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CANTON PUBLIC SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2023

## TABLE OF CONTENTS

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Exhibit A    Statement of Net Position	17
Exhibit B    Statement of Activities	18
Governmental Funds Financial Statements:	
Exhibit C    Balance Sheet - Governmental Funds	19
Exhibit C-1 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Exhibit D    Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Exhibit D-1 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Notes to the Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	54
Schedule of the School District's Proportionate Share of the Net Pension Liability	55
Schedule of School District Contributions (PERS)	56
Schedule of the District's Proportionate Share of the Net OPEB Liability	57
Schedule of School District Contributions (OPEB)	58
Notes to the Required Supplementary Information	59
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	64
Notes to the Supplementary Information	65
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	66
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	68
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	69
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	72
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	74
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	79
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	83

## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Canton 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, and the aggregate remaining fund information of the Canton Public School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Canton 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, and the aggregate remaining fund information of the Canton Public School District, as of June 30, 2023, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Canton 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.

#### ***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 Canton 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 Responsibilities 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Canton 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 Canton 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) on pages 6-13, 54, 55, 56, 57 and 58, respectively, 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 Canton 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024, on our consideration of the Canton 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 Canton 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 Canton Public School District's internal control over financial reporting and compliance.

*JD CPA, PLLC*

Jackson, Mississippi  
June 5, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

The following discussion and analysis of Canton Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. 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 2023 increased \$5,481,010, including a prior period adjustment of \$5,685, which represents a 203% increase from fiscal year 2022. Total net position for 2022 increased \$5,638,837, which represents a 68% increase from fiscal year 2021.
- General revenues amounted to \$35,281,197 and \$32,308,342, or 65% and 73% of all revenues for fiscal years 2023 and 2022, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,731,814, or 35% of total revenues for 2023, and \$12,214,718, or 27% of total revenues for 2022.
- The District had \$48,537,686 and \$38,884,223 in expenses for fiscal years 2023 and 2022; only \$18,731,814 for 2023 and \$12,214,718 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$35,281,197 for 2023 and \$32,308,342 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$34,470,610 in revenues and \$28,536,246 in expenditures for 2023, and \$29,682,549 in revenues and \$24,613,562 in expenditures in 2022. The General Fund's fund balance increased by \$3,546,952 from 2022 to 2023, and increased by \$2,379,484 from 2021 to 2022.
- Capital assets, including lease and SBITA assets, net of accumulated depreciation and amortization, increased by \$2,166,700 for 2023 and decreased by \$1,821,255 for 2022. The increase for 2023 was due primarily to the ongoing construction and renovation of school facilities and the addition of mobile equipment and furniture and equipment.
- Long-term debt, including lease and SBITA liabilities but excluding compensated absences, decreased by \$3,185,201 for 2023 and increased by \$6,238,304 for 2022. The decrease for 2023 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$35,690 for 2023 and increased by \$7,733 for 2022.

## **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.

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

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

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

### **Fund Financial Statements**

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

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

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

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

### **Notes to the financial statements**

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,787,498 as of June 30, 2023.

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.

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Table 1 presents a summary of the District's net position at June 30, 2023 and June 30, 2022.

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

	June 30, 2023	June 30, 2022	Percentage Change
Current assets	\$ 31,722,360	\$ 27,414,011	15.72 %
Restricted assets	10,627,021	11,333,697	(6.24) %
Lease receivable	294,456	471,072	(37.49) %
Capital assets, net	68,024,086	65,857,386	3.29 %
<b>Total assets</b>	<b>110,667,923</b>	<b>105,076,166</b>	<b>5.32 %</b>
<b>Deferred outflows of resources</b>	<b>13,463,216</b>	<b>10,771,866</b>	<b>24.98 %</b>
Current liabilities	2,397,651	1,809,751	32.49 %
Long-term debt outstanding	56,771,726	60,017,416	(5.41) %
Lease liability	9,588	21,436	(55.27) %
SBITA liability	36,647	-	N/A %
Net OPEB liability	1,936,743	2,435,144	(20.47) %
Net pension liability	58,773,494	40,280,238	45.91 %
<b>Total liabilities</b>	<b>119,925,849</b>	<b>104,563,985</b>	<b>14.69 %</b>
<b>Deferred inflows of resources</b>	<b>1,417,792</b>	<b>13,977,559</b>	<b>(89.86) %</b>
<b>Net position:</b>			
Net investment in capital assets	20,094,756	16,333,557	23.03 %
Restricted	10,992,953	10,111,253	8.72 %
Unrestricted	(28,300,211)	(29,138,322)	2.88 %
<b>Total net position</b>	<b>\$ 2,787,498</b>	<b>\$ (2,693,512)</b>	<b>203.49 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (28,300,211)
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	48,658,611
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 20,358,400

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 \$2,166,700, including lease and SBITA assets.
- The principal retirement of \$3,240,241 of long-term debt, including lease and SBITA liabilities.

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$54,013,011 and \$44,523,060, respectively. The total cost of all programs and services was \$48,537,686 for 2023 and \$38,884,223 for 2022.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

**Table 2**  
**Changes in Net Position**

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 667,652	\$ 232,149	187.60 %
Operating grants and contributions	18,064,162	11,982,569	50.75 %
General revenues:			
Property taxes	19,215,493	16,532,775	16.23 %
Grants and contributions not restricted	15,817,064	15,817,368	(0.00) %
Investment earnings	32,628	(288,063)	111.33 %
Sixteenth section sources	95,305	158,608	(39.91) %
Other	120,707	87,654	37.71 %
<b>Total revenues</b>	<b>54,013,011</b>	<b>44,523,060</b>	<b>21.31 %</b>
<b>Expenses:</b>			
Instruction	21,521,302	18,086,169	18.99 %
Support services	16,191,973	13,074,076	23.85 %
Non-instructional	2,568,687	2,916,587	(11.93) %
Sixteenth section	50,930	38,735	31.48 %
Pension expense	6,757,142	2,777,495	143.28 %
OPEB expense	(216,975)	(110,640)	(96.11) %
Interest on long-term liabilities	1,664,627	2,101,801	(20.80) %
<b>Total expenses</b>	<b>48,537,686</b>	<b>38,884,223</b>	<b>24.83 %</b>
<b>Increase (Decrease) in net position</b>	<b>5,475,325</b>	<b>5,638,837</b>	<b>(2.90) %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(2,693,512)</b>	<b>(8,332,349)</b>	67.67 %
<b>Prior Period Adjustment</b>	<b>5,685</b>	<b>-</b>	N/A %
<b>Net Position, July 1, as restated</b>	<b>(2,687,827)</b>	<b>(8,332,349)</b>	<b>67.74 %</b>
<b>Net Position, June 30</b>	<b>\$ 2,787,498</b>	<b>\$ (2,693,512)</b>	<b>203.49 %</b>

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

### Governmental activities

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

**Table 3**  
**Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2023	2022	
Instruction	\$ 21,521,302	\$ 18,086,169	18.99 %
Support services	16,191,973	13,074,076	23.85 %
Non-instructional	2,568,687	2,916,587	(11.93) %
Sixteenth section	50,930	38,735	31.48 %
Pension Expense	6,757,142	2,777,495	143.28 %
OPEB Expense	(216,975)	(110,640)	█ (96.11) %
Interest on long-term liabilities	1,664,627	2,101,801	(20.80) %
<b>Total expenses</b>	<b>\$ 48,537,686</b>	<b>\$ 38,884,223</b>	<b>24.83 %</b>

