed Construction	Adjustments	Balance 6-30-2022
<u>Non-depreciable capital assets:</u>						
Land	\$ 10,417,388					10,417,388
Construction in progress	133,707,703	13,767,259		(111,277,862)		36,197,100
Total non-depreciable capital assets	144,125,091	13,767,259	0	(111,277,862)	0	46,614,488
<u>Depreciable capital assets:</u>						
Buildings	232,468,644			111,277,862		343,746,506
Building improvements	17,545,340	116,208				17,661,548
Mobile equipment	20,589,323	1,352,674	865,743		36,957	21,113,211
Furniture and equipment	7,331,611	440,623	236,817		(36,957)	7,498,460
Intangible right to use equipment		64,136			397,972	462,108
Total depreciable capital assets	277,934,918	1,973,641	1,102,560	111,277,862	397,972	390,481,833
<u>Less accumulated depreciation for:</u>						
Buildings	79,276,454	6,657,295				85,933,749
Building improvements	4,661,171	686,584				5,347,755
Mobile equipment	14,646,325	956,556	779,269		5,227	14,828,839
Furniture and equipment	6,083,432	388,112	221,655		(5,227)	6,244,662
Intangible right to use equipment		192,290				192,290
Total accumulated depreciation	104,667,382	8,880,837	1,000,924	0	0	112,547,295
Total depreciable capital assets, net	173,267,536	(6,907,196)	101,636	111,277,862	397,972	277,934,538
Governmental activities capital assets, net	\$ 317,392,627	6,860,063	101,636	0	397,972	324,549,026

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

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 5,397,988
Support services	2,643,372
Non-instructional	839,477
Total depreciation expense	\$ 8,880,837

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

The details of construction-in-progress are as follows:

Governmental Activities:	Spent to June 30, 2022	Remaining Commitments
Brandon Middle School Addition	\$ 21,850,824	2,141,777
Florence High School Addition	10,859,144	335,965
Northwest Rankin High School - Stadium Entrance	1,096,960	724,378
Pisgah High School Addition	104,829	50,000
Brandon High School Track	70,392	1,300,000
Mc Laurin High School PE Building	701,060	242,434
Brandon High School Parking Lot	1,144,949	83,492
Learning Center Renovation	368,942	1,588,117
Total	<u>\$ 36,197,100</u>	<u>6,466,163</u>

Construction projects included in governmental activities are funded with general obligation bonds proceeds.

Note 6 - Leases

As Lessor:

Sixteenth Section Lands

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

The school district uses the rate of 4% interest to calculate the present value of sixteenth section lease rental payments. The school district's financial statements have not been restated nor has a cumulative effect been reflected for the restatement of the beginning net position of the school district.

The school district, acting as lessor, has entered in 330 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are for a term that corresponds with state law in accordance with the type of lease executed. The school district has included in its financial

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

statements at year end the net present value of future lease payments as a lease receivable and as deferred inflows of resources.

In fiscal year 2022, the school district recognized \$1,142,651 in revenue related to Sixteenth section land leases.

Note 7 - Long-term liabilities

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

	Balance 7-1-2021	Additions	Reductions	Adjustments	Balance 6-30-2022	Amounts due within one year
A. General obligation bonds payable	\$ 174,190,000		4,530,000		169,660,000	4,765,000
B. Three mill notes payable	24,440,000		4,355,000		20,085,000	4,465,000
C. Obligations under lease payable	773,673		773,673		0	
D. Obligations under leases		64,136	192,290	369,650	241,496	163,447
E. Compensated absences payable	1,322,100	98,105			1,420,205	71,010
Total	\$ 200,725,773	162,241	9,850,963	369,650	191,406,701	9,464,457

Adjustments were made to correctly present obligations under leases.

	Balance 7-1-2021	Reductions	Balance 6-30-2022
Premiums on bonds	\$ 23,400,295	858,729	22,541,566
Premiums on notes	90,929	30,311	60,618
Total	\$ 23,491,224	889,040	22,602,184

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 2017	3.50-5.00%	06-20-17	06-20-42	\$ 100,750,000	95,365,000
General obligation bonds, Series 2019	4.00-5.00%	02-26-19	06-01-43	77,750,000	74,295,000
				<u>\$ 178,500,000</u>	<u>169,660,000</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

1. General obligation bond issue of 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 2,905,000	4,344,125	7,249,125
2024	3,050,000	4,195,250	7,245,250
2025	3,210,000	4,038,750	7,248,750
2026	3,375,000	3,874,125	7,249,125
2027	3,545,000	3,701,125	7,246,125
2028 - 2032	20,630,000	15,606,900	36,236,900
2033 - 2037	25,825,000	10,407,725	36,232,725
2038 - 2042	32,825,000	3,407,325	36,232,325
Total	\$ 95,365,000	49,575,325	144,940,325

This debt will be retired from the 2017 Bond Issue Retirement Fund.

