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JACKSON COUNTY SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Superintendent and School Board
Jackson County School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Jackson County School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County 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 Jackson County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Jackson County School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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

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Independent Auditor's Report, Page 2

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 Jackson County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jackson County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and net pension and OPEB schedules on pages 13 - 22, 63, and 64 - 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Independent Auditor's Report, Page 3

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 May 14, 2024, on our consideration of the Jackson County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jackson County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County School District's internal control over financial reporting and compliance.

Wolfe, McDuff & Oppie

Wolfe, McDuff & Oppie, P.A.
Pascagoula, Mississippi
May 14, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

The following discussion and analysis of Jackson County 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 \$8,022,806, including a prior period adjustment of \$90,928, which represents a 138% increase from fiscal year 2022. Total net position for 2022 increased \$1,882,880, including a prior period adjustment of \$(17,986) which represents a 24% increase from fiscal year 2021.
- ◆ General revenues amounted to \$88,550,305 and \$81,697,146, or 76% and 78% 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 \$28,597,601, or 24% of total revenues for 2023, and \$22,868,975, or 22% of total revenues for 2022.
- ◆ The School District had \$109,216,028 and \$102,665,255 in expenses for fiscal years 2023 and 2022; only \$28,597,601 for 2023 and \$22,868,975 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$88,550,305 for 2023 and \$81,697,146 for 2022 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$88,636,764 in revenues and \$80,552,720 in expenditures for 2023, and \$82,838,034 in revenues and \$76,108,859 in expenditures in 2022. The General Fund's fund balance increased by \$4,765,490, including a prior period adjustment of \$176,923 from 2022 to 2023, and increased by \$323,666 from 2021 to 2022.
- ◆ Capital assets, net of accumulated depreciation, decreased by \$(283,248), including a prior period adjustment of \$(85,995) for 2023 and increased by \$2,328,062, including a prior period adjustment of \$(17,986) for 2022. The decrease for 2023 was due primarily to the additions to accumulated depreciation exceeding fixed asset additions..
- ◆ Long-term debt decreased by \$(1,725,000) for 2023 and \$(1,528,929) for 2022. This decrease for 2023 was due to principal payments on outstanding long-term debt. The liability for compensated absences remained unchanged for 2023 and increased by \$317,163 for 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the School 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.

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School 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 School 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 School District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the School 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 School District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the School 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 School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds – All of the School 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 School 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 School 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 School 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.

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

A net pension liability and net OPEB liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

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 School District's financial position. Assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$2,212,841 as of June 30, 2023.

The School District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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

Table 1
Condensed Statement of Net Position

	2023	2022	Percentage Change
Current assets	\$ 48,691,999	39,381,140	24 %
Lease receivable	4,022,077	4,218,574	(5)%
Restricted assets	1,769,974	2,279,013	(22)%
Capital assets, net	<u>100,430,287</u>	<u>100,713,535</u>	-
Total Assets	<u>154,914,337</u>	<u>146,592,262</u>	6 %
Deferred Outflows of Resources	<u>41,781,438</u>	<u>45,780,916</u>	(9)%
Current liabilities	6,679,177	7,912,604	(16)%
Long-term liabilities	8,717,533	10,442,533	(17)%
Net pension liabilities	158,699,857	122,076,359	30 %
Net OPEB Liability	<u>4,770,239</u>	<u>6,216,931</u>	(23)%
Total Liabilities	<u>178,866,806</u>	<u>146,648,427</u>	22 %
Deferred Inflows of Resources	<u>15,616,128</u>	<u>51,534,716</u>	(70)%
Net Position:			
Net investment in capital assets	92,780,287	91,338,535	2 %
Restricted	12,752,375	7,388,729	73 %
Unrestricted	<u>(103,319,821)</u>	<u>(104,537,229)</u>	1 %
Total Net Position	<u>\$ 2,212,841</u>	<u>(5,809,965)</u>	138 %

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

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)	\$ (103,319,821)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the deferred outflows and deferred inflows related to pensions and OPEB	<u>133,417,029</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u><u>\$ 30,097,208</u></u>

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

- ◆ Decrease in net capital assets in the amount of \$(283,248).
- ◆ The principal retirement of \$1,725,000 of long-term debt.

