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TUPELO PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2022

TUPELO PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Tupelo Public School District

Report on the Audit of the Financial Statements

Opinions

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

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, the discretely presented component unit, and the aggregate remaining fund information of the Tupelo Public 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 (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 Tupelo Public 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. The financial statements of the Tupelo Public School District Learning Foundation were not audited in accordance with Government Auditing Standards.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tupelo Public 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 Tupelo Public 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 Tupelo Public 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 Tupelo Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 August 31, 2023, on our consideration of the Tupelo Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Tupelo Public School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tupelo Public School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
August 31, 2023

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Tupelo Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 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 \$6,707,218, including a prior period adjustment of (\$1,511), which represents a 33% increase from fiscal year 2021. Total net position for 2021 increased \$2,372,094, including a prior period adjustment of \$2,750, which represents a 11% increase from fiscal year 2020.
- General revenues amounted to \$73,846,347 and \$72,942,202, or 79% 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 \$20,151,438, or 21% of total revenues for 2022, and \$15,434,592, or 18% of total revenues for 2021.
- The District had \$87,289,056 and \$86,063,181 in expenses for fiscal years 2022 and 2021; only \$20,151,438 for 2022 and \$15,434,592 for 2021 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$73,846,347 for 2022 and \$72,942,202 for 2021 were adequate to provide for these programs.
- Among major funds, the General Fund had \$69,228,031 in revenues and \$65,532,996 in expenditures for 2022, and \$67,674,606 in revenues and \$61,429,380 in expenditures in 2021. The General Fund's fund balance decreased by \$5,773,796 from 2021 to 2022, including a decrease in inventory of (\$15,353), and decreased by \$1,873,866 from 2020 to 2021, including a prior period adjustment of (\$580) and an increase in reserve for inventory of \$15,470.
- Capital assets, net of accumulated depreciation, increased by \$2,647,162 for 2022 and decreased by \$763,499 for 2021. The increase for 2022 was due primarily to the addition of construction in progress, improvement other than buildings, mobile equipment, and furniture and equipment.
- Long-term debt, including the liability for compensated absences, increased by \$107,505 for 2022 and increased by \$3,407,047 for 2021. The increase for 2022 was due primarily to principal payments on outstanding long-term debt and addition of a new three mill note. The liability for compensated absences decreased by \$29,543 for 2022 and decreased by \$45,491 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, 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.

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

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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.

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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 \$13,600,001 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.

Tupelo Public 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

	Governmental Activities		Percentage Change	Component Unit		Percentage Change
	June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021	
Current assets	\$ 34,900,687	\$ 36,383,875	(4.08) %	\$ 613,260	\$ 627,943	(2.34) %
Restricted assets	39,815,263	36,821,721	8.13 %	31,000	27,300	13.55 %
Capital assets, net	71,294,602	68,647,440	3.86 %	842,289	842,289	- %
Total assets	146,010,552	141,853,036	2.93 %	1,486,549	1,497,532	(0.73) %
Deferred outflows of resources	20,287,474	17,415,397	16.49 %	-	-	N/A %
Current liabilities	3,396,365	3,353,400	1.28 %	71,442	73,361	(2.62) %
Long-term debt outstanding	49,076,222	48,968,717	0.22 %			N/A %
Net OPEB liability	91,967,722	118,817,191	(22.60) %			N/A %
Net pension liability	5,479,811	6,364,045	(13.89) %			N/A %
Total liabilities	149,920,120	177,503,353	(15.54) %	71,442	73,361	(2.62) %
Deferred inflows of resources	29,977,907	2,072,299	1,346.60 %	-	-	N/A %
Net position:						
Net investment in capital assets	22,735,485	20,225,371	12.41 %	842,289	842,289	- %
Restricted	42,135,297	34,380,762	22.55 %			N/A %
Unrestricted	(78,470,783)	(74,913,352)	(4.75) %	572,818	581,882	(1.56) %
Total net position	\$ (13,600,001)	\$ (20,307,219)	33.03 %	\$ 1,415,107	\$ 1,424,171	(0.64) %

Additional information on unrestricted net position:

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

	Governmental Activities	Component Unit
Total unrestricted net position (deficit)	\$ (78,470,783)	\$ 572,818
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	107,137,966	
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$28,667,183	\$ 572,818

Tupelo Public 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 \$2,647,162.
- The principal retirement of \$2,862,952 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 \$93,997,785 and \$88,376,794, respectively. The total cost of all programs and services was \$87,289,056 for 2022 and \$86,063,181 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.

Table 2 Changes in Net Position						
	Governmental Activities			Component Unit		
	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change	Year Ended June 30, 2022	Year Ended June 30, 2021	Percentage Change
Revenues:						
Program revenues:						
Charges for services	\$ 914,990	\$ 695,911	31.48 %	\$ 545,580	\$ 570,245	(4.33) %
Operating grants and contributions	19,236,448	14,426,240	33.34 %			N/A %
Capital grants and contributions		312,441	(100.00) %			N/A %
General revenues:						
Property taxes	36,414,333	36,450,206	(0.10) %			N/A %
Grants and contributions not restricted	35,102,308	34,145,022	2.80 %			N/A %
Investment earnings	1,902,537	1,856,387	2.49 %	18,182	18,777	(3.17) %
Sixteenth section sources			N/A %			N/A %
Other	427,169	490,587	(12.93) %	6,779	2,283	196.93 %
Total revenues	93,997,785	88,376,794	6.36 %	570,541	591,305	(3.51) %
Expenses:						
Instruction	44,756,678	42,463,643	5.40 %			N/A %
Support services	30,811,243	28,433,058	8.36 %			N/A %
Non-instructional	5,001,832	3,191,758	56.71 %			N/A %
Sixteenth section			N/A %			N/A %
Pension expense	5,696,889	10,658,141	(46.55) %			N/A %
OPEB expense	(242,284)	153,937	(257.39) %			N/A %
Interest on long-term liabilities	1,264,698	1,162,644	8.78 %			N/A %
Learning Foundation			N/A %	579,605	535,574	8.22 %
Total expenses	87,289,056	86,063,181	1.42 %	579,605	535,574	8.22 %
Increase (Decrease) in net position	6,708,729	2,313,613	189.97 %	(9,064)	55,731	(116.26) %
Net Position, July 1, as previously reported	(20,307,219)	(22,623,582)	10.24 %	1,424,171	1,368,440	4.07 %
Prior Period Adjustment	(1,511)	2,750	154.95 %			N/A %
Net Position, July 1, as restated	(20,308,730)	(22,620,832)	10.22 %	1,424,171	1,368,440	4.07 %
Net Position, June 30	\$ (13,600,001)	\$ (20,307,219)	33.03 %	\$ 1,415,107	\$ 1,424,171	(0.64) %