2. General obligation bond issue of 2019:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,860,000	3,511,550	5,371,550
2024	1,955,000	3,418,550	5,373,550
2025	2,055,000	3,320,800	5,375,800
2026	2,160,000	3,218,050	5,378,050
2027	2,270,000	3,110,050	5,380,050
2028 - 2032	13,225,000	13,726,500	26,951,500
2033 - 2037	16,990,000	10,062,500	27,052,500
2038 - 2042	21,455,000	5,662,500	27,117,500
2043	12,325,000	493,000	12,818,000
Total	\$ 74,295,000	46,523,500	120,818,500

This debt will be retired from the 2019 Bond Issue Retirement Fund.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Total general obligation bond payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 4,765,000	7,855,675	12,620,675
2024	5,005,000	7,613,800	12,618,800
2025	5,265,000	7,359,550	12,624,550
2026	5,535,000	7,092,175	12,627,175
2027	5,815,000	6,811,175	12,626,175
2028 - 2032	33,855,000	29,333,400	63,188,400
2033 - 2037	42,815,000	20,470,225	63,285,225
2038 - 2042	54,280,000	9,069,825	63,349,825
2043	12,325,000	493,000	12,818,000
Total	\$ <u>169,660,000</u>	<u>96,098,825</u>	<u>265,758,825</u>

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, 2022, the amount of outstanding bonded indebtedness was equal to 11.18% of property assessments as of October 1, 2021.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2013 Three Mill Note	2.25-3.0%	08-01-13	08-01-23	\$ 12,000,000	2,665,000
2015 Three Mill Refunding Note	2.0-5.0%	06-30-15	08-01-26	9,405,000	5,515,000
2015 Three Mill Note	1.85%	06-01-15	06-01-27	8,000,000	3,650,000
2018 EEF Note	3.12%	06-01-18	06-01-28	4,905,000	3,120,000
2020 Limited Tax Note	1.23%	08-01-20	08-01-25	4,100,000	3,310,000
2020 A Limited Tax Note	1.59%	08-01-20	08-01-30	2,000,000	1,825,000
Total				\$ <u>40,410,000</u>	<u>20,085,000</u>

1. Three mill note payable issued in 2013:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,315,000	60,225	1,375,225
2024	1,350,000	20,250	1,370,250
Total	\$ <u>2,665,000</u>	<u>80,475</u>	<u>2,745,475</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

This debt will be retired from the 3 Mill 10 Year (2014) Fund.

2. Three mill refunding note payable issued in 2015:

Year Ending June 30	Principal	Interest	Total
2023	\$ 995,000	238,675	1,233,675
2024	1,045,000	187,675	1,232,675
2025	1,100,000	161,550	1,261,550
2026	1,155,000	106,550	1,261,550
2027	1,220,000	48,800	1,268,800
Total	\$ <u>5,515,000</u>	<u>743,250</u>	<u>6,258,250</u>

This debt will be retired from the Three Mill Notes 2006 Fund.

3. Three mill note payable issued in 2015:

Year Ending June 30	Principal	Interest	Total
2023	\$ 690,000	95,131	785,131
2024	710,000	77,191	787,191
2025	730,000	58,731	788,731
2026	750,000	39,751	789,751
2027	770,000	20,251	790,251
Total	\$ <u>3,650,000</u>	<u>291,055</u>	<u>3,941,055</u>

This debt will be retired from the Three Mill 12 Year 2016 Fund.

4. Three mill note payable issued in 2018:

Year Ending June 30	Principal	Interest	Total
2023	\$ 480,000	97,250	577,250
2024	495,000	82,289	577,289
2025	510,000	66,860	576,860
2026	530,000	50,963	580,963
2027	545,000	34,443	579,443
2028	560,000	17,455	577,455
Total	\$ <u>3,120,000</u>	<u>349,260</u>	<u>3,469,260</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

This debt will be retired from the EEF Building and Buses Fund.