Changes in net position

The School District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$117,147,906 and \$104,566,121, respectively. The total cost of all programs and services was \$109,216,028 for 2023 and \$102,665,255 for 2022.

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

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

	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,150,597	1,696,840	86 %
Operating grants and contributions	25,109,895	20,147,248	25 %
Capital grants and contributions	337,109	1,024,887	(67)%
General revenues:			
Property taxes	37,328,860	36,861,541	1 %
Grants and contributions not restricted	50,132,129	43,896,942	14 %
Investment earnings	167,835	19,986	740 %
Sixteenth section sources	456,736	430,119	6 %
Other	464,745	488,558	(5)%
Total Revenues	<u>117,147,906</u>	<u>104,566,121</u>	12 %
Expenses:			
Instruction	52,695,906	52,359,749	1 %
Support Services	32,346,875	31,221,943	4 %
Non-instructional	10,230,244	4,792,628	113 %
Sixteenth section	43,601	15,755	177 %
Pension expense	14,147,620	14,215,572	-
OPEB expense	(468,693)	(178,890)	(162)%
Interest on long-term liabilities	220,475	238,498	(8)%
Total Expenses	<u>109,216,028</u>	<u>102,665,255</u>	6 %
Increase (Decrease) in Net Position	<u>7,931,878</u>	<u>1,900,866</u>	317 %
Net Position, July 1, as previously reported	(5,809,965)	(7,692,845)	24 %
Prior Period Adjustment	<u>90,928</u>	<u>(17,986)</u>	606 %
Net Position, July 1, as restated	<u>(5,719,037)</u>	<u>(7,710,831)</u>	26 %
Net Position, June 30	<u>\$ 2,212,841</u>	<u>(5,809,965)</u>	138 %

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

Governmental activities

The following table presents the cost of seven major School 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 School District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2023	2022	
Instruction	\$ 52,695,906	52,359,749	1 %
Support services	32,346,875	31,221,943	4 %
Non-instructional	10,230,244	4,792,628	113 %
Sixteenth section	43,601	15,755	177 %
Pension expense	14,147,620	14,215,572	- %
OPEB expense	(468,693)	(178,890)	162 %
Interest on long-term liabilities	220,475	238,498	(8)%
Total Expenses	\$ 109,216,028	102,665,255	6 %

	Net (Expense) Revenue		Percentage Change
	2023	2022	
Instruction	\$ (40,252,130)	(40,179,718)	- %
Support services	(22,412,909)	(26,878,842)	17 %
Non-instructional	(4,010,385)	1,553,215	(358)%
Sixteenth section	(43,601)	(15,755)	177 %
Pension expense	(14,147,620)	(14,215,572)	- %
OPEB expense	468,693	178,890	162 %
Interest on long-term liabilities	(220,475)	(238,498)	(8)%
Total Net (Expense) Revenue	\$ (80,618,427)	(79,796,280)	1 %

- ◆ Net cost of governmental activities (\$(80,618,427) for 2023 and \$(79,796,280) for 2022) was financed by general revenue, which is primarily made up of property taxes (\$37,328,860 for 2023 and \$36,861,541 for 2022) and state and federal revenues (\$50,132,129 for 2023 and \$43,896,942 for 2022). In addition, there was \$456,736 and \$430,119 in Sixteenth Section sources for 2023 and 2022, respectively.
- ◆ Investment earnings amounted to \$167,835 for 2023 and \$19,986 for 2022.