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

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2022	2021	
Instruction	\$ 44,756,678	\$ 42,463,643	5.40 %
Support services	30,811,243	28,433,058	8.36 %
Non-instructional	5,001,832	3,191,758	56.71 %
Pension Expense	5,696,889	10,658,141	(46.55) %
OPEB Expense	(242,284)	153,937	(257.39) %
Interest on long-term liabilities	1,264,698	1,162,644	8.78 %
Total expenses	\$ 87,289,056	\$ 86,063,181	1.42 %
	Net (Expense) Revenue		Percentage Change
	2022	2021	
Instruction	\$ (34,575,273)	\$ (32,784,500)	(5.46) %
Support services	(25,891,563)	(26,103,408)	0.81 %
Non-instructional	48,521	234,041	(79.27) %
Pension Expense	(5,696,889)	(10,658,141)	46.55 %
OPEB Expense	242,284	(153,937)	257.39 %
Interest on long-term liabilities	(1,264,698)	(1,162,644)	(8.78) %
Total net (expense) revenue	\$ (67,137,618)	\$ (70,628,589)	4.94 %

- Net cost of governmental activities (\$67,137,618 for 2022 and \$70,628,589 for 2021) was financed by general revenue, which is primarily made up of property taxes (\$36,414,333 for 2022 and \$36,450,206 for 2021) and state and federal revenues (\$35,102,308 for 2022 and \$34,145,022 for 2021).
- Investment earnings (losses) amounted to \$1,902,537 for 2022 and \$1,856,387 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 \$71,845,953, an increase of \$1,509,717, which includes an increase in inventory of \$24,455. \$29,183,315, or 41%, of the fund balance is unassigned, which represents the residual classification for the General Fund's fund

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

balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$42,662,638, or 59%, is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$5,773,796, which includes a decrease in inventory of \$15,353. The fund balance of Other Governmental Funds showed an increase in the amount of \$2,667,536, which includes an increase in inventory of \$39,808. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER II Fund	no increase or decrease
Capital Reserve Fund	\$ 4,615,977

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2022, the District's total capital assets were \$127,451,078, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$4,548,942 from 2021. Total accumulated depreciation as of June 30, 2022, was \$56,156,476, and total depreciation expense for the year was \$3,378,177, resulting in total net capital assets of \$71,294,602.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Percentage Change</u>
Land	\$ 3,922,182	\$ 4,122,182	(4.85) %
Construction in Progress	1,687,114	1,040,693	62.11 %
Buildings	47,178,903	49,303,297	(4.31) %
Building improvements	7,750,694	8,367,182	(7.37) %
Improvements other than buildings	4,325,917	2,273,739	90.26 %
Mobile equipment	4,355,332	3,588,787	21.36 %
Furniture and equipment	2,074,460	793,849	161.32 %
Total	\$ 71,294,602	\$ 69,489,729	2.60 %

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

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

Debt Administration. At June 30, 2022, the District had \$49,076,222 in outstanding long-term debt, of which \$2,930,855 is due within one year. During the fiscal year, the District made principal payments totaling \$2,820,000 on outstanding long-term debt. The liability for compensated absences decreased \$29,543 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	\$ 30,140,000	\$ 32,165,000	(6.30) %
Unamortized premiums	569,117	612,069	(7.02) %
Three Mill notes payable	7,415,000	5,210,000	42.32 %
Qualified school construction bonds payable	10,435,000	10,435,000	0.00 %
Compensated absences payable	517,105	546,648	(5.40) %
Total	<u>\$ 49,076,222</u>	<u>\$ 48,968,717</u>	0.22 %

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

CURRENT ISSUES

The Tupelo Public School District is financially stable. The District is proud of its community support of the public schools.

The 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Tupelo Public School District, P.O. Box 557, Tupelo, MS 38802.

FINANCIAL STATEMENTS

TUPELO PUBLIC SCHOOL DISTRICT

**Statement of Net Position
June 30, 2022**

	Primary Government	Component Unit	Exhibit A
	Governmental	Learning	Total
	Activities	Foundation	Reporting
			Entity
Assets			
Cash and cash equivalents	\$ 31,202,330	556,338	31,758,668
Due from other governments	3,207,257		3,207,257
Accrued interest receivable	4,455		4,455
Other receivables, net	-	10,793	10,793
Inventories	272,944		272,944
Prepaid items	213,701	46,129	259,830
Restricted assets	39,815,263	31,000	39,846,263
Capital assets, non-depreciable:			
Land	3,922,182	200,000	4,122,182
Construction in progress	1,687,114		1,687,114
Capital assets, net of accumulated depreciation:			
Buildings	47,178,903	642,000	47,820,903
Building improvements	7,750,694		7,750,694
Improvements other than buildings	4,325,917		4,325,917
Mobile equipment	4,355,332		4,355,332
Furniture and equipment	2,074,460	289	2,074,749
Total Assets	146,010,552	1,486,549	147,497,101
Deferred Outflows of Resources			
Deferred outflows - pensions	18,854,943		18,854,943
Deferred outflows - OPEB	1,432,531		1,432,531
Total Deferred Outflows of Resources	20,287,474	-	20,287,474
Liabilities			
Accounts payable and accrued liabilities	2,869,997	71,442	2,941,439
Interest payable on long-term liabilities	526,368		526,368
Long-term liabilities, due within one year:			
Capital related liabilities	2,905,000		2,905,000
Non-capital related liabilities	25,855		25,855
Net OPEB liability	217,267		217,267
Long-term liabilities, due beyond one year:			
Capital related liabilities	45,085,000		45,085,000
Capital related bond premiums	569,117		569,117
Non-capital related liabilities	491,250		491,250
Net pension liability	91,967,722		91,967,722
Net OPEB liability	5,262,544		5,262,544
Total Liabilities	149,920,120	71,442	149,991,562
Deferred Inflows of Resources			
Deferred inflows - pensions	28,048,767		28,048,767
Deferred inflows - OPEB	1,929,140		1,929,140
Total Deferred Inflows of Resources	29,977,907	-	29,977,907
Net Position			
Net investment in capital assets	22,735,485	842,289	23,577,774
Restricted for:			
Expendable:			
School-based activities	2,658,330		2,658,330
Debt service	11,567,623		11,567,623
Capital improvements	27,737,167		27,737,167
Unemployment benefits	172,177		172,177
Unrestricted	(78,470,783)	572,818	(77,897,965)
Total Net Position (deficit)	\$ (13,600,001)	1,415,107	(12,184,894)