  

	Net (Expense) Revenue		Percentage Change
	2023	2022	
Instruction	\$ (12,337,180)	\$ (13,236,171)	6.79 %
Support services	(9,442,507)	(9,429,206)	(0.14) %
Non-instructional	229,539	803,263	█ (71.42) %
Sixteenth section	(50,930)	(38,735)	(31.48) %
Pension Expense	(6,757,142)	(2,777,495)	(143.28) %
OPEB Expense	216,975	110,640	█ 96.11 %
Interest on long-term liabilities	(1,664,627)	(2,101,801)	20.80 %
<b>Total net (expense) revenue</b>	<b>\$ (29,805,872)</b>	<b>\$ (26,669,505)</b>	<b>(11.76) %</b>

- Net cost of governmental activities (\$29,805,872 for 2023 and \$26,669,505 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$19,215,493 for 2023 and \$16,532,775 for 2022) and state and federal revenues (\$15,817,064 for 2023 and \$15,817,368 for 2022). In addition, there was \$95,305 and \$158,608 in Sixteenth Section sources for 2023 and 2022, respectively.
- Investment earnings (losses) amounted to \$32,628 for 2023 and (\$288,063) for 2022.

### 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.



Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

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 \$40,047,641, an increase of \$2,934,086, which includes a prior period adjustment of \$5,685 and an increase in inventory of \$7,734. \$19,036,642, or 48% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$21,010,999, or 52% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$3,546,952. The fund balance of Other Governmental Funds showed an increase in the amount of \$741,290, which includes a prior period adjustment of \$5,685 and an increase in inventory of \$7,734. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
Construction - FY22 Fund	\$	(1,330,863)
Three Mill Notes Retirement Fund	\$	533,705
2015 Bond Issue Retirement Fund	\$	(556,998)

## BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the year were routine in nature and were insignificant when compared with 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 is provided in this report as required supplementary information.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2023, the District's total capital assets were \$94,984,787, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, lease assets, and SBITA assets. This amount represents an increase of \$4,296,485 from 2022. Total accumulated depreciation/amortization as of June 30, 2023, was \$26,960,701, and total depreciation/amortization expense for the year was \$2,212,301, resulting in total net capital assets of \$68,024,086.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 68,710	\$ 68,710	0.00 %
Construction in Progress	4,236,245	160,159	2,545.02 %
Buildings	58,421,743	59,909,882	(2.48) %
Building improvements	668,706	742,574	(9.95) %
Improvements other than buildings	2,339,849	2,536,916	(7.77) %
Mobile equipment	1,982,457	2,075,564	(4.49) %
Furniture and equipment	256,774	342,390	(25.01) %
Lease assets	9,348	21,191	(55.89) %
Subscription IT assets	40,254	-	N/A %
<b>Total</b>	<b>\$ 68,024,086</b>	<b>\$ 65,857,386</b>	<b>3.29 %</b>

Canton Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2023

Additional information on the District's capital assets can be found in Note 5 and Note 6 included in this report.

**Debt Administration.** At June 30, 2023, the District had \$56,817,961 in outstanding long-term debt, of which \$3,020,235 is due within one year. During the fiscal year, the District made principal payments totaling \$3,240,241 on outstanding long-term debt. The liability for compensated absences decreased \$35,690 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	June 30, 2023	June 30, 2022	Percentage Change
General obligation bonds payable	\$ 40,330,000	\$ 43,420,000	(7.12) %
Certificates of participation payable	1,430,000	1,550,000	(7.74) %
Three mill notes payable	7,860,000	7,860,000	0.00 %
Qualified school construction bonds payable	7,000,000	7,000,000	0.00 %
Lease liabilities	9,588	21,436	(55.27) %
Subscription IT liabilities	36,647	-	N/A %
Compensated absences payable	151,726	187,416	(19.04) %
<b>Total</b>	<b>\$ 56,817,961</b>	<b>\$ 60,038,852</b>	<b>(5.36) %</b>

Additional information on the District's long-term debt can be found in Note 6 and Note 7 included in this report.

## **CURRENT ISSUES**

The Canton 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 Canton Public School District, 403 East Lincoln Street, Canton, MS 39046.

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## FINANCIAL STATEMENTS

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**CANTON PUBLIC SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2023**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 29,652,622
Due from other governments	1,698,086
Lease receivable	294,456
Inventories	91,947
Prepaid items	279,705
Restricted assets	10,627,021
Capital assets, non-depreciable:	
Land	68,710
Construction in progress	4,236,245
Capital assets, net of accumulated depreciation:	
Buildings	58,421,743
Building improvements	668,706
Improvements other than buildings	2,339,849
Mobile equipment	1,982,457
Furniture and equipment	256,774
Leased assets	9,348
Subscription IT assets	40,254
Total Assets	<u>110,667,923</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - advance refunding of debt	352,933
Deferred outflows - pensions	12,475,532
Deferred outflows - OPEB	634,751
Total Deferred Outflows of Resources	<u>13,463,216</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,237,061
Interest payable on long-term liabilities	160,590
Long-term liabilities, due within one year:	
Capital related liabilities	2,798,200
Non-capital related liabilities	204,386
Lease liabilities	8,211
SBITA liabilities	9,438
Net OPEB liability	89,327
Long-term liabilities, due beyond one year:	
Capital related liabilities	50,236,200
Non-capital related liabilities	3,532,940
Lease liabilities	1,377
SBITA liabilities	27,209
Net pension liability	58,773,494
Net OPEB liability	1,847,416
Total Liabilities	<u>119,925,849</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	-
Deferred inflows - OPEB	1,058,657
Deferred inflows - leases	359,135
Total Deferred Inflows of Resources	<u>1,417,792</u>
<b>Net Position</b>	
Net investment in capital assets	20,094,756
Restricted for:	
Expendable:	
School-based activities	3,382,879
Debt service	6,722,558
Forestry improvements	80,823
Unemployment benefits	67,877
Non-expendable:	
Sixteenth section	367,164
Other	371,652
Unrestricted	(28,300,211)
Total Net Position	<u>\$ 2,787,498</u>

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

**CANTON PUBLIC SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2023**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 21,521,302	\$ 239,207	\$ 8,944,915	\$ -	\$ (12,337,180)
Support services	16,191,973	330,158	6,419,308	-	(9,442,507)
Non-instructional	2,568,687	98,287	2,699,939	-	229,539
Sixteenth section	50,930	-	-	-	(50,930)
Pension expense	6,757,142	-	-	-	(6,757,142)
OPEB expense	(216,975)	-	-	-	216,975
Interest on long-term liabilities	1,664,627	-	-	-	(1,664,627)
Total Governmental Activities	\$ 48,537,686	\$ 667,652	\$ 18,064,162	\$ -	\$ (29,805,872)

General Revenues:

Taxes:

General purpose levies 15,488,890

Debt purpose levies 3,726,603

Unrestricted grants and contributions:

State 15,663,587

Federal 153,477

Unrestricted investment earnings 32,628

Sixteenth section sources 95,305

Other 120,707

Total General Revenues 35,281,197

Change in Net Position 5,475,325

Net Position - Beginning, as previously reported (2,693,512)

Prior Period Adjustments 5,685

Net Position - Beginning, as restated (2,687,827)