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

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

The financial performance of the School District as a whole is reflected in its governmental funds. As the School District completed the year, its governmental funds reported a combined fund balance of \$43,991,649, an increase of \$10,098,628, which includes a prior period adjustment of \$176,923 and a decrease in inventory of \$(59,526). \$24,916,093 or 57% 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 \$19,075,556 or 43% 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 School District. The increase in fund balance in the General Fund for the fiscal year was \$4,765,490, which includes a prior period adjustment of \$176,923. The fund balance of Other Governmental Funds showed an increase in the amount of \$119,093, which includes a decrease in reserve for inventory of \$(59,526), due primarily to normal operations.

The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase/ (Decrease)
Workforce Enhancement SB 3011 Fund	\$ 5,946,929
Construction and Improvement Fund	(732,884)

BUDGETARY HIGHLIGHTS

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

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

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the School District's total capital assets were \$166,562,774, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$3,795,030 from 2022. Total accumulated depreciation as of June 30, 2023, was \$66,132,487, and total depreciation expense for the year was \$4,303,644, resulting in total net capital assets of \$100,430,287.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>2023</u>	<u>2022</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 418,276	418,276	- %
Construction in progress	2,575,563	4,940,739	(48)%
Buildings	79,471,778	81,606,311	(3)%
Building improvements	7,192,158	2,438,478	195 %
Improvements other than buildings	5,548,045	5,628,891	(1)%
Mobile equipment	4,186,703	4,639,361	(10)%
Furniture and equipment	1,037,764	1,041,479	- %
Total	\$ <u>100,430,287</u>	<u>100,713,535</u>	- %

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

Debt Administration. At June 30, 2023, the School District had \$8,717,533 in outstanding long-term debt, of which \$2,008,767 is due within one year. The liability for compensated absences remained unchanged from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>2023</u>	<u>2022</u>	<u>Percentage</u> <u>Change</u>
Three mill note payable	\$ 7,650,000	9,375,000	(18)%
Compensated absences payable	1,067,533	1,067,533	- %
Total	\$ <u>8,717,533</u>	<u>10,442,533</u>	(17)%

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

JACKSON COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2023

CURRENT ISSUES

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

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

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Jackson County School District, Post Office Box 5069, Vancleave, Mississippi 39565-5069.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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JACKSON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION June 30, 2023

Exhibit A

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 44,861,116
Due from other governments	3,719,402
Lease receivable	4,022,077
Inventories	111,481
Restricted assets	1,769,974
Capital assets, non-depreciable	
Land	418,276
Construction in progress	2,575,563
Capital assets, net of accumulated depreciation	
Buildings	79,471,778
Building improvements	7,192,158
Improvements other than buildings	5,548,045
Mobile equipment	4,186,703
Furniture and equipment	1,037,764
Total Assets	<u>154,914,337</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	40,269,962
Deferred outflows related to OPEB	1,511,476
Total Deferred Outflows of Resources	<u>41,781,438</u>
LIABILITIES	
Accounts payable and accrued liabilities	6,604,644
Interest payable on long-term liabilities	74,533
Long-term liabilities, due within one year	
Capital related liabilities	1,475,000
Non-capital related liabilities	533,767
Net OPEB liability	1,511,476
Long-term liabilities, due beyond one year	
Capital related liabilities	6,175,000
Non-capital related liabilities	533,766
Net pension liability	158,699,857
Net OPEB liability	3,258,763
Total Liabilities	<u>178,866,806</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	9,220,046
Deferred inflows related to OPEB	2,508,325
Deferred inflows related to leases	3,887,757
Total Deferred Inflows of Resources	<u>15,616,128</u>
NET POSITION	
Net investment in capital assets	92,780,287
Restricted for:	
Expendable:	
School-based activities	10,725,104
Debt Service	1,029,459
Forestry improvements	152,489
Unemployment benefits	179,341
Non-expendable	
Sixteenth section	665,982
Unrestricted	(103,319,821)
Total Net Position	<u>\$ 2,212,841</u>