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

TUPELO PUBLIC SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2022**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Learning Foundation	Total Reporting Entity
Governmental Activities:							
Instruction	\$ 44,756,678	\$ 707,383	\$ 9,474,022	\$ -	\$ (34,575,273)		(34,575,273)
Support services	30,811,243	36,224	4,883,456	-	(25,891,563)		(25,891,563)
Non-instructional	5,001,832	171,383	4,878,970	-	48,521		48,521
Pension expense	5,696,889	-	-	-	(5,696,889)		(5,696,889)
OPEB expense	(242,284)	-	-	-	242,284		242,284
Interest on long-term liabilities	1,264,698	-	-	-	(1,264,698)		(1,264,698)
Total Governmental Activities	\$ 87,289,056	\$ 914,990	\$ 19,236,448	\$ -	\$ (67,137,618)	-	(67,137,618)
Total Component Unit	\$ 579,605	\$ 545,580	\$ -	\$ -	\$ -	(34,025)	(34,025)
General Revenues:							
Taxes:							
General purpose levies					31,167,158		31,167,158
Debt purpose levies					5,247,175		5,247,175
Unrestricted grants and contributions:							
State					34,449,745		34,449,745
Federal					652,563		652,563
Unrestricted investment earnings					1,902,537	18,182	1,920,719
Other					427,169	6,779	433,948
Total General Revenues					73,846,347	24,961	73,871,308
Change in Net Position					6,708,729	(9,064)	6,699,665
Net Position - Beginning, as previously reported					(20,307,219)	1,424,171	(18,883,048)
Prior Period Adjustments					(1,511)	-	(1,511)
Net Position - Beginning, as restated					(20,308,730)	1,424,171	(18,884,559)
Net Position (deficit) - Ending					\$ (13,600,001)	1,415,107	(12,184,894)

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

TUPELO PUBLIC SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2022

Exhibit C

	Major Funds			Other	Total
	General	ESSER II	Capital	Governmental	Governmental
	Fund	Fund	Reserve Fund	Funds	Funds
Assets					
Cash and cash equivalents	\$ 29,352,082	\$	\$ 21,786,386	\$ 12,861,529	\$ 63,999,997
Cash with fiscal agents				5,090,796	5,090,796
Investments				1,926,800	1,926,800
Due from other governments	996,375	666,307		1,544,575	3,207,257
Accrued interest receivable				4,455	4,455
Due from other funds	1,920,964			-	1,920,964
Inventories	78,324			194,620	272,944
Prepaid items	209,125			4,576	213,701
Total assets	\$ 32,556,870	\$ 666,307	\$ 21,786,386	\$ 21,627,351	\$ 76,636,914
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,685,053	\$ 16,474	\$ 41,622	\$ 126,848	\$ 2,869,997
Due to other funds	-	649,833		1,271,131	1,920,964
Total Liabilities	2,685,053	666,307	41,622	1,397,979	4,790,961
Fund Balances:					
Nonspendable:					
Inventory	78,324			194,620	272,944
Prepaid items	209,125			4,576	213,701
Restricted:					
Debt service				12,093,991	12,093,991
Capital projects			-	5,992,403	5,992,403
Grant activities				1,771,605	1,771,605
Unemployment benefits				172,177	172,177
Committed:					
Capital projects			21,744,764	-	21,744,764
Assigned:					
School Activities	401,053				401,053
Unassigned					
	29,183,315				29,183,315
Total Fund Balances	29,871,817	-	21,744,764	20,229,372	71,845,953
Total Liabilities and Fund Balances	\$ 32,556,870	\$ 666,307	\$ 21,786,386	\$ 21,627,351	\$ 76,636,914

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

TUPELO PUBLIC SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Exhibit C-1

Total fund balances for governmental funds **\$ 71,845,953**

Amounts reported for governmental activities in the statement of Net Position are different because:

1.	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
	Land	\$ 3,922,182	
	Construction in progress	1,687,114	
	Buildings	80,818,186	
	Building improvements	20,673,600	
	Improvements other than buildings	6,345,967	
	Mobile equipment	9,059,418	
	Furniture and equipment	4,944,611	
	Accumulated depreciation	<u>(56,156,476)</u>	71,294,602
2.	Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
	Net pension liability	(91,967,722)	
	Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
	Deferred outflows of resources related to pensions	18,854,943	
	Deferred inflows of resources related to pensions	<u>(28,048,767)</u>	(101,161,546)
3.	Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
	Net OPEB liability	(5,479,811)	
	Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
	Deferred outflows of resources related to OPEB	1,432,531	
	Deferred inflows of resources related to OPEB	<u>(1,929,140)</u>	(5,976,420)
4.	Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:		
	General obligation bonds	(30,140,000)	
	Other bonds payable	(10,435,000)	
	Notes payable	(7,415,000)	
	Compensated absences	(517,105)	
	Unamortized premiums	(569,117)	
	Accrued interest payable	<u>(526,368)</u>	(49,602,590)
Net Position of governmental activities			\$ (13,600,001)