5. Three mill note payable issued in 2020:

Year Ending June 30	Principal	Interest	Total
2023	\$ 805,000	35,762	840,762
2024	820,000	25,769	845,769
2025	835,000	15,590	850,590
2026	850,000	5,228	855,228
Total	\$ <u>3,310,000</u>	<u>82,349</u>	<u>3,392,349</u>

This debt will be retired from the 3 Mill 5 Year (2020) Fund.

6. Three mill note payable issued in 2020-A:

Year Ending June 30	Principal	Interest	Total
2023	\$ 180,000	27,587	207,587
2024	185,000	24,685	209,685
2025	190,000	21,704	211,704
2026	195,000	18,643	213,643
2027	205,000	22,379	227,379
2028 - 2031	870,000	21,147	891,147
Total	\$ <u>1,825,000</u>	<u>136,145</u>	<u>1,961,145</u>

This debt will be retired from the 3 Mill 10 Year (2020A) Fund.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 4,465,000	554,630	5,019,630
2024	4,605,000	417,859	5,022,859
2025	3,365,000	324,435	3,689,435
2026	3,480,000	221,135	3,701,135
2027	2,740,000	125,873	2,865,873
2028 - 2031	1,430,000	38,602	1,468,602
Total	\$ <u>20,085,000</u>	<u>1,682,534</u>	<u>21,767,534</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

C. Obligations Under Leases Payable

The school district has entered into lease agreements as lessee for financing the acquisition of computers at a cost of \$2,288,347.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Master Lease - 2019 Apple computers	2.91%	07-17-19	07-17-21	\$ 2,288,347	0

This debt was paid off and retired from the District Maintenance Fund.

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

D. Obligations Under Leases

The school district has entered into lease agreements as lessee for financing the acquisition of computers at a cost of \$433,786.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Copiers	4%	07-01-21	Various	\$ 433,786	241,496

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

Year Ending June 30	Principal	Interest	Total
2023	\$ 163,447	7,385	170,832
2024	45,583	2,037	47,620
2025	17,613	940	18,553
2026	13,065	359	13,424
2027	1,788	15	1,803
Total	\$ 241,496	10,736	252,232

This debt will be retired from the District Maintenance Fund.

E. Compensated absences payable

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

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 8 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2022, 2021, and 2020, were \$19,362,279, \$18,297,473, and \$18,154,807, 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, 2022, the school district reported a liability of \$233,761,922 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2022 net pension liability was 1.581563 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.014635 percent from its proportionate share used to calculate the June 30, 2021 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$16,349,111. At June 30, 2022 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	\$ 1,594,958	\$
Net difference between projected and actual earnings on pension plan investments	13,355,579	
Changes of assumptions	708,578	
Changes in proportion and differences between District contributions and proportionate share of contributions	12,546,694	70,555,636
District contributions subsequent to the measurement date	19,362,279	
Total	<u>\$ 47,568,088</u>	<u>\$ 70,555,636</u>

\$19,362,279 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Year Ending June 30:		
2023	\$	(4,820,842)
2024		(6,104,242)
2025		(10,446,191)
2026		(20,978,552)
Total	\$	<u>(42,349,827)</u>

Actuarial assumptions. The total pension liability as of June 30, 2021 was determined by actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020 valuation based on the experience investigation for the four-year period ending June 30, 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00%	4.60%
International Equity	22.00%	4.50%
Global Equity	12.00%	4.80%
Fixed Income	20.00%	-0.25%
Real Estate	10.00%	3.75%
Private Equity	8.00%	6.00%
Cash Equivalents	1.00%	-1.00%
Total	100%	

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 331,061,687	\$ 233,761,922	\$ 153,579,178

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

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 9 - Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$422,391 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$13,138,591 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2021, the District's proportion was 2.04116175 percent. This was an increase of 0.03445171 percent from the proportionate share as of the measurement date of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of (\$556,809). At June 30, 2022, 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
Difference between expected and actual experience	\$	14,288	\$	4,108,267
Changes in assumptions		2,127,891		444,361
Net difference between projected and actual earnings on OPEB plan investments		612		
Changes in proportion and differences between District contributions and proportionate share of contributions		667,357		71,421
District contributions subsequent to the measurement date		422,391		
Total	\$	<u>3,232,539</u>	\$	<u>4,624,049</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