Net Position - Ending \$ 2,787,498

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

## CANTON PUBLIC SCHOOL DISTRICT

## Governmental Funds

Balance Sheet  
June 30, 2023

Exhibit C

	Major Funds					
	General Fund	Construction - FY22 Fund	Three Mill Notes Retirement Fund	2015 Bond Issue Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 21,473,765	\$ 4,999,817	\$ 1,390,741	\$ 1,862,964	\$ 5,293,272	\$ 35,020,559
Cash with fiscal agents	-	-	5,259,084	-	-	5,259,084
Due from other governments	353,731	-	-	31,263	1,313,092	1,698,086
Lease receivable	294,456	-	-	-	-	294,456
Due from other funds	4,211,562	-	-	-	-	4,211,562
Inventories	-	-	-	-	91,947	91,947
Prepaid items	279,705	-	-	-	-	279,705
Total Assets	\$ 26,613,219	\$ 4,999,817	\$ 6,649,825	\$ 1,894,227	\$ 6,698,311	\$ 46,855,399
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,878,653	\$ 201,445	\$ -	\$ -	\$ 156,963	\$ 2,237,061
Due to other funds	-	-	1,267,000	1,775,275	1,169,287	4,211,562
Total Liabilities	1,878,653	201,445	1,267,000	1,775,275	1,326,250	6,448,623
<b>Deferred Inflows of Resources</b>						
Leases	359,135	-	-	-	-	359,135
Total Deferred Inflows of Resources	359,135	-	-	-	-	359,135
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	91,947	91,947
Permanent fund principal	-	-	-	-	367,164	367,164
Prepaid items	279,705	-	-	-	-	279,705
<b>Restricted:</b>						
Debt service	-	-	5,382,825	118,952	1,381,371	6,883,148
Capital projects	-	4,798,372	-	-	-	4,798,372
Forestry improvement purposes	-	-	-	-	80,823	80,823
Grant activities	-	-	-	-	3,382,879	3,382,879
Unemployment benefits	-	-	-	-	67,877	67,877
<b>Assigned:</b>						
District initiatives/special projects	4,930,810	-	-	-	-	4,930,810
Student activities	128,274	-	-	-	-	128,274
<b>Unassigned</b>	19,036,642	-	-	-	-	19,036,642
Total Fund Balances	24,375,431	4,798,372	5,382,825	118,952	5,372,061	40,047,641
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,613,219	\$ 4,999,817	\$ 6,649,825	\$ 1,894,227	\$ 6,698,311	\$ 46,855,399

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



**CANTON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 40,047,641

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	\$ 68,710	
Construction in progress	4,236,245	
Buildings	76,924,238	
Building improvements	1,846,692	
Improvements other than buildings	4,946,001	
Mobile equipment	3,261,856	
Furniture and equipment	3,606,271	
Leased assets and subscription based IT assets, net	49,602	
Intangible assets		
Accumulated depreciation	<u>(26,915,529)</u>	68,024,086

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	(58,773,494)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	12,475,532	
Deferred inflows of resources related to pensions	<u>-</u>	(46,297,962)

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	(1,936,743)	
--------------------	-------------	--

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	634,751	
Deferred inflows of resources related to OPEB	<u>(1,058,657)</u>	(2,360,649)

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	(40,330,000)	
Other bonds payable	(7,000,000)	
Notes payable	(7,860,000)	
Certificates of participation	(1,430,000)	
Lease obligations	(9,588)	
Subscription IT liabilities	(36,647)	
Compensated absences	(151,726)	
Unamortized charges	352,933	
Accrued interest payable	<u>(160,590)</u>	(56,625,618)

<b>Net Position of governmental activities</b>	<b>\$ 2,787,498</b>
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The notes to the financial statements are an integral part of this statement.

## CANTON PUBLIC SCHOOL DISTRICT

## Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2023

Exhibit D

	Major Funds					Total Governmental Funds
	General Fund	Construction - FY22 Fund	Three Mill Notes Retirement Fund	2015 Bond Issue Retirement Fund	Other Governmental Funds	
<b>Revenues:</b>						
Local sources	\$ 15,888,687	\$ 15,048	\$ 655,923	\$ 2,244,035	\$ 885,862	\$ 19,689,555
State sources	17,405,333	-	-	-	1,042,996	18,448,329
Federal sources	1,075,810	-	149,002	-	14,216,699	15,441,511
Sixteenth section sources	100,780	-	-	-	1,178	101,958
Total Revenues	34,470,610	15,048	804,925	2,244,035	16,146,735	53,681,353
<b>Expenditures:</b>						
Instruction	16,385,732	-	-	-	6,044,764	22,430,496
Support services	12,073,692	126,096	-	-	4,814,442	17,014,230
Noninstructional services	-	-	-	-	2,667,060	2,667,060
Sixteenth section	49,850	-	-	-	1,080	50,930
Facilities acquisition and construction	-	1,219,815	-	-	2,856,271	4,076,086
Debt service:						
Principal	26,506	-	-	1,880,000	1,333,735	3,240,241
Interest	466	-	265,479	918,862	440,897	1,625,704
Other	-	-	5,741	4,451	9,500	19,692
Total Expenditures	28,536,246	1,345,911	271,220	2,803,313	18,167,749	51,124,439
Excess (Deficiency) of Revenues over (under) Expenditures	5,934,364	(1,330,863)	533,705	(559,278)	(2,021,014)	2,556,914
<b>Other Financing Sources (Uses):</b>						
SBITA issued	34,433	-	-	-	20,607	55,040
Insurance recovery	330,158	-	-	-	-	330,158
Payments held by escrow agent	-	-	466,667	-	-	466,667
Payment to QSCB debt escrow agent	-	-	(466,667)	-	-	(466,667)
Operating transfers in	2,657	-	-	2,280	2,805,863	2,810,800
Other financing sources	-	-	-	-	1,500	1,500
Operating transfers out	(2,754,660)	-	-	-	(56,140)	(2,810,800)
Other financing uses	-	-	-	-	(22,945)	(22,945)
Total Other Financing Sources (Uses)	(2,387,412)	-	-	2,280	2,748,885	363,753
Net Change in Fund Balances	3,546,952	(1,330,863)	533,705	(556,998)	727,871	2,920,667
<b>Fund Balances:</b>						
July 1, 2022, as previously reported	20,828,479	6,129,235	4,849,120	675,950	4,630,771	37,113,555
Prior period adjustments	-	-	-	-	5,685	5,685
July 1, 2022, as restated	20,828,479	6,129,235	4,849,120	675,950	4,636,456	37,119,240
Increase (Decrease) in inventory	-	-	-	-	7,734	7,734
June 30, 2023	\$ 24,375,431	\$ 4,798,372	\$ 5,382,825	\$ 118,952	\$ 5,372,061	\$ 40,047,641

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

**CANTON 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, 2023**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 2,920,667

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 and net lease and subscription based assets	\$ 4,724,535	
Depreciation and amortization expense	<u>(2,212,301)</u>	2,512,234

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.

(345,534)

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:

Subscription IT liability issued	(55,040)	
Payments of debt principal	3,240,241	
Accrued interest payable	<u>15,008</u>	3,200,209

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	(6,757,142)	
Contributions subsequent to the measurement date	<u>3,627,554</u>	(3,129,588)

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	216,975	
Contributions subsequent to the measurement date	<u>91,177</u>	308,152

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	35,690	
Change in inventory	7,734	
Amortization of deferred charges, premiums and discounts	<u>(34,239)</u>	9,185

**Change in Net Position of governmental activities**

**\$ 5,475,325**

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

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CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

Blended component unit

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

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 13).