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

TUPELO PUBLIC SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022

Exhibit D

	Major Funds			Other	Total
	General	ESSER II	Capital	Governmental	Governmental
	Fund	Fund	Reserve Fund	Funds	Funds
Revenues:					
Local sources	\$ 33,629,145	\$	\$ -	\$ 5,988,441	\$ 39,617,586
Intermediate sources	-		-		-
State sources	35,031,869		-	1,728,004	36,759,873
Federal sources	567,017	4,882,739	-	12,134,346	17,584,102
Total Revenues	69,228,031	4,882,739	-	19,850,791	93,961,561
Expenditures:					
Instruction	38,811,353	2,551,628	1,680,064	7,077,234	50,120,279
Support services	26,663,699	1,766,540	2,431,224	2,713,834	33,575,297
Noninstructional services	57,944	-		5,636,745	5,694,689
Facilities acquisition and construction			922,735	1,124,586	2,047,321
Debt service:					
Principal				2,820,000	2,820,000
Interest				1,218,536	1,218,536
Other				46,786	46,786
Total Expenditures	65,532,996	4,318,168	5,034,023	20,637,721	95,522,908
Excess (Deficiency) of Revenues over (under) Expenditures	3,695,035	564,571	(5,034,023)	(786,930)	(1,561,347)
Other Financing Sources (Uses):					
Bonds and notes issued				3,000,000	3,000,000
Insurance recovery	36,224				36,224
Payments held by escrow agent				813,615	813,615
Payment to QSCB debt escrow agent				(813,615)	(813,615)
Sale of transportation equipment	15,185				15,185
Operating transfers in	842,897		9,650,000	1,705,787	12,198,684
Operating transfers out	(10,342,984)	(564,571)		(1,291,129)	(12,198,684)
Other financing uses	(4,800)			-	(4,800)
Total Other Financing Sources (Uses)	(9,453,478)	(564,571)	9,650,000	3,414,658	3,046,609
Net Change in Fund Balances	(5,758,443)	-	4,615,977	2,627,728	1,485,262
Fund Balances:					
July 1, 2021	35,645,613	-	17,128,787	17,561,836	70,336,236
Increase (Decrease) in inventory	(15,353)			39,808	24,455
June 30, 2022	\$ 29,871,817	\$ -	\$ 21,744,764	\$ 20,229,372	\$ 71,845,953

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

TUPELO PUBLIC SCHOOL DISTRICT
Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 1,485,262**

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 6,140,256	
Depreciation expense	<u>(3,378,177)</u>	2,762,079
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		
		(113,406)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Bonds and notes issued	(3,000,000)	
Payments of debt principal	2,820,000	
Accrued interest payable	<u>(42,328)</u>	(222,328)
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(5,696,889)	
Contributions subsequent to the measurement date	<u>7,976,959</u>	2,280,070
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	242,284	
Contributions subsequent to the measurement date	<u>177,818</u>	420,102
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	29,543	
Change in inventory	24,455	
Amortization of deferred charges, premiums and discounts	<u>42,952</u>	96,950

Change in Net Position of governmental activities **\$ 6,708,729**

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Tupelo since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

Discretely Presented Component Unit

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

ESSER II Fund – This is a special revenue fund that is used to account for federal sources received and expenditures incurred related to the District's ESSER II program.

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

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

See Note 14 for further details.

8. Compensated Absences

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

When acting as lessee, the school district uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known. The district did not have any leases that qualified during the 2022 fiscal year.

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 capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

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

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

13. Fund Balances

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is by resolution of the Board.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 10% of local and state revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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, Cash with Fiscal Agents, and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$63,999,997.

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 \$68,811,904 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$5,090,796.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	1 to 5 years	\$ 1,926,800
Total			<u>\$ 1,926,800</u>

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

The district has the following recurring fair value measurements as of June 30, 2022:

- U.S. Treasury SLGS Deposit of \$1,926,800 are valued using quoted market prices (Level 1 inputs)

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2022, the district did not have any investments to which this would apply.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	\$ 649,833
	Other governmental funds	<u>1,271,131</u>
Total		<u>\$ 1,920,964</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows. All balances are expected to be repaid within one year.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Capital Reserve Fund	\$ 9,650,000
	Other governmental funds	692,984
ESSER II Fund	General Fund	564,571
Other governmental funds	General Fund	278,326
	Other governmental funds	1,012,803
Total		<u>\$ 12,198,684</u>

Operating transfers were primarily for vocational and special education expenditure transfers, unemployment compensation transfers, indirect costs, and other routine operating transfers.

Note 4 – Restricted Assets

The restricted assets represent the cash balance of \$21,786,386 of the Capital Reserve Fund. Other Capital related project funds represent an additional \$6,022,739 in restricted cash balances. In addition, the restricted assets represent the cash with fiscal agent and investment balance, totaling \$5,090,796 and \$1,926,800, respectively, of the QSCB Bond Fund (Debt Service Fund), which will be used for the retirement of the Qualified School Construction Bonds (QSCB). Other Debt service funds represent an additional \$4,988,542 in restricted cash balances. The component unit Security deposit account also holds \$31,000 in restricted assets.

Tupelo Public 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	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2022
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 3,922,182	\$	\$	\$	\$	3,922,182
Construction-in-progress	1,040,693	2,047,321		(1,400,900)		1,687,114
Total non-depreciable capital assets	4,962,875	2,047,321	-	(1,400,900)	-	5,609,296
<u>Depreciable capital assets:</u>						
Buildings	80,818,187				(1)	80,818,186
Building improvements	20,673,600					20,673,600
Improvements other than buildings	4,193,926	819,942	68,801	1,400,900		6,345,967
Mobile equipment	8,365,990	1,542,700	849,272			9,059,418
Furniture and equipment	3,887,558	1,730,293	673,239		(1)	4,944,611
Total depreciable capital assets	117,939,261	4,092,935	1,591,312	1,400,900	(2)	121,841,782
<u>Less accumulated depreciation for:</u>						
Buildings	32,156,890	1,482,394			(1)	33,639,283
Building improvements	12,306,418	616,488				12,922,906
Improvements other than buildings	1,920,187	154,905	55,041		(1)	2,020,050
Mobile equipment	4,777,203	686,921	760,039		1	4,704,086
Furniture and equipment	3,093,998	437,469	662,826		1,510	2,870,151
Total accumulated depreciation	54,254,696	3,378,177	1,477,906	-	1,509	56,156,476
Total depreciable capital assets, net	63,684,565	714,758	113,406	1,400,900	(1,511)	65,685,306
Governmental activities capital assets, net	\$ 68,647,440	\$ 2,762,079	\$ 113,406	- \$	(1,511) \$	71,294,602

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 1,065,149
Support services	2,209,021
Non-instructional	104,007
Total depreciation expense - Governmental activities	<u>\$ 3,378,177</u>