\$422,391 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, 2023. 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:		
2023	\$	(407,965)
2024		(381,078)
2025		(304,427)
2026		(448,087)
2027		(272,344)
Total	\$	<u>(1,813,901)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Year FNP is projected to be depleted	
Measurement Date	2021
Prior Measurement Date	2020
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.13%
Prior Measurement Date	2.19%
Health Care Cost Trends	
Medicare Supplement Claims	6.50% for 2022 decreasing to an ultimate rate of 4.50% by 2030
Pre-Medicare	

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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, 2021 was 2.13 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.19% to 2.13%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2021, the trust has \$1,044,424. 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, 2020 and the June 30, 2021 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2021 was based on a monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.13 percent) or 1-percentage point higher (3.13 percent) than the current discount rate:

		1% Decrease (1.13%)		Discount Rate (2.13%)		1% Increase (3.13%)
Net OPEB liability	\$	14,542,543	\$	13,138,591	\$	11,941,511

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2022

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

		1% Decrease	Healthcare Cost Trend Rates Current		1% Increase
Net OPEB liability	\$	12,169,733	\$	13,138,591	\$ 14,235,021

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

Note 10 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 11 - Contingencies

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

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

Note 12 - Other Commitments

Commitments under construction contracts are described in Note 5.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 13 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$230,463,645) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$19,362,279 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The \$28,205,809 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$230,463,645) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$70,555,636 balance of deferred inflow of resources, at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$230,463,645) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$422,391 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$2,810,148 balance of deferred outflow of resources, at June 30, 2022 will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position amount of (\$230,463,645) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$4,624,049 balance of deferred inflow of resources at June 30, 2022 will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

Note 14 - Insurance Loss Recoveries

The Rankin County School District received \$14,033 in insurance loss recoveries related to vehicle damage during the 2021 - 2022 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charge for services allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
\$1,133	8%	Instruction
12,900	92%	Support services
\$14,033	100%	

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 15 - Other Matters

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

Note 16 - Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. See explanation below.	\$ 50,653
2. See explanation below.	(18,583)
3. See explanation below.	37,065
4. Intangible assets and corresponding long-term debt recognized due to implementation of GASB 87.	28,322
Total	<u>\$ 97,457</u>

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

Fund	Explanation	Amount
General Fund	To correctly present assets in prior year.	\$ 50,653
Sixteenth Section Principal Fund	To correctly present revenues in the current year.	(18,583)
Other Governmental Funds	To correctly present assets and liabilities.	37,065
Total		<u>\$ 69,135</u>

Note 17 - Juvenile Detention Center

The school district was required to participate in the Rankin County Juvenile Detention Center. This consortium was created pursuant to the provisions of Section 43-21-321, Mississippi Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Bay St. Louis-Waveland School District, Copiah County School District, Covington County School District, Enterprise School District, Forest Municipal School District, Hancock County School District, Hazlehurst City School District, Lauderdale County School District, Lawrence County School District, Leake County School District, Meridian Public School District, Neshoba County School District, Newton Municipal School District, Newton County School District, Pearl Public School District, Pearl River County School District, Philadelphia Public School District, Picayune School District, Poplarville Special Municipal Separate School District, Quitman School District, Rankin County School District, Scott County School District, Simpson County School District,

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2022

Smith County School District, Stone County School District, and the Union Public School District.