**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.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

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

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

The school district reports the following major governmental funds:

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

Construction – FY22 Fund – This is a capital projects fund that accounts for proceeds received from the issuance of limited tax notes, the costs associated with the issuance, and the funding of the District's capital projects.

Three Mill Notes Retirement Fund – This is a debt service fund that is used to account for local sources received and expenditures incurred for the repayment of the District's limited tax refunding notes payable. This fund is also used to account for federal sources received for interest reimbursement and expenditures incurred for the sinking fund payment and interest payment on the Qualified School Construction Bonds.

2015 Bond Issue Retirement Fund – This is a debt service fund that is used to account for local sources received and expenditures incurred for the repayment of the District's Series 2015 general obligation bonds.

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

The school district 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.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

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

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

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

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

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

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

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

**D. Encumbrances**

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

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

**1. Cash, Cash equivalents and Investments**

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

**2. Receivables and payables**

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

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

**3. Due from Other Governments**

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



CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

(\*\*) Intangible assets for the district represent right-to-use leased assets and subscription IT assets and are capitalized as groups for reporting purposes. The estimated useful life is the term of the lease and subscription agreements. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized. The term "depreciation" includes the amortization of lease assets and subscription IT assets.

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 deferred outflows from advance refunding of debt, deferred outflows related to pensions, and deferred outflows 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 deferred inflows related to pensions, deferred inflows related to OPEB, and deferred inflows related to leases.

See Note 8, Note 9, and Note 16 for further details.

8. Compensated Absences

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

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

9. 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 lessor for the leasing of sixteenth section trust lands, the school district uses the minimum of 4% interest required by Mississippi statute for sixteenth section loans to calculate the net present value of future sixteenth section lease payments. 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.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

10. Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance and consistency of information about SBITAs.

11. 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 7 for details.

12. 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.

13. 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.

14. Fund Balances

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

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

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

*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. Currently there is no committed fund balance for this school district.

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 20% of general fund revenues or expenditures.

15. Accounting Standards Update

GASB 96, Subscription-Based Information Technology Arrangements, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs.

**Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents**

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.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$35,020,559. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$29,652,622 and a portion of restricted assets in the amount of \$5,367,937 (see Note 4).

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2023, none of the district's bank balance of \$36,731,190 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 \$5,259,084.

**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	Three Mill Notes Retirement Fund	\$ 1,267,000
	2015 Bond Issue Retirement Fund	1,775,275
	Other governmental funds	1,169,287
Total		<u>\$ 4,211,562</u>

The primary purpose of the interfund receivables and payables was to close out federal program funds as part of routine year-end closing procedures. All inter-fund receivables and payables are expected to be repaid within one year.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 2,754,660
Other governmental funds	General Fund	2,657
	2015 Bond Issue Retirement Fund	2,280
	Other governmental funds	51,203
Total		<u>\$ 2,810,800</u>

Operating transfers were primarily for the following: vocational expenditure transfers, indirect cost transfers, cost pool transfers, food service transfers, debt service transfers, and other routine operating transfers.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

#### Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$368,120 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$5,259,084 of the Three Mill Notes Retirement Fund (which includes the QSCB Sinking Fund balances). The restricted assets also includes the cash balance totaling \$4,999,817 of the Construction – FY22 Fund resulting from the unspent proceeds of long-term debt.

#### Note 5 – Capital Assets

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

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 68,710	\$	\$	68,710
Construction-in-progress	160,159	4,076,086		4,236,245
Total non-depreciable capital assets	228,869	4,076,086	-	4,304,955
<u>Depreciable capital assets:</u>				
Buildings	76,924,238			76,924,238
Building improvements	1,846,692			1,846,692
Improvements other than buildings	4,946,001			4,946,001
Mobile equipment	3,148,260	534,896	421,300	3,261,856
Furniture and equipment	3,561,208	51,813	6,750	3,606,271
Total depreciable capital assets	90,426,399	586,709	428,050	90,585,058
<u>Less accumulated depreciation for:</u>				
Buildings	17,014,356	1,488,139		18,502,495
Building improvements	1,104,118	73,868		1,177,986
Improvements other than buildings	2,409,085	197,067		2,606,152
Mobile equipment	1,072,696	282,537	75,834	1,279,399
Furniture and equipment	3,218,818	137,361	6,682	3,349,497
Total accumulated depreciation	24,819,073	2,178,972	82,516	26,915,529
Total depreciable capital assets, net	65,607,326	(1,592,263)	345,534	63,669,529
Governmental activities capital assets, net	\$ 65,836,195	\$ 2,483,823	\$ 345,534	\$ 67,974,484

Lease and subscription IT assets, net (Note 6)	\$ 49,602
Total capital assets, net, as reported in the statement of net position	<u>\$ 68,024,086</u>

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 1,725,075
Support services	334,120
Non-instructional	119,777
Total depreciation expense - Governmental activities	<u>\$ 2,178,972</u>

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

	Spent to June 30, 2023	Remaining Commitment
<b>Governmental Activities:</b>		
CPSD HVAC Project	\$ 2,958,306	\$ 2,930,912
CPSD Additions/Renovations Project	43,351	1,745,830
CPSD Football Field/Track Improvement Project	504,110	2,132,958
CPSD High School Re-roof Project	730,478	1,492,954
Total construction in progress	<u>\$ 4,236,245</u>	<u>\$ 8,302,654</u>

Construction projects included in governmental activities are funded with proceeds from the issuance of limited tax notes.

### Note 6 – Intangible Right-to-Use Leases and Subscription Based IT Assets

A summary of lease and subscription IT asset activity during the year ended June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023
<u>Lease assets:</u>					
Furniture and equipment	33,034				33,034
Total lease assets	<u>33,034</u>	-	-	-	<u>33,034</u>
<u>Less accumulated amortization:</u>					
Lease assets:					
Furniture and equipment	11,843	11,843			23,686
Total accumulated amortization	<u>11,843</u>	<u>11,843</u>		-	<u>23,686</u>
Total lease assets, net	<u>21,191</u>	<u>(11,843)</u>		-	<u>9,348</u>
Subscription IT assets		61,740			61,740
Less accumulated amortization		<u>21,486</u>			<u>21,486</u>
Subscription IT assets, net	<u>-</u>	<u>40,254</u>	-	-	<u>40,254</u>
<b>Total lease and subscription IT assets, net</b>	<b>\$ 21,191</b>	<b>\$ 28,411</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,602</b>

A summary of lease and subscription IT liabilities during the year ended June 30, 2023 is as follows:

	Balance 7/1/2022	Additions	Remeasurments	Deductions	Balance 6/30/2023	Amounts due within one year
Lease liabilities	21,436			11,848	9,588	8,211
Subscription IT liabilities	-	55,040		18,393	36,647	9,438
Total	<u>21,436</u>	<u>55,040</u>	-	<u>30,241</u>	<u>46,235</u>	<u>17,649</u>

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

## Leases

### As Lessee:

The school district is a lessee for various noncancellable leases of equipment. For leases that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the school district recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the school district initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The school district generally 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 lease term includes the noncancellable period of the lease plus any additional periods covered by either a school district or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The school district, acting as lessee, has entered into a lease for various copiers within the district. Details of the lease obligation are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Ricoh copier	2.80%	7/1/2021	11/30/2023	\$ 5,872	\$ 1,038
2. Ricoh copier	2.80%	7/1/2021	9/30/2024	17,215	6,791
3. Ricoh copier	2.80%	7/1/2021	11/30/2023	9,947	1,759
Total				<u>\$ 33,034</u>	<u>\$ 9,588</u>

Note: Issue date reflects GASB No. 87 implementation date.