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

	Balance 7/1/2021	Increases	Decreases	Adjustments	Balance 6/30/2022
Component Unit:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 200,000	\$	\$	\$	200,000
Total non-depreciable capital assets	200,000	-	-	-	200,000
<u>Depreciable capital assets:</u>					
Buildings	3,210,000				3,210,000
Furniture and equipment	28,843	-			28,843
Total depreciable capital assets	3,238,843	-	-	-	3,238,843
<u>Less accumulated depreciation for:</u>					
Buildings	2,568,000	-			2,568,000
Furniture and equipment	28,554	-			28,554
Total accumulated depreciation	2,596,554	-	-	-	2,596,554
Total depreciable capital assets, net	642,289	-	-	-	642,289
Component unit capital assets, net	\$ 842,289	\$ -	\$ -	\$ -	842,289

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

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

	Spent to June 30, 2022	Remaining Commitment
Governmental Activities:		
Milam Parking Lot	\$ 548,523	\$ 40,480
District HVAC Project	199,020	1,640,128
THS Multipurpose building	17,183	3,000,000
THS Parking Lot	922,388	345,918
Total construction in progress	\$ 1,687,114	\$ 5,026,526

Construction projects included in governmental activities are funded with General obligation bonds, three mill notes, and the District's Capital Reserve Funds.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 – Long-term Liabilities

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Amounts due within one year
A. General Obligation bonds payable	\$ 32,165,000	\$	\$ 2,025,000	\$ 30,140,000	\$ 2,065,000
Unamortized premiums	612,069		42,952	569,117	-
B. Three mill notes payable	5,210,000	3,000,000	795,000	7,415,000	840,000
C. Qualified school construction bonds payable	10,435,000			10,435,000	-
D. Compensated absences payable	546,648	-	29,543	517,105	25,855
Total	\$ 48,968,717	\$ 3,000,000	\$ 2,892,495	\$ 49,076,222	\$ 2,930,855

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,					
1. Series 2015	3% - 3.5%	9/1/2015	9/1/2035	34,100,000	27,015,000
General obligation bonds,					
2. Series 2017	1.9% - 2.125%	3/15/2017	3/15/2026	8,800,000	3,125,000
Total				<u>\$ 42,900,000</u>	<u>\$ 30,140,000</u>

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

1. General obligation bond issue of 2015:

Year Ending June 30	Principal	Interest	Total
2023	\$ 1,425,000	\$ 877,425	\$ 2,302,425
2024	1,450,000	834,300	2,284,300
2025	1,450,000	783,550	2,233,550
2026	1,500,000	724,550	2,224,550
2027	1,525,000	664,050	2,189,050
2028-2032	9,085,000	2,505,751	11,590,751
2033-2036	10,580,000	630,178	11,210,178
Total	<u>\$ 27,015,000</u>	<u>\$ 7,019,804</u>	<u>\$ 34,034,804</u>

This debt will be retired from the Bond Issue Debt Retirement Fund (debt service).

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Bond Premium:

The general obligation bonds, series 2015 were issued with a bond premium of \$859,045. This premium was capitalized and will be amortized over the remaining life of the bonds. During the fiscal year, \$42,952 was amortized and the remaining balance to be amortized is \$569,117.

2. General obligation bond issue of 2017:

Year Ending June 30	Principal	Interest	Total
2023	\$ 640,000	\$ 104,200	\$ 744,200
2024	725,000	91,400	816,400
2025	785,000	76,900	861,900
2026	975,000	61,200	1,036,200
Total	<u>\$ 3,125,000</u>	<u>\$ 333,700</u>	<u>\$ 3,458,700</u>

This debt will be retired from the Bond Issue Debt Retirement Fund (debt service).

General obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 2,065,000	\$ 981,625	\$ 3,046,625
2024	2,175,000	925,700	3,100,700
2025	2,235,000	860,450	3,095,450
2026	2,475,000	785,750	3,260,750
2027	1,525,000	664,050	2,189,050
2028-2032	9,085,000	2,505,751	11,590,751
2033-2036	10,580,000	630,178	11,210,178
Total	<u>\$ 30,140,000</u>	<u>\$ 7,353,504</u>	<u>\$ 37,493,504</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 4.8% of property assessments as of October 1, 2021.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill note Series 2020	.60% - 1.60%	8/4/2020	6/1/2030	\$ 7,000,000	\$ 4,415,000
2. Three mill note Series 2022	1.38% - 1.98%	5/16/2022	5/16/2030	3,000,000	3,000,000
Total				<u>\$ 10,000,000</u>	<u>\$ 7,415,000</u>

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

1. Three mill notes payable issue of August 4, 2020:

Year Ending June 30	Principal	Interest	Total
2023	\$ 500,000	\$ 53,877	\$ 553,877
2024	500,000	49,878	549,878
2025	525,000	45,377	570,377
2026	540,000	40,128	580,128
2027	555,000	33,918	588,918
2028 - 2030	1,795,000	55,980	1,850,980
Total	<u>\$ 4,415,000</u>	<u>\$ 279,158</u>	<u>\$ 4,694,158</u>

This debt will be retired from the Three mill Debt Service fund (debt service fund).

1. Three mill notes payable issue of May 16, 2022:

Year Ending June 30	Principal	Interest	Total
2023	\$ 340,000	\$ 56,214	\$ 396,214
2024	350,000	51,522	401,522
2025	365,000	45,152	410,152
2026	370,000	38,363	408,363
2027	380,000	31,185	411,185
2028 - 2030	1,195,000	47,817	1,242,817
Total	<u>\$ 3,000,000</u>	<u>\$ 270,253</u>	<u>\$ 3,270,253</u>

This debt will be retired from the Three mill Debt Service fund (debt service fund).

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Three mill notes payable total for all issues:

Year Ending June 30	Principal	Interest	Total
2023	\$ 840,000	\$ 110,091	\$ 950,091
2024	850,000	101,400	951,400
2025	890,000	90,529	980,529
2026	910,000	78,491	988,491
2027	935,000	65,103	1,000,103
2028 - 2030	2,990,000	103,797	3,093,797
Total	\$ 7,415,000	\$ 549,411	\$ 7,964,411

C. Qualified school construction bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction bonds payable 2010	0.84%	1/14/2010	9/15/2024	3,000,000	3,000,000
Qualified School Construction bonds payable 2011	4.60%	12/20/2011	12/1/2025	\$ 3,000,000	\$ 3,000,000
Qualified School Construction bonds payable 2013	0.00%	7/9/2013	6/15/2028	4,435,000	4,435,000
Total				<u>\$ 10,435,000</u>	<u>\$ 10,435,000</u>

The following is a schedule by years of the payments due on the January 14, 2010 QSCB debt:

Year Ending June 30	Principal	Interest	Total
2023	\$ -	\$ 25,200	\$ 25,200
2024	-	25,200	25,200
2025	3,000,000	25,200	3,025,200
Total	\$ 3,000,000	\$ 75,600	\$ 3,075,600

This debt will be retired from the QSCB Sinking Fund (Debt Service Fund).