Note 18 - Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2022

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 73,143,200	73,437,200	74,295,556	294,000	858,356
State sources	95,589,760	95,589,760	94,589,673	-	(1,000,087)
Federal sources	534,000	534,000	771,178	-	237,178
Sixteenth section sources	1,549,410	1,549,410	1,498,976	-	(50,434)
Total Revenues	170,816,370	171,110,370	171,155,383	294,000	45,013
Expenditures:					
Instruction	103,387,537	104,393,223	102,921,848	(1,005,686)	1,471,375
Support services	61,360,119	61,949,978	60,376,415	(589,859)	1,573,563
Noninstructional services	1,398,417	1,506,459	1,504,243	(108,042)	2,216
Sixteenth section	293,773	312,764	305,552	(18,991)	7,212
Facilities acquisition and construction	-	264,692	300,832	(264,692)	(36,140)
Debt service:					
Principal	784,770	784,770	965,963	-	(181,193)
Other	-	-	24,579	-	(24,579)
Total Expenditures	167,224,616	169,211,886	166,399,432	(1,987,270)	2,812,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,591,754	1,898,484	4,755,951	(1,693,270)	2,857,467
Other Financing Sources (Uses):					
Leases issued	-	-	64,136	-	64,136
Insurance recovery	-	-	14,033	-	14,033
Sale of transportation equipment	-	-	26,957	-	26,957
Sale of other property	-	-	1,151,162	-	1,151,162
Operating transfers in	-	-	916,026	-	916,026
Other financing sources	20,075,779	20,295,610	-	219,831	(20,295,610)
Operating transfers out	(22,546,886)	(22,545,886)	(2,625,844)	1,000	19,920,042
Total Other Financing Sources (Uses)	(2,471,107)	(2,250,276)	(453,530)	220,831	1,796,746
Net Change in Fund Balances	1,120,647	(351,792)	4,302,421	(1,472,439)	4,654,213
Fund Balances:					
July 1, 2021, as previously reported	31,256,500	37,883,054	37,883,056	6,626,554	2
Prior period adjustment	-	-	50,653	-	50,653
July 1, 2021, as restated	31,256,500	37,883,054	37,933,709	6,626,554	50,655
June 30, 2022	\$ 32,377,147	37,531,262	42,236,130	5,154,115	4,704,868

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

Rankin County School District

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

PERS

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 233,761,922	303,339,053	266,562,723	249,156,417	246,309,827	261,970,488	221,283,680	172,657,564
District's proportion of the net pension liability	1.581563%	1.566928%	1.515252%	1.497967%	1.481706%	1.466595%	1.431513%	1.422435%
District's covered payroll	105,157,891	104,337,971	89,326,448	95,659,543	95,052,298	93,821,638	89,432,743	86,918,146
District's proportionate share of the net pension liability as a percentage of its covered payroll	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

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

		2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$	19,362,279	18,297,473	18,154,807	15,542,802	15,066,378	14,970,737	14,776,908	14,085,657
Contributions in relation to the contractually required contribution		19,362,279	18,297,473	18,154,807	15,542,802	15,066,378	14,970,737	14,776,908	14,085,657
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-
District's covered payroll	\$	111,277,466	105,157,891	104,337,971	98,684,457	95,659,543	95,052,298	93,821,638	89,432,743
Contributions as a percentage of covered payroll		17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Rankin County School District

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

OPEB

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 13,138,591	15,616,378	17,135,961	15,252,513	15,138,147
District's proportion of the net OPEB liability	2.04116175%	2.00671004%	2.01946170%	1.97175531%	1.92938734%
District's covered-employee payroll	97,040,871	96,710,501	92,479,754	89,181,152	86,682,067 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

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

Rankin County School District
Schedule of District Contributions
OPEB
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	
Actuarially determined contribution	\$ 422,391	528,086	622,779	686,862	645,362	**
Contributions in relation to the actuarially determined contribution	422,391	528,086	622,779	686,862	645,362	**
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
District's covered-employee payroll	\$ 102,910,708	98,320,034	104,337,971	92,459,539	89,684,244	
Contributions as a percentage of covered-employee payroll	0.41%	0.54%	0.60%	0.74%	0.72%	

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2022

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2022

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2022

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017:

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

2018:

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

2019:

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2022

2020:

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

2021:

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

(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.

2021:

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

(3) *Methods and assumptions used in calculation of Actuarially Determined Contributions.*

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021:

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%

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2022

Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	7.00%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2028
Long-term investment rate of return, net of	
OPEB plan investment expense,	
including price inflation	2.19%