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2024	\$ 8,211	\$ 141	\$ 8,352
2025	1,377	6	1,383
Total	<u>\$ 9,588</u>	<u>\$ 147</u>	<u>\$ 9,735</u>



CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**As Lessor:**

**Sixteenth Section Lands**

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

The District uses the rate of 4% minimum interest required by Mississippi statute for sixteenth section loans to calculate the present value of sixteenth section lease rental payments since a rate implicit in the sixteenth section leases is not a part of the lease contract. The District has included in its financial statements at year end the net present value of future lease payments of \$294,456 as a lease receivable and \$359,135 as deferred inflows of resources. The deferred inflows of resources for leases are being amortized using the straight-line method of amortization.

The following are the future principal and interest payments to be received on the leases. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal	Interest	Total
2024	\$ 135,691	\$ 11,778	\$ 147,469
2025	44,198	6,351	50,549
2026	9,506	4,583	14,089
2027	6,386	4,202	10,588
2028	6,642	3,947	10,589
2029 – 2033	18,977	16,817	35,794
2034 – 2038	17,693	13,251	30,944
2039 – 2043	20,341	9,441	29,782
2044 – 2048	15,657	5,449	21,106
2049 – 2053	9,752	3,123	12,875
2054 – 2058	8,651	1,074	9,725
2059	962	38	1,000
Total	<u>\$ 294,456</u>	<u>\$ 80,054</u>	<u>\$ 374,510</u>

**Subscription Based IT Arrangements**

The school district has contracts for multiple subscription-based IT arrangements for items such as software, site licenses, etc. For contracts that have a maximum possible term of 12 months or less at commencement, the school district recognizes expense based on the provisions of the contract. For all other contracts, other than short term, the school district recognized a subscription liability and a right to use subscription asset.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

At commencement, the school district initially measures the liability at the present value of payments expected to be made during the subscription term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the sum of the initial subscription liability amount, payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized in amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset.

The school district generally uses its estimated incremental borrowing rate as the discount rate unless the rate that the vendor charges is known. The estimated incremental borrowing rate is the rate the district would be charged for borrowing the subscription payment amounts during the subscription term.

The subscription term includes the noncancellable period of the contract plus any additional periods covered by either a school district or vendor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the school district and the vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

For purposes of this note disclosure, subscription-based IT assets and liabilities are grouped into one category.

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 9,438	\$ 1,071	\$ 10,509
2025	9,845	808	10,653
2026	10,267	533	10,800
2027	3,488	247	3,735
2028	3,609	126	3,735
Total	<u>\$ 36,647</u>	<u>\$ 2,785</u>	<u>\$ 39,432</u>

## Note 7 – Long-term Liabilities

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due within one year
A. General obligation bonds payable	\$ 5,770,000	\$	\$ 1,350,000	\$ 4,420,000	\$ 1,420,000
General obligation refunding bonds payable	11,660,000		1,210,000	10,450,000	1,230,000
General obligation refunding bonds payable	25,990,000		530,000	25,460,000	220,000
Total general obligation bonds	43,420,000	-	3,090,000	40,330,000	2,870,000
B. Certificates of participation payable	1,550,000		120,000	1,430,000	125,000
C. Three mill notes payable	7,860,000			7,860,000	-
D. Qualified school construction bonds payable	7,000,000			7,000,000	-
E. Compensated absences payable	187,416		35,690	151,726	7,586
Total	<u>\$ 60,017,416</u>	<u>\$ -</u>	<u>\$ 3,245,690</u>	<u>\$ 56,771,726</u>	<u>\$ 3,002,586</u>

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 2015	3.0-5.0%	6/19/2015	12/1/2025	\$ 33,500,000	\$ 4,420,000
2. General obligation refunding bonds, Series 2021	1.69%	5/25/2021	9/1/2030	12,395,000	10,450,000
3. General obligation refunding bonds, Series 2022	2.80%	4/19/2022	12/1/2034	25,990,000	25,460,000
Total				<u>\$ 71,885,000</u>	<u>\$ 40,330,000</u>

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

1. General obligation bonds issued on June 19, 2015:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,420,000	\$ 129,313	\$ 1,549,313
2025	1,475,000	71,687	1,546,687
2026	1,525,000	24,781	1,549,781
Total	<u>\$ 4,420,000</u>	<u>\$ 225,781</u>	<u>\$ 4,645,781</u>

This debt will be retired from the 2015 Bond Issue Retirement Fund.

2. General obligation refunding bonds issued on May 25, 2021:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,230,000	\$ 166,212	\$ 1,396,212
2025	1,255,000	145,213	1,400,213
2026	1,270,000	123,877	1,393,877
2027	1,295,000	102,203	1,397,203
2028	1,315,000	80,148	1,395,148
2029 – 2031	4,085,000	104,315	4,189,315
Total	<u>\$ 10,450,000</u>	<u>\$ 721,968</u>	<u>\$ 11,171,968</u>

This debt will be retired from the Bond Retirement Fund.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

3. General obligation refunding bonds issued on April 19, 2022:

Year Ending June 30	Principal	Interest	Total
2024	\$ 220,000	\$ 709,800	\$ 929,800
2025	225,000	703,570	928,570
2026	275,000	568,149	843,149
2027	2,225,000	496,178	2,721,178
2028	2,595,000	445,567	3,040,567
2029 – 2033	13,905,000	1,374,818	15,279,818
2034 – 2035	6,015,000	126,997	6,141,997
Total	<u>\$ 25,460,000</u>	<u>\$ 4,425,079</u>	<u>\$ 29,885,079</u>

This debt will be retired from the 2015 Bond Issue Retirement Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	\$ 2,870,000	\$ 1,005,325	\$ 3,875,325
2025	2,955,000	920,470	3,875,470
2026	3,070,000	716,807	3,786,807
2027	3,520,000	598,381	4,118,381
2028	3,910,000	525,715	4,435,715
2029 – 2033	17,990,000	1,479,133	19,469,133
2034 – 2035	6,015,000	126,997	6,141,997
Total	<u>\$ 40,330,000</u>	<u>\$ 5,372,828</u>	<u>\$ 45,702,828</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, 2023, the amount of outstanding bonded indebtedness was equal to 12% of property assessments as of October 1, 2022.

**B. Certificates of participation payable**

As more fully explained in Note 13, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificates of Participation, Series 2017	3.125%	10/31/2017	11/1/2032	\$ 2,000,000	\$ 1,430,000
Total				<u>\$ 2,000,000</u>	<u>\$ 1,430,000</u>

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 125,000	\$ 44,688	\$ 169,688
2025	125,000	40,781	165,781
2026	130,000	36,875	166,875
2027	135,000	32,813	167,813
2028	140,000	28,594	168,594
2029 – 2033	775,000	74,218	849,218
Total	<u>\$ 1,430,000</u>	<u>\$ 257,969</u>	<u>\$ 1,687,969</u>

This debt will be retired from the Bond Retirement Fund - COPs.