Tupelo Public 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 the December 20, 2011 QSCB debt:

Year Ending June 30	Principal	Interest	Total
2023	\$ -	\$ 138,000	\$ 138,000
2024	-	138,000	138,000
2025	-	138,000	138,000
2026	3,000,000	138,000	3,138,000
Total	\$ 3,000,000	\$ 552,000	\$ 3,552,000

This debt will be retired from the QSCB Sinking Fund (Debt Service Fund).

The following is a schedule by years of the total payments due on the July 9, 2013 QSCB debt:

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

This debt will be retired from the QSCB Sinking Fund (Debt Service Fund).

D. Compensated absences payable

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

Note 7 – 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 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 \$7,976,959, \$7,198,677, and \$7,111,192, 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 \$91,967,722 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 0.622226 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.008464 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.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized pension expense of \$5,696,889. 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	\$ 1,461,953	\$
Net difference between projected and actual earnings on pension plan investments		27,769,095
Changes of assumptions	8,230,218	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,185,813	279,672
District contributions subsequent to the measurement date	7,976,959	
Total	\$ <u>18,854,943</u>	\$ <u>28,048,767</u>

\$7,976,959 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:

Year Ending June 30:	
2023	\$ (2,500,157)
2024	(2,419,242)
2025	(3,997,903)
2026	(8,253,483)

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 to June 30, 2020. The experience report is dated April 20, 2021.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.60	%
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-point lower (6.55%) or 1-percentage-point higher (8.55%) than the current rate:

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 130,247,856	\$ 91,967,722	\$ 60,421,847

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

Note 8 – 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/>.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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 \$177,818 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 \$5,479,811 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 0.85132273 percent. This was an increase of 0.03352273 percent from the proportionate share as of the measurement date of June 30, 2020.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized OPEB expense of (\$242,284). 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
Differences between expected and actual experience	\$ 5,959	\$ 1,713,466
Changes of assumptions	887,495	185,333
Net difference between projected and actual earnings on OPEB plan investments	255	
Changes in proportion and differences between District contributions and proportionate share of contributions	361,004	30,341
District contributions subsequent to the measurement date	177,818	
Total	\$ 1,432,531	\$ 1,929,140

\$177,818 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	\$ (180,205)
2024	(156,957)
2025	(95,152)
2026	(152,640)
2027	(89,473)

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%

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Health Care Cost Trends

Medicare Supplement Claims

6.50% for 2022 decreasing to an ultimate
rate of 4.50% by 2030

Pre-Medicare

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 the last 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 Buyers General Obligation 20-year Municipal Bond Index Rate.

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

	1% Decrease (1.13%)	Current Discount Rate (2.13%)	1% Increase (3.13%)
Net OPEB liability	\$ 6,065,368	\$ 5,479,811	\$ 4,980,536

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	\$ 5,075,722	\$ 5,479,811	\$ 5,937,108

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

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 9 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation		Amount
To correct prior year asset values and accumulated depreciation	\$	(1,511)
Total	\$	<u>(1,511)</u>

Note 10 – 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 11 – 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 12 – Qualified School Construction Bonds

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2022, the subsidy payments amounted to \$0.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2022 was \$7,017,596. The amount accumulated in the sinking fund at the end of the seventeen-year period is

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2023	\$ 781,000
2024	781,000
2025	776,000
2026	510,000
2027	295,000
2028	300,000
Total	<u>\$ 3,443,000</u>

Note 13 - Insurance loss recoveries

The Tupelo Public School District received \$36,224 in insurance loss recoveries during the fiscal year related to damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$78,470,783) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$7,976,959 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 \$10,877,984 balance of deferred outflow of resources related to pensions 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 (deficit) amount of (\$78,470,783) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$28,048,767 balance of deferred inflow of resources related to pensions at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$78,470,783) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$177,818 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The \$1,254,713 balance of deferred outflow of resources related to OPEB 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 (deficit) amount of (\$78,470,783) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,929,140 balance of deferred inflow of resources related to OPEB at June 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

Tupelo Public School District
Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Tupelo Public School District evaluated the activity of the district through August 31, 2023, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TUPELO PUBLIC SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 31,844,408	\$ 32,732,920	\$ 33,629,145	\$ 888,512	\$ 896,225
State sources	35,044,298	35,106,033	35,031,869	61,735	(74,164)
Federal sources	536,594	540,421	567,017	3,827	26,596
Total Revenues	67,425,300	68,379,374	69,228,031	954,074	848,657
Expenditures:					
Instruction	40,918,002	41,124,719	38,811,353	(206,717)	2,313,366
Support services	29,899,747	29,656,849	26,663,699	242,898	2,993,150
Noninstructional services	85,037	84,754	57,944	283	26,810
Facilities acquisition and construction		750,000		(750,000)	750,000
Total Expenditures	70,902,786	71,616,322	65,532,996	(713,536)	6,083,326
Excess (Deficiency) of Revenues over (under) Expenditures	(3,477,486)	(3,236,948)	3,695,035	240,538	6,931,983
Other Financing Sources (Uses):					
Insurance recovery		36,224	36,224	36,224	-
Sale of transportation equipment			15,185	-	15,185
Operating transfers in	5,688,257	5,103,378	842,897	(584,879)	(4,260,481)
Operating transfers out	(3,879,041)	(13,498,597)	(10,342,984)	(9,619,556)	3,155,613
Other financing uses		(4,800)	(4,800)	(4,800)	-
Total Other Financing Sources (Uses)	1,809,216	(8,363,795)	(9,453,478)	(10,173,011)	(1,089,683)
Net Change in Fund Balances	(1,668,270)	(11,600,743)	(5,758,443)	(9,932,473)	5,842,300
Fund Balances:					
July 1, 2021	35,645,613	35,645,613	35,645,613	-	-
Increase (Decrease) in inventory		(15,354)	(15,353)	(15,354)	1
June 30, 2022	\$ 33,977,343	\$ 24,029,516	\$ 29,871,817	\$ (9,947,827)	\$ 5,842,301