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

JACKSON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2023

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 52,695,906	1,512,659	10,594,008	337,109	(40,252,130)
Support services	32,346,875	-	9,933,966	-	(22,412,909)
Non-instructional	10,230,244	1,637,938	4,581,921	-	(4,010,385)
Sixteenth section	43,601	-	-	-	(43,601)
Pension expense	14,147,620	-	-	-	(14,147,620)
OPEB expense	(468,693)	-	-	-	468,693
Interest on long-term liabilities	220,475	-	-	-	(220,475)
Total Governmental Activities	\$ 109,216,028	3,150,597	25,109,895	337,109	(80,618,427)
General Revenues:					
Taxes:					
General purpose levies					35,686,704
Debt purpose levies					1,642,156
Unrestricted grants and contributions:					
State					49,936,504
Federal					195,625
Unrestricted investment earnings					167,835
Sixteenth section sources					456,736
Other					464,745
Total General Revenues					88,550,305
Change in Net Position					7,931,878
Net position - Beginning, as originally reported					(5,809,965)
Prior period adjustment, Note 10					90,928
Net position - Beginning, as restated					(5,719,037)
Net position - Ending					\$ 2,212,841

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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JACKSON COUNTY SCHOOL DISTRICT

BALANCE SHEET-GOVERNMENTAL FUNDS

Exhibit C

June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Workforce Enhancement SB 3011 Fund	Construction and Improvement Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 26,159,578	5,946,929	7,682,754	6,841,829	46,631,090
Due from other governments	1,069,884	-	-	2,649,518	3,719,402
Lease receivable	4,022,077	-	-	-	4,022,077
Due from other funds	2,006,757	-	-	-	2,006,757
Inventories	-	-	-	111,481	111,481
Total Assets	\$ 33,258,296	5,946,929	7,682,754	9,602,828	56,490,807
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,125,872	-	1,762,680	716,092	6,604,644
Due to other funds	-	-	-	2,006,757	2,006,757
Total Liabilities	4,125,872	-	1,762,680	2,722,849	8,611,401
DEFERRED INFLOWS OF RESOURCES					
Leases	3,887,757	-	-	-	3,887,757
Total Deferred Inflows of Resources	3,887,757	-	-	-	3,887,757
FUND BALANCE					
Nonspendable:					
Inventory	-	-	-	111,481	111,481
Permanent fund principal	-	-	-	665,982	665,982
Restricted:					
Debt service	-	-	-	1,103,992	1,103,992
Forestry improvement purposes	-	-	-	152,489	152,489
Grant activities	-	5,946,929	-	4,666,694	10,613,623
Unemployment benefits	-	-	-	179,341	179,341
Assigned:					
Activity funds	328,574	-	-	-	328,574
Capital improvements	-	-	5,920,074	-	5,920,074
Unassigned	24,916,093	-	-	-	24,916,093
Total Fund Balance	25,244,667	5,946,929	5,920,074	6,879,979	43,991,649
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 33,258,296	5,946,929	7,682,754	9,602,828	56,490,807

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

JACKSON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2023

Exhibit C-1

Total governmental fund balance	\$	43,991,649
<i>Amounts reported for governmental activities in the Statement of Net Position are different than those reported in the fund financial statements because of the following:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		100,430,287
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(158,699,857)
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	\$	40,269,962
Deferred inflows of resources related to pensions		<u>(9,220,046)</u>
		31,049,916
Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(4,770,239)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB		1,511,476
Deferred inflows of resources related to OPEB		<u>(2,508,325)</u>
		(996,849)
Long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds:		
Three mill notes payable		(7,650,000)
Accrued interest payable		(74,533)
Compensated absences		<u>(1,067,533)</u>
		(8,792,066)
Net position of governmental activities	\$	<u>2,212,841</u>

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

JACKSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS For the Year Ended June 30, 2023