**C. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2022	2.640%	4/15/2022	6/30/2042	\$ 7,860,000	\$ 7,860,000
Total				<u>\$ 7,860,000</u>	<u>\$ 7,860,000</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ -	\$ 207,504	\$ 207,504
2025	-	207,504	207,504
2026	-	207,504	207,504
2027	150,000	205,524	355,524
2028	425,000	197,934	622,934
2029 – 2033	2,295,000	813,450	3,108,450
2034 – 2038	2,625,000	489,390	3,114,390
2039 – 2042	2,365,000	127,050	2,492,050
Total	<u>\$ 7,860,000</u>	<u>\$ 2,455,860</u>	<u>\$ 10,315,860</u>

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**D. Qualified school construction bonds payable**

As more fully explained in Note 14, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified School Construction Bonds, Series 2010	6.09%	1/7/2011	1/7/2026	\$ 3,000,000	\$ 3,000,000
2. Qualified School Construction Bonds, Series 2011	6.09%	11/8/2011	11/8/2026	4,000,000	4,000,000
Total				<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>

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

1. Qualified School Construction Bonds, Series 2010, issued on January 7, 2011:

Year Ending June 30	Principal	Interest	Total
2024	\$ -	\$ 182,700	\$ 182,700
2025	-	182,700	182,700
2026	3,000,000	182,700	3,182,700
Total	\$ 3,000,000	\$ 548,100	\$ 3,548,100

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

2. Qualified School Construction Bonds, Series 2011, issued on November 8, 2011:

Year Ending June 30	Principal	Interest	Total
2024	\$ -	\$ 243,600	\$ 243,600
2025	-	243,600	243,600
2026	-	243,600	243,600
2027	4,000,000	243,600	4,243,600
Total	\$ 4,000,000	\$ 974,400	\$ 4,974,400

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

Total qualified school construction bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	\$ -	\$ 426,300	\$ 426,300
2025	-	426,300	426,300
2026	3,000,000	426,300	3,426,300
2027	4,000,000	243,600	4,243,600
Total	\$ 7,000,000	\$ 1,522,500	\$ 8,522,500

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**E. Compensated absences payable**

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

**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 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, 2023 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, 2023, 2022 and 2021 were \$3,627,554, \$3,420,345 and \$3,152,892, respectively, which equaled the required contributions for each year.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the school district reported a liability of \$58,773,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023 net pension liability was 0.285535 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.013011 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$6,757,142. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 812,964	\$
Net difference between projected and actual earnings on pension plan investments	3,473,400	
Changes of assumptions	1,940,120	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,621,494	
District contributions subsequent to the measurement date	3,627,554	
Total	\$ <u>12,475,532</u>	\$ <u></u>

\$3,627,554 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, 2024. 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:	
2024	\$ 3,370,604
2025	2,220,233
2026	67,930
2027	3,189,211

**Actuarial assumptions.** The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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



CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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.

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	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	<u>100 %</u>	

**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	\$ 76,705,411	\$ 58,773,494	\$ 43,989,539

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

**Note 9 – Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan.**

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

*Benefits provided.*

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

*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 \$91,177 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$ 1,936,743 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.39310047 percent. This was an increase of 0.01478564 percent from the proportionate share as of the measurement date of June 30, 2021.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

For the year ended June 30, 2023, the District recognized OPEB expense of (\$216,975). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,604	\$ 839,077
Changes of assumptions	302,066	179,317
Net difference between projected and actual earnings on OPEB plan investments	134	
Changes in proportion and differences between District contributions and proportionate share of contributions	239,770	40,263
District contributions subsequent to the measurement date	91,177	
<b>Total</b>	<b>\$ 634,751</b>	<b>\$ 1,058,657</b>

\$91,177 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, 2024. 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:

2024	\$ (133,980)
2025	(98,478)
2026	(116,127)
2027	(95,825)
2028	(50,479)
Thereafter	(20,194)

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

Health Care Cost Trends

Medicare Supplement Claims	7.00% for 2023 decreasing to an ultimate
Pre-Medicare	rate of 4.50% by 2029 FYE

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, 2022 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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 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, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. 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, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 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 (2.37 percent) or 1-percentage-point higher (4.37 percent) than the current discount rate:

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	\$ 2,133,561	\$ 1,936,743	\$ 1,767,678

**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	\$ 1,802,000	\$ 1,936,743	\$ 2,088,378

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

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

### Note 10 – Prior Period Adjustments

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

#### Exhibit B - Statement of Activities

Explanation		Amount
To correct recording of a prior year asset or liability at the governmental fund level	\$	5,685
Total	\$	<u>5,685</u>

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

Fund	Explanation		Amount
Other governmental funds	To correct recording of a prior year asset or liability	\$	5,685
Total		\$	<u>5,685</u>

### Note 11 – Contingencies

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

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

### Note 12 – 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 13 – Trust Certificates

A trust agreement dated October 31, 2017, was executed by and between the school district and Trustmark National Bank, Madison, Mississippi, as trustee. The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,000,000 to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project").

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

The project is loaned to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The agreement transfers ownership of the project to the school district upon complete retirement of the trust certificates. The school district is obligated to make payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 7 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the agreement for financial reporting purposes.

#### **Note 14 – Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2023, the subsidy payments amounted to \$149,001.

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, 2023 was \$5,259,084. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Qualified school construction bonds issued on January 7, 2011:

Year Ending June 30	Amount
2024	\$ 200,000
2025	200,000
2026	200,000
Total	<u>\$ 600,000</u>

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

Qualified school construction bonds issued on November 8, 2011:

Year Ending June 30	Amount
2024	\$ 266,667
2025	266,667
2026	266,667
2027	266,662
Total	<u>\$ 1,066,663</u>

Total qualified school construction bonds sinking fund payments for all issues:

Year Ending June 30	Amount
2024	\$ 466,667
2025	466,667
2026	466,667
2027	266,662
Total	<u>\$ 1,666,663</u>

**Note 15 - Insurance loss recoveries**

The Canton Public School District received \$330,158 in insurance loss recoveries during the 2022-2023 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 16 – Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$20,094,756 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt. The \$352,933 balance of the deferred outflow from advance refunding of debt at June 30, 2023, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 12 years.

The unrestricted net position amount of (\$28,300,211) 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 \$3,627,554 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, 2024. The \$8,847,978 balance of deferred outflow of resources related to pensions at June 30, 2023, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$28,300,211) 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 \$91,177 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, 2024. The \$543,574 balance of deferred outflow of resources related to OPEB at June 30, 2023, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2023

The unrestricted net position amount of (\$28,300,211) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,058,657 balance of deferred inflow of resources related to OPEB at June 30, 2023, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

**Note 17 - Subsequent Events**

Events that occur after the Statement of Net Position/Balance Sheet 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/Balance Sheet date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the School District through June 5, 2024 and determined that no events requiring disclosure have occurred.