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

TUPELO PUBLIC SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER II Fund
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 6,640,850	\$ 6,893,061	\$ 4,882,739	\$ 252,211	\$ (2,010,322)
Total Revenues	6,640,850	6,893,061	4,882,739	252,211	(2,010,322)
Expenditures:					
Instruction	2,998,589	2,863,379	2,551,628	135,210	311,751
Support Services	2,686,051	3,058,056	1,766,540	(372,005)	1,291,516
Total Expenditures	5,684,640	5,921,435	4,318,168	(236,795)	1,603,267
Excess (Deficiency) of Revenues over (under) Expenditures	956,210	971,626	564,571	15,416	(407,055)
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(956,210)	(971,626)	(564,571)	(15,416)	407,055
Total Other Financing Sources (Uses)	(956,210)	(971,626)	(564,571)	(15,416)	407,055
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2021	-	-	-	-	-
June 30, 2022	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Tupelo Public School District
Required Supplementary Information**

**Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.622226%	0.613762%	0.598465%	0.606900%	0.598000%	0.608600%	0.614400%	0.623500%
District's proportionate share of the net pension liability	\$ 91,967,722	\$ 118,817,191	\$ 105,281,801	\$ 100,945,501	\$ 99,407,896	\$ 108,711,157	\$ 94,974,124	\$ 75,678,935
District's covered payroll	41,371,707	40,869,920	38,976,425	38,765,107	38,362,224	38,936,119	38,386,820	38,097,852
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.2962%	290.7204%	270.1166%	260.4030%	259.1296%	279.2039%	247.4134%	198.6436%
Plan fiduciary net position as a percentage of the total pension liability	70.437%	58.974%	61.588%	62.535%	61.490%	57.468%	61.704%	67.208%

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.

**Tupelo Public School District
Required Supplementary Information**

**Schedule of District Contributions
PERS
Last 10 Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,976,959	\$ 7,198,677	\$ 7,111,192	\$ 6,138,793	\$ 6,105,507	\$ 6,042,050	\$ 6,132,438	\$ 6,045,883
Contributions in relation to the contractually required contribution	7,976,959	7,198,677	7,111,192	6,138,793	6,105,507	6,042,050	6,132,438	6,045,883
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 45,844,592	\$ 41,371,707	\$ 40,869,920	\$ 38,976,425	\$ 38,765,107	\$ 38,362,224	\$ 38,936,119	\$ 38,386,820
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**Tupelo Public School District
Required Supplementary Information**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.85132273%	0.81780000%	0.81720000%	0.79890000%	0.78350000%
District's proportionate share of the net OPEB liability	\$ 5,479,811	\$ 6,364,045	\$ 6,934,116	\$ 6,179,962	\$ 6,147,453
District's covered-employee payroll	40,473,568	39,411,825	37,422,153	36,133,704	35,200,500
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB No. 75 was implemented in FYE 6/30/18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**Tupelo Public School District
Required Supplementary Information**

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 177,818	\$ 220,185	\$ 253,797	\$ 277,941	\$ 262,075
Contributions in relation to the actuarially determined contributions	177,818	220,185	253,797	277,941	262,075
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 45,844,592	\$ 38,878,975	\$ 39,411,825	\$ 37,422,153	\$ 36,133,704
Contributions as a percentage of covered-employee payroll	0.39%	0.57%	0.64%	0.74%	0.73%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

Tupelo Public 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 and each major Special Revenue Fund, if applicable, consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

Tupelo Public School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

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%.

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%.

Tupelo Public School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

(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.

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.

Tupelo Public School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

- (3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 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%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.19%

SUPPLEMENTARY INFORMATION

TUPELO PUBLIC SCHOOL DISTRICT
Supplementary Information

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

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition Cluster:			
School Breakfast Program	10.553	225MS326N1099	1,233,731
National School Lunch Program	10.555	225MS326N1099	3,165,107
Total Child Nutrition Cluster			4,398,838
Total Passed-through Mississippi Department of Education			4,398,838
Total U.S. Department of Agriculture			4,398,838
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210024	2,522,853
Career and Technical Education - Basic Grants to States	84.048	V048A210024	92,006
Education for homeless children and youth	84.196	S196S210025	54,098
Rural Education	84.358	S358A210024	137,987
English language acquisition grants	84.365	S365A210024	44,985
Supporting Effective Instruction State Grants	84.367	S367A210023	491,085
Student Support and Academic Enrichment Program	84.424	S424A210025	138,158
Subtotal			3,481,172
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A210108	2,099,154
IDEA, Part B ARP Grant	84.027X	H027X210108	33,314
Subtotal			2,132,468
Special Education - Preschool Grants	84.173	H173A210113	85,920
Subtotal			85,920
Total Special Education Cluster			2,218,388
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	23,326
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	4,882,739
Elementary & Secondary School Emergency Relief Fund III ARP	84.425U	S425U210031	1,154,935
Elementary & Secondary School Emergency Relief CTE Grant	84.425D	S425D200031	13,651
Elementary & Secondary School Emergency Relief Homeless Children & Youth - ARP	84.425W	S425W210025	56,942
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			6,131,593
Total passed-through Mississippi Department of Education			11,831,153
Total U.S. Department of Education			11,831,153
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	2105MS5ADM	86,478
Total passed-through Mississippi Department of Education			86,478
Total U.S. Department of Health and Human Services			86,478
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	1,400
Total passed-through Mississippi Department of Rehabilitation Services			1,400
Total U.S. Department of Social Security Administration			1,400
Total for All Federal Awards			\$ 16,317,869

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

Tupelo Public School District
Notes to the Supplementary Information
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 Tupelo Public 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 Tupelo Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Tupelo Public School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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 Tupelo Public School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

Tupelo Public School District
Supplementary Information
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	\$ 62,632,919	49,292,838	2,467,950	3,824,446	7,047,685
Other	32,889,989	10,792,788	573,237	114,688	21,409,276
Total	<u>\$ 95,522,908</u>	<u>60,085,626</u>	<u>3,041,187</u>	<u>3,939,134</u>	<u>28,456,961</u>
Total number of students *	<u>6,991</u>				
Cost per student	<u>\$ 13,664</u>	<u>8,595</u>	<u>435</u>	<u>563</u>	<u>4,071</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 function: Support Services - School Administration.