Exhibit D

	Major Funds				Total Governmental Funds
	General Fund	Workforce Enhancement SB 3011 Fund	Construction and Improvement Fund	Other Governmental Funds	
REVENUES					
Local sources	\$ 37,835,059	1,322	-	2,969,777	40,806,158
State sources	49,952,864	6,000,000	-	993,749	56,946,613
Federal sources	400,227	-	-	18,232,293	18,632,520
Sixteenth section	448,614	-	-	8,121	456,735
Total Revenues	<u>88,636,764</u>	<u>6,001,322</u>	<u>-</u>	<u>22,203,940</u>	<u>116,842,026</u>
EXPENDITURES					
Instruction	50,581,133	-	-	10,679,219	61,260,352
Support services	29,399,222	-	266,104	5,540,092	35,205,418
Noninstructional services	4,598	-	-	5,078,685	5,083,283
Sixteenth section	33,221	-	-	10,380	43,601
Debt service					
Principal	-	-	-	1,725,000	1,725,000
Interest	-	-	-	220,475	220,475
Facilities acquisition and construction	534,546	54,393	3,066,780	-	3,655,719
Total Expenditures	<u>80,552,720</u>	<u>54,393</u>	<u>3,332,884</u>	<u>23,253,851</u>	<u>107,193,848</u>
Excess (Deficiency) of Revenues over (under)					
Expenditures	<u>8,084,044</u>	<u>5,946,929</u>	<u>(3,332,884)</u>	<u>(1,049,911)</u>	<u>9,648,178</u>
OTHER FINANCING SOURCES (USES)					
Insurance recovery	333,053	-	-	-	333,053
Operating transfers in	708,328	-	2,600,000	1,936,858	5,245,186
Operating transfers out	(4,536,858)	-	-	(708,328)	(5,245,186)
Total Other Financing Sources (Uses)	<u>(3,495,477)</u>	<u>-</u>	<u>2,600,000</u>	<u>1,228,530</u>	<u>333,053</u>
Net Change in Fund Balances	<u>4,588,567</u>	<u>5,946,929</u>	<u>(732,884)</u>	<u>178,619</u>	<u>9,981,231</u>
Fund Balance - Beginning, as originally reported	20,479,177	-	6,652,958	6,760,886	33,893,021
Prior period adjustment, Note 10	176,923	-	-	-	176,923
Fund Balance - Beginning, as restated	<u>20,656,100</u>	<u>-</u>	<u>6,652,958</u>	<u>6,760,886</u>	<u>34,069,944</u>
Increase (Decrease) in reserve for inventory	-	-	-	(59,526)	(59,526)
Fund Balance - Ending	<u>\$ 25,244,667</u>	<u>5,946,929</u>	<u>5,920,074</u>	<u>6,879,979</u>	<u>43,991,649</u>

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

JACKSON COUNTY SCHOOL DISTRICT

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 \$ 9,981,231

Amounts reported for governmental activities in the Statement of Activities are different than those reported in the fund financial statements because of the following:

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	\$ 4,133,564	
Depreciation expense	<u>(4,303,644)</u>	(170,080)

In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental fund, 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.

(27,173)

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

Payments of debt principal	<u>1,725,000</u>	1,725,000
----------------------------	------------------	-----------

Some items relating to pensions and reported in the Statement of Activities do not provided or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(14,147,620)	
Contributions subsequent to the measurement date	<u>9,929,262</u>	(4,218,358)

Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB expense	468,693	
Contributions made subsequent to the measurement date	<u>232,091</u>	700,784

Some items reported in the Statement of Activities do not provided or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Change in inventory reserve	<u>(59,526)</u>	<u>(59,526)</u>
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Change in net position of governmental activities	\$ <u>7,931,878</u>	
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The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

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JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC 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 a "primary government." The School District is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Jackson County School District has included all funds and organizations. The School 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 School District are such that exclusion would cause the School 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 School 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 School District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the School 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 School District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

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

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School District reports the following major governmental funds:

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

Workforce Enhancement SB 3011 Fund - This is the fund used to track Workforce Enhancement SB 3011 grant fund activity. This grant was funded through state sources.