## REQUIRED SUPPLEMENTARY INFORMATION

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**CANTON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 15,304,137	\$ 15,888,687	\$ 15,888,687	\$ 584,550	\$ -
State sources	17,405,496	17,412,710	17,405,333	7,214	(7,377)
Federal sources	356,000	1,075,810	1,075,810	719,810	-
Sixteenth section sources	167,000	165,459	100,780	(1,541)	(64,679)
Total Revenues	33,232,633	34,542,666	34,470,610	1,310,033	(72,056)
<b>Expenditures:</b>					
Instruction	15,769,670	16,407,656	16,385,732	(637,986)	21,924
Support services	14,487,860	12,295,962	12,073,692	2,191,898	222,270
Noninstructional services	10,000	-	-	10,000	-
Sixteenth section	57,500	49,850	49,850	7,650	-
Debt service:					
Principal	-	-	26,506	-	(26,506)
Interest	-	-	466	-	(466)
Total Expenditures	30,325,030	28,753,468	28,536,246	1,571,562	217,222
Excess (Deficiency) of Revenues over (under) Expenditures	2,907,603	5,789,198	5,934,364	2,881,595	145,166
<b>Other Financing Sources (Uses):</b>					
SBITA issued	-	-	34,433	-	34,433
Insurance recovery	-	330,158	330,158	330,158	-
Operating transfers in	4,489,528	3,181,110	2,657	(1,308,418)	(3,178,453)
Operating transfers out	(6,038,987)	(5,791,373)	(2,754,660)	247,614	3,036,713
Total Other Financing Sources (Uses)	(1,549,459)	(2,280,105)	(2,387,412)	(730,646)	(107,307)
Net Change in Fund Balances	1,358,144	3,509,093	3,546,952	2,150,949	37,859
<b>Fund Balances:</b>					
July 1, 2022, as previously reported	19,377,949	20,828,479	20,828,479	1,450,530	-
Prior period adjustments	-	(1)	-	(1)	1
July 1, 2022, as restated	19,377,949	20,828,478	20,828,479	1,450,529	1
June 30, 2023	\$ 20,736,093	\$ 24,337,571	\$ 24,375,431	\$ 3,601,478	\$ 37,860

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

**CANTON PUBLIC SCHOOL DISTRICT**

**Required Supplementary Information**

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

**PERS**

**Last 10 Fiscal Years\***

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.285535%	0.272524%	0.266256%	0.244926%	0.256128%	0.257420%	0.254388%	0.241217%	0.234653%
District's proportionate share of the net pension liability	\$ 58,773,494	\$ 40,280,238	\$ 51,544,068	\$ 43,087,316	42,601,696	42,791,941	45,440,049	37,287,391	28,482,578
District's covered payroll	19,657,155	18,120,069	17,729,339	15,951,397	16,356,222	16,513,670	16,273,803	15,069,829	14,338,483
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**CANTON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	3,627,554	3,420,345	3,152,892	3,084,905	2,512,345	2,576,105	2,600,903	2,563,124	2,373,498
Contributions in relation to the contractually required contribution	\$ 3,627,554	\$ 3,420,345	\$ 3,152,892	\$ 3,084,905	2,512,345	2,576,105	2,600,903	2,563,124	2,373,498
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-
District's covered payroll	20,848,011	19,657,155	18,120,069	17,729,339	15,951,397	16,356,222	16,513,670	16,273,803	15,069,829
Contributions as a percentage of covered payroll	17.40%	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 Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**CANTON PUBLIC SCHOOL DISTRICT**

**Required Supplementary Information**

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

**OPEB**

**Last 10 Fiscal Years\***

		<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	%	0.39310047	0.37831483	0.36604336	0.36209741	0.34557539	0.36789852
District's proportionate share of the net OPEB liability	\$	1,936,743	2,435,144	2,848,579	3,072,545	2,673,198	2,886,565
District's covered-employee payroll		19,316,784	17,985,836	17,640,933	16,581,983	15,630,140	16,528,669
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability		0.21%	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 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.

**CANTON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 91,177	78,927	97,877	113,601	123,157	123,059
Contributions in relation to the actuarially determined contribution	\$ 91,177	78,927	97,877	113,601	123,157	123,059
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered-employee payroll	20,848,011	17,270,745	18,120,069	17,729,339	15,951,397	16,356,222
Contributions as a percentage of covered-employee payroll	0.44%	0.46%	0.54%	0.64%	0.77%	0.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.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).

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2023

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:



CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2023

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%.

(2) *Changes in benefit provisions*

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2023

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, 2020 valuation for the June 30, 2022 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	27.7 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.

2022: The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% 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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2023

addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

- (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, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

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	6.50%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2030
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

## SUPPLEMENTARY INFORMATION

**CANTON PUBLIC SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school breakfast program	10.553	225MS326N1099	682,994
National school lunch program	10.555	225MS326N1099	1,918,039
Fresh Fruit and Vegetable Program	10.582	225MS326L1603	126,254
Total child nutrition cluster			<u>2,727,287</u>
Total passed-through Mississippi Department of Education			<u>2,727,287</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,727,287</u>
<b><u>U.S. Department of Defense</u></b>			
Direct Program:			
Reserve Officers' Training Corps	12.xxx	N/A	36,603
<b>Total U.S. Department of Defense</b>			<u>36,603</u>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	1,019,902
<b>Total Federal Communications Commission</b>			<u>1,019,902</u>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A210024	2,314,134
Career and technical education - basic grants to states	84.048	V048A210024	41,245
Title IV Safe and Drug Free	84.186	N/A	180,484
English Language Acquisition State Grants	84.365	S365A210024	48,778
Supporting Effective Instruction State Grants	84.367	S367A210023	290,831
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	S425D210031	468,353
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	S425D200031	2,281,691
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ARP ESSER III)	84.425U	S425U200031	5,007,945
Subtotal			<u>10,633,461</u>
Special education cluster:			
Special education - grants to states	84.027	H027A210108	884,402
COVID-19 ARP Special Education - grants to states	84.027X	H027X210108	113,339
Special education - preschool grants	84.173	H173A210113	22,020
COVID-19 ARP Special Education - preschool grants	84.173X	H173X210113	300
Total special education cluster			<u>1,020,061</u>
Total passed-through Mississippi Department of Education			<u>11,653,522</u>
<b>Total U.S. Department of Education</b>			<u>11,653,522</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education			
Medical assistance program	93.778	1905MS5ADM	4,197
Total passed-through Mississippi Department of Education			<u>4,197</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>4,197</u>
<b>Total for All Federal Awards</b>			<u>\$ 15,441,511</u>

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

CANTON PUBLIC SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2023

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 Canton Public School District under programs of the federal government for the year ended June 30, 2023. 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 Canton Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Canton Public School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$111,272 are included in the National School Lunch Program.

**CANTON PUBLIC SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2023**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 28,856,132	22,290,189	1,387,641	1,950,395	3,227,907
Other	22,268,307	5,825,706	361,800	34,025	16,046,776
Total	<u>\$ 51,124,439</u>	<u>28,115,895</u>	<u>1,749,441</u>	<u>1,984,420</u>	<u>19,274,683</u>
Total number of students *	<u>3,201</u>				
Cost per student	<u>\$ 15,971</u>	<u>8,783</u>	<u>547</u>	<u>620</u>	<u>6,021</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