SUPPLEMENTARY INFORMATION

RANKIN COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	215MS326N1099	10.553	\$ 5,197
National School Lunch Program	215MS326N1099	10.555	12,978,108
Total Child Nutrition Cluster			12,983,305
Total passed-through the Mississippi Department of Education			12,983,305
Total U.S. Department of Agriculture			12,983,305
<u>U. S. Department of Defense</u>			
Direct program:			
Reserve Officers' Training Corps	N/A	12.xxx	504,363
Total U.S. Department of Defense			504,363
<u>U. S. Department of Education</u>			
Passed-through Mississippi Board for Community and Junior Colleges:			
Adult Education - Basic Grants to States	V002A180025	84.002	179,105
Total passed-through the Mississippi Board for Community and Junior Colleges			179,105
Passed-through Mississippi Department of Rehabilitation Services			
Rehabilitation Services - Vocational Rehabilitation Grants to States	H126A190034	84.126	157,669
Total passed-through the Mississippi Department of Rehabilitation Services			157,669
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A200024	84.010	4,018,966
Career and Technical Education - Basic Grants to States	V048A200024	84.048	216,261
English Language Acquisition State Grants	ES365A200024	84.365	65,968
Supporting Effective Instruction State Grants	ES367A200023	84.367	576,968
Student Support and Academic Enrichment Program	ES424A200025	84.424	180,233
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	6,400,078
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U200031	84.425U	334,726
Subtotal			11,793,200
Special Education Cluster:			
Special Education - Grants to States	H027A200108	84.027A	4,743,944
COVID-19 - IDEA, Part B ARP Grant	H027X200108	84.027X	357,817
COVID-19 - IDEA, Part B Preschool ARP Grant	H173X200113	84.173X	24,021
Special Education - Preschool Grants	H173A200113	84.173A	90,089
Total Special Education Cluster			5,215,871
Total passed-through the Mississippi Department of Education			17,009,071
Total U.S. Department of Education			17,345,845
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Health:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	N/A	93.323	67,600
Total passed-through the Mississippi Department of Health			67,600
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1805MS5ADM	93.778	283,717
Total passed-through the Mississippi Department of Education			283,717
Total U.S. Department of Health and Human Services			351,317
<u>U. S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	H126A210034	96.001	2,114
Total passed-through the Mississippi Department of Rehabilitation Services			2,114
Total U.S. Department of Social Security Administration			2,114
Total for All Federal Awards			\$ 31,186,944

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

Rankin County School District

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$914,919 are included in the National School Lunch Program.

RANKIN COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2022

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	153,361,034	119,906,413	3,814,532	13,673,801	15,966,288
Other	83,744,399	22,997,851	1,399,580	214,961	59,132,007
Total	<u>\$ 237,105,433</u>	<u>142,904,264</u>	<u>5,214,112</u>	<u>13,888,762</u>	<u>75,098,295</u>
Total number of students *	<u>17,248</u>				
Cost per student	<u>\$ 13,746</u>	<u>8,285</u>	<u>302</u>	<u>805</u>	<u>4,354</u>

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

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

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

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

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

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

OTHER INFORMATION

RANKIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 74,295,556	72,493,012	68,899,097	64,774,757
State sources	94,589,673	89,489,738	89,819,605	84,841,229
Federal sources	771,178	325,446	729,016	690,536
Sixteenth section sources	1,498,976	1,610,584	1,088,432	1,153,375
Total Revenues	<u>171,155,383</u>	<u>163,918,780</u>	<u>160,536,150</u>	<u>151,459,897</u>
Expenditures:				
Instruction	102,921,848	96,842,954	99,393,836	95,018,828
Support services	60,376,415	54,840,224	55,951,161	56,690,676
Noninstructional services	1,504,243	1,166,085	1,773,941	1,909,660
Sixteenth section	305,552	258,124	226,169	208,229
Facilities acquisition and construction	300,832	-	-	49,500
Debt service:				
Principal	965,963	2,187,902	3,266,273	3,550,205
Interest	24,579	-	117,823	6,611
Total Expenditures	<u>166,399,432</u>	<u>155,295,289</u>	<u>160,729,203</u>	<u>157,433,709</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>4,755,951</u>	<u>8,623,491</u>	<u>(193,053)</u>	<u>(5,973,812)</u>
Other Financing Sources (Uses):				
Inception of leases	64,136	-	2,288,347	4,275,516
Insurance recovery	14,033	33,000	276,826	14,592
Sale of transportation equipment	26,957	-	16,622	20,249
Sale of other property	1,151,162	1,937,504	956,619	523,913
Operating transfers in	916,026	973,363	817,335	3,117,741
Operating transfers out	(2,625,844)	(3,241,158)	(3,024,061)	(2,572,078)
Other financing uses	-	-	-	(11,755)
Total Other Financing Sources (Uses)	<u>(453,530)</u>	<u>(297,291)</u>	<u>1,331,688</u>	<u>5,368,178</u>
Net Change in Fund Balances	4,302,421	8,326,200	1,138,635	(605,634)
Fund Balances:				
Beginning of period, as previously reported	37,883,056	29,556,856	27,674,942	28,280,576
Prior period adjustments	50,653	-	743,279	-
Beginning of period, as restated	<u>37,933,709</u>	<u>29,556,856</u>	<u>28,418,221</u>	<u>28,280,576</u>
End of period	<u>\$ 42,236,130</u>	<u>37,883,056</u>	<u>29,556,856</u>	<u>27,674,942</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

RANKIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 92,575,401	91,304,197	91,410,952	86,849,508
Increase (decrease) in fair market value	(1,199,570)	-	-	1,389,502
State sources	99,206,913	95,738,317	95,713,795	90,359,599
Federal sources	31,563,240	29,095,890	14,511,327	14,582,663
Sixteenth section sources	2,817,463	2,756,743	2,338,191	2,547,555
Total Revenues	<u>224,963,447</u>	<u>218,895,147</u>	<u>203,974,265</u>	<u>195,728,827</u>
Expenditures:				
Instruction	121,067,906	120,152,850	112,548,727	107,217,191
Support services	72,029,981	64,298,284	61,097,110	64,188,400
Noninstructional services	11,010,641	8,711,442	9,834,792	10,002,825
Sixteenth section	356,231	289,698	252,488	268,598
Facilities acquisition and construction	13,883,467	46,289,344	68,137,023	49,474,323
Debt service:				
Principal	9,850,963	14,912,902	11,376,273	12,035,205
Interest	8,889,794	9,182,376	9,626,429	7,151,019
Other	16,450	130,582	18,885	599,793
Total Expenditures	<u>237,105,433</u>	<u>263,967,478</u>	<u>272,891,727</u>	<u>250,937,354</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(12,141,986)</u>	<u>(45,072,331)</u>	<u>(68,917,462)</u>	<u>(55,208,527)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	-	6,100,000	-	77,750,000
Inception of leases	64,136	-	2,288,347	4,275,516
Insurance recovery	14,033	33,000	276,826	14,592
Premiums on bonds, notes, and refunding debt issued	-	-	-	9,978,832
Sale of transportation equipment	26,957	-	16,622	20,249
Sale of other property	1,184,417	1,939,406	958,497	532,963
Operating transfers in	3,822,882	4,217,133	4,295,143	6,628,529
Operating transfers out	(3,822,882)	(4,217,133)	(4,295,143)	(6,628,529)
Other financing uses	-	-	-	(12,991)
Total Other Financing Sources (Uses)	<u>1,289,543</u>	<u>8,072,406</u>	<u>3,540,292</u>	<u>92,559,161</u>
Net Change in Fund Balances	(10,852,443)	(36,999,925)	(65,377,170)	37,350,634
Fund Balances:				
Beginning of period, as previously reported	99,624,958	136,926,626	201,146,703	163,813,373
Prior period adjustment	69,135	-	743,279	-
Beginning of period, as restated	<u>99,694,093</u>	<u>136,926,626</u>	<u>201,889,982</u>	<u>163,813,373</u>
Increase (decrease) in inventory	38,136	(301,743)	413,814	(17,304)
End of period	<u>\$ 88,879,786</u>	<u>99,624,958</u>	<u>136,926,626</u>	<u>201,146,703</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rankin County School District's basic financial statements, and have issued our report thereon dated June 8, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
June 8, 2023

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rankin County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Rankin County School District's major federal programs for the year ended June 30, 2022. The Rankin County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rankin County School District compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Rankin County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Rankin County School District's compliance with the compliance requirements referred to above.

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
June 8, 2023

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin County School District as of and for the year ended June 30, 2022, which collectively comprise Rankin County School District's basic financial statements and have issued our report thereon dated June 8, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

1048 GLUCKSTADT ROAD, SUITE B
MADISON, MISSISSIPPI 39110
TELEPHONE 601-992-5292 FAX 601-992-2033

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
June 8, 2023

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Rankin County School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2022

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:

CFDA Numbers:	Name of Federal Program or Cluster
84.425D*	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U*	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)
84.027A, 84.027X, 84.173A and 84.173X	SPED Cluster

* These two programs were audited as one major program - Education Stabilization Fund.

8. Dollar threshold used to distinguish between type A and type B programs: \$935,608.
9. Auditee qualified as low-risk auditee? Yes.

10. Prior fiscal year audit findings(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 Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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