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

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

OTHER INFORMATION

TUPELO PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 33,629,145	\$ 33,463,407	\$ 31,661,291	\$ 30,696,368
State sources	35,031,869	33,544,006	34,096,922	32,491,218
Federal sources	567,017	667,193	731,437	614,782
Total Revenues	69,228,031	67,674,606	66,489,650	63,802,368
Expenditures:				
Instruction	38,811,353	36,195,584	35,823,362	33,574,448
Support services	26,663,699	25,171,671	23,633,212	23,255,039
Noninstructional services	57,944	62,125	55,156	48,630
Total Expenditures	65,532,996	61,429,380	59,511,730	56,878,117
Excess (Deficiency) of Revenues over (under) Expenditures	3,695,035	6,245,226	6,977,920	6,924,251
Other Financing Sources (Uses):				
Insurance recovery	36,224	310,793	33,126	
Sale of transportation equipment	15,185			4,708
Operating transfers in	842,897	8,407,466	85,072	146,420
Operating transfers out	(10,342,984)	(16,852,241)	(724,591)	(5,118,726)
Other financing uses	(4,800)			
Total Other Financing Sources (Uses)	(9,453,478)	(8,133,982)	(606,393)	(4,967,598)
Net Change in Fund Balances	(5,758,443)	(1,888,756)	6,371,527	1,956,653
Fund Balances:				
Beginning of period, as originally reported	35,645,613	37,519,479	31,026,071	29,065,296
Prior period adjustments		(580)	54,117	
Beginning of period, as restated	35,645,613	37,518,899	31,080,188	29,065,296
Increase (Decrease) in reserve for inventory	(15,353)	15,470	67,764	4,122
End of Period	\$ 29,871,817	\$ 35,645,613	\$ 37,519,479	\$ 31,026,071

*SOURCE - PRIOR YEAR AUDIT REPORTS

TUPELO PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2022	2021*	2020*	2019*
Revenues:				
Local sources	\$ 39,617,586	\$ 39,257,075	\$ 37,592,697	\$ 36,752,785
State sources	36,759,873	35,699,362	36,330,644	34,933,317
Federal sources	17,584,102	13,104,564	8,349,232	9,754,749
Total Revenues	93,961,561	88,061,001	82,272,573	81,440,851
Expenditures:				
Instruction	50,120,279	47,147,364	42,979,685	39,119,873
Support services	33,575,297	30,045,295	26,170,593	28,411,928
Noninstructional services	5,694,689	3,252,548	2,991,291	3,370,630
Facilities acquisition and construction	2,047,321	293,376	293,930	4,262,962
Debt service:				
Principal	2,820,000	3,550,000	4,190,000	2,300,000
Interest	1,218,536	1,262,625	1,318,803	1,365,371
Other	46,786	52,105	4,950	7,450
Total Expenditures	95,522,908	85,603,313	77,949,252	78,838,214
Excess (Deficiency) of Revenues over (under) Expenditures	(1,561,347)	2,457,688	4,323,321	2,602,637
Other Financing Sources (Uses):				
Bonds and notes issued	3,000,000	7,000,000		
Insurance recovery	36,224	310,793	33,126	
Payment held by escrow agent	813,615	791,604	753,625	795,441
Payment to QSCB debt escrow agent	(813,615)	(791,604)	(753,625)	(795,441)
Sale of transportation equipment	15,185			4,708
Operating transfers in	12,198,684	27,314,249	1,800,882	9,130,313
Operating transfers out	(12,198,684)	(27,314,249)	(1,800,882)	(9,130,313)
Other financing uses	(4,800)			
Total Other Financing Sources (Uses)	3,046,609	7,310,793	33,126	4,708
Net Change in Fund Balances	1,485,262	9,768,481	4,356,447	2,607,345
Fund Balances:				
Beginning of period, as originally reported	70,336,236	60,610,735	56,030,604	53,397,755
Prior period adjustments		(580)	54,117	
Beginning of period, as restated	70,336,236	60,610,155	56,084,721	53,397,755
Increase (Decrease) in reserve for inventory	24,455	(42,400)	169,567	25,504
End of Period	\$ 71,845,953	\$ 70,336,236	\$ 60,610,735	\$ 56,030,604

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
Tupelo Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Tupelo Public School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Tupelo Public School District's basic financial statements, and have issued our report thereon dated August 31, 2023. The financial statements of the Tupelo Public School District Learning Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
August 31, 2023

McKenzie CPA, PLLC



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**Independent Auditor's Report
on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Superintendent and School Board
Tupelo Public School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Tupelo Public School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 the Tupelo Public 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 the Tupelo Public School District's compliance with the compliance requirements referred to above.

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 the Tupelo Public 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 the Tupelo Public 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 generally accepted auditing standards, 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 the Tupelo Public School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 the Tupelo Public 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 the Tupelo Public 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 the Tupelo Public 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 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.

McKenzie CPA, PLLC
Madison, Mississippi
August 31, 2023



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



McKENZIE CPA, PLLC

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

Superintendent and School Board
Tupelo Public School District

We have audited the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Tupelo Public School District as of and for the year ended June 30, 2022, which collectively comprise Tupelo Public School District's basic financial statements and have issued our report thereon dated August 31, 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. The financial statements of the Tupelo Public School District Learning Foundation were not audited in accordance with Governmental Auditing Standards.

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.

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.

McKenzie CPA, PLLC
Madison, Mississippi
August 31, 2023

McKenzie CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Tupelo Public 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 weaknesses identified? | No |
| | b. Significant deficiencies identified? | None Reported |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|---------------------------------------|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None Reported |

- | | | |
|----|---|------------|
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
|----|---|------------|

- | | | |
|----|--|----|
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
|----|--|----|

- | | | |
|----|-----------------------------------|--|
| 7. | Identification of major programs: | |
|----|-----------------------------------|--|

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.027X; 84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
	<u>Education Stabilization Funds (ESSER)</u>
84.425D	Education Stabilization Fund I (ESSER)
84.425D	Education Stabilization Fund II (ESSER)
84.425U	Education Stabilization Fund ARP III (ESSER)
84.425D	Education Stabilization Fund CTE Grant
84.425W	Education Stabilization Fund Homeless Children & Youth - ARP

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

Tupelo Public School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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