**CANTON PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>				
Local sources	\$ 15,888,687	\$ 13,652,249	\$ 13,686,430	\$ 13,471,328
State sources	17,405,333	15,763,824	15,294,616	15,466,318
Federal sources	1,075,810	97,704	127,009	154,228
Sixteenth section sources	100,780	168,772	173,453	322,631
Total Revenues	<u>34,470,610</u>	<u>29,682,549</u>	<u>29,281,508</u>	<u>29,414,505</u>
<b>Expenditures:</b>				
Instruction	16,385,732	14,014,314	14,025,246	14,495,754
Support services	12,073,692	10,156,996	10,886,314	9,557,718
Noninstructional services				1,875
Sixteenth section	49,850	38,735	38,177	79,468
Debt service:				
Principal	26,506	380,343	199,079	
Interest	466	23,174	14,314	
Total Expenditures	<u>28,536,246</u>	<u>24,613,562</u>	<u>25,163,130</u>	<u>24,134,815</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>5,934,364</u>	<u>5,068,987</u>	<u>4,118,378</u>	<u>5,279,690</u>
<b>Other Financing Sources (Uses):</b>				
SBITA issued	34,433			
Insurance loss recovery	330,158			
Inception of Capital leases			2,057,211	
Operating transfers in	2,657	308,707	7,809	95,186
Operating transfer out	(2,754,660)	(2,903,597)	(3,662,853)	(2,989,996)
Other financing uses		(94,613)		
Total Other Financing Sources (Uses)	<u>(2,387,412)</u>	<u>(2,689,503)</u>	<u>(1,597,833)</u>	<u>(2,894,810)</u>
Net Change in Fund Balances	<u>3,546,952</u>	<u>2,379,484</u>	<u>2,520,545</u>	<u>2,384,880</u>
<b>Fund Balances:</b>				
Beginning of period as previously reported	20,828,479	18,448,995	15,943,923	13,558,009
Fund reclassification				1,034
Prior period adjustments			(15,473)	
Beginning of period, as restated	<u>20,828,479</u>	<u>18,448,995</u>	<u>15,928,450</u>	<u>13,559,043</u>
Increase (Decrease) in reserve for inventory				
End of Period	\$ <u>24,375,431</u>	\$ <u>20,828,479</u>	\$ <u>18,448,995</u>	\$ <u>15,943,923</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**CANTON PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2023	2022	2021	2020
<b>Revenues:</b>				
Local sources	\$ 19,689,555	\$ 16,544,485	\$ 17,091,826	\$ 17,058,602
State sources	18,448,329	16,525,407	16,295,325	16,509,971
Federal sources	15,441,511	11,283,228	7,192,142	5,465,553
Sixteenth section sources	101,958	169,940	183,053	332,112
Total Revenues	<u>53,681,353</u>	<u>44,523,060</u>	<u>40,762,346</u>	<u>39,366,238</u>
<b>Expenditures:</b>				
Instruction	22,430,496	18,746,061	18,738,669	17,253,365
Support services	17,014,230	13,738,653	13,662,916	11,674,157
Noninstructional services	2,667,060	2,997,475	1,569,652	1,945,749
Sixteenth section	50,930	38,735	43,398	80,008
Facilities acquisition and construction	4,076,086	160,159	602,992	637,503
Debt service:				
Principal	3,240,241	4,894,730	2,954,079	2,650,000
Interest	1,625,704	1,586,608	2,480,113	2,564,907
Debt issuance costs		446,634	326,800	
Other	19,692	15,640	16,390	16,390
Total Expenditures	<u>51,124,439</u>	<u>42,624,695</u>	<u>40,395,009</u>	<u>36,822,079</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,556,914</u>	<u>1,898,365</u>	<u>367,337</u>	<u>2,544,159</u>
<b>Other Financing Sources (Uses):</b>				
SBITA issued	55,040			
Bonds issued		7,860,000		
Inception of Capital leases			2,057,211	
Insurance loss recovery	330,158			
Refunding bonds issued		25,990,000	12,395,000	
Payments held by escrow agent	466,667	466,664	466,229	455,691
Payment to refunded bond escrow agent		(24,984,138)	(12,059,322)	
Payment to QSCB debt escrow agent	(466,667)	(466,664)	(466,229)	(455,691)
Operating transfer in	2,810,800	3,253,161	3,933,453	3,336,719
Other financing sources	1,500			
Operating transfer out	(2,810,800)	(3,253,161)	(3,933,453)	(3,336,719)
Other financing uses	(22,945)	(94,613)		(1,677)
Total Other Financing Sources (Uses)	<u>363,753</u>	<u>8,771,249</u>	<u>2,392,889</u>	<u>(1,677)</u>
Net Change in Fund Balances	<u>2,920,667</u>	<u>10,669,614</u>	<u>2,760,226</u>	<u>2,542,482</u>
<b>Fund Balances:</b>				
Beginning of period as previously reported	37,113,555	26,421,062	23,706,413	21,104,158
Fund reclassification				1,034
Prior period adjustments	5,685		(27,231)	4,000
Beginning of period, as restated	<u>37,119,240</u>	<u>26,421,062</u>	<u>23,679,182</u>	<u>21,109,192</u>
Increase (decrease) in inventory	7,734	22,879	(18,346)	54,739
End of Period	\$ <u>40,047,641</u>	\$ <u>37,113,555</u>	\$ <u>26,421,062</u>	\$ <u>23,706,413</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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  
Canton Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canton Public School District, as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise Canton Public School District's basic financial statements, and have issued our report thereon dated June 5, 2024.

**Report on Internal Control Over Financial Reporting**

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

*JD CPA, PLLC*

Jackson, Mississippi  
June 5, 2024



246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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

Superintendent and School Board  
Canton Public School District

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

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

We have audited Canton Public School District's compliance with the type of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Canton Public School District's major federal programs for the year ended June 30, 2023. Canton Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Canton 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, 2023.

***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 of 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 Canton Public School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related 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 Canton 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 Canton Public School District's federal programs.

## ***Auditor's Responsibilities for 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 to express an opinion on Canton 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 Canton 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 Canton 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 Canton 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 Canton 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 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 weakness, 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 purposes.

*JD CPA, PLLC*

Jackson, Mississippi  
June 5, 2024

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

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246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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

Superintendent and School Board  
Canton Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canton Public School District as of and for the year ended June 30, 2023, which collectively comprise Canton Public School District's basic financial statements and have issued our report thereon dated June 5, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

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

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

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

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

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

## Finding 1

### Criteria:

Section 25-11-127 Miss Code Ann. (1972), provides that a reemployed retiree is not paid more than allowed as noted on the Form 4B. Also, notice must be given within five (5) days from the date of employment and also from the date of termination of the employment.

### Condition:

During the testing of retired personnel, it was noted that the district paid some retirees more than the statutory allowed amount noted on the form 4-B and that some re-hired employees' forms were not filed with the PERS office within five (5) days of re-employment of a PERS service retiree.

### Cause:

The school district failed to implement a system to ensure that rehired retirees were not paid more than statutorily allowed and that PERS Form 4Bs were filed in a timely manner.

### Effect:

The district was not in compliance with the Section 25-11-127, Miss. Code Ann. (1972).

### Recommendation:

The District should implement procedures and controls to monitor and ensure that reemployed retirees are not paid in excess of what is statutorily allowed and that all forms are submitted within the required timeframe.

### Response:

The District will strengthen internal controls to ensure retirees are not paid in excess of the allowable wages on Form 4Bs and Form 4Bs are submitted within five (5) days.

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

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

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

*JD CPA, PLLC*

Jackson, Mississippi  
June 5, 2024

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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## Section I: Summary of Auditor's Results

### Financial Statements:

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

### Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? (Yes/No) No
  - b. Significant deficiency(ies) identified? (Yes/None reported) 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)? (Yes/No) No

7. Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
32.XXX	Universal Service Fund
84.027, 84.027X, 84.173 and 84.173X	Special Education Cluster
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I)
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ARP ESSER III)

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



## Section II: Financial Statement Findings

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

## Section III: Federal Award Findings and Questioned Costs

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