Construction and Improvement Fund - This is a capital projects funds that accounts for various capital improvement projects throughout the district.

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

Additionally, the School District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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 School District's programs.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Under the terms of grant agreements, the School 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 School District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Encumbrances

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

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The School 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 School 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.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Due from Other Governments

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

4. Inventories and Prepaid Items

Inventories

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

Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	\$ -	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, and Intangible assets	**	**

(**) The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

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

7. *Deferred outflows/inflows of resources*

In addition to assets, the statement 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 reports \$40,269,962 of deferred outflows related to its pension plan and \$1,511,476 related to its OPEB obligations.

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 reports \$9,220,046 of deferred inflows related to pension, \$2,508,325 related to its OPEB plan, and \$3,887,757 of deferred inflows related to lease receivables.

See Note 15 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 School 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.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Leases

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

The Jackson County School District uses its estimated incremental borrowing rate to calculate the present value of lease payable payments when the rate implicit in the lease is not known. For sixteenth section lease receivables, the district uses the 4% statutory minimum rate imposed on loans from the sixteenth section principal fund.

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, reliability, relevance and consistency of information about SBITAs. The School District did not have any SBITAs material to the financial statements that required GASB 96 implementation during fiscal year 2023.

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.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 School District:

- ◆ *Nonspendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- ◆ *Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- ◆ *Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the School 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 School District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the School District.
- ◆ *Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the School 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 School District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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, reliability, relevance, and consistency of information about SBITAs.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 2. CASH AND CASH EQUIVALENTS

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

A. 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.

B. Cash and Cash Equivalents

The carrying amount of the School District's deposits with financial institutions reported in the governmental funds was \$46,631,090.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District. As of June 30, 2023, none of the School District's bank balance of \$52,048,284 was exposed to custodial credit risk.

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activities		
General fund	Other governmental funds	\$ 2,006,757
Total		<u>\$ 2,006,757</u>

The purpose of the inter-fund loans was to cover deficit cash of federal and state funds not received prior to year end. Payments are made of amounts due between funds within three months.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 3. INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

B. Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Activities		
General fund	Other governmental funds	\$ 708,328
Construction and improvements fund	General fund	2,600,000
Other governmental funds	General fund	<u>1,936,858</u>
Total		<u>\$ 5,245,186</u>

The primary reason for the interfund transfers was for debt service requirements, federal grant allocations and the funding of various programs within the district.

NOTE 4. RESTRICTED ASSETS

The restricted assets represent the cash balance, totaling \$665,982 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the School District's programs.

Also, the restricted assets represent the cash balances, totaling \$1,103,992 of the debt service funds that is restricted for future debt service requirement.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 5. CAPITAL ASSETS

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

	Beginning Balance	Primary Government			Ending Balance
		Increases	Decreases	Adjustments /Transfers	
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 418,276	-	-	-	418,276
Construction in progress	<u>4,940,739</u>	<u>2,754,609</u>	<u>-</u>	<u>(5,119,785)</u>	<u>2,575,563</u>
Total non-depreciable capital assets	<u>5,359,015</u>	<u>2,754,609</u>	<u>-</u>	<u>(5,119,785)</u>	<u>2,993,839</u>
Depreciable capital assets:					
Buildings	122,683,166	20,464	-	-	122,703,630
Buildings improvements	5,966,287	161,536	-	5,033,790	11,161,613
Improvements other than buildings	11,181,734	719,100	-	-	11,900,834
Mobile equipment	13,154,239	144,482	(25,381)	-	13,273,340
Furniture and equipment	<u>4,423,303</u>	<u>333,373</u>	<u>(227,158)</u>	<u>-</u>	<u>4,529,518</u>
Total depreciable capital assets	<u>157,408,729</u>	<u>1,378,955</u>	<u>(252,539)</u>	<u>5,033,790</u>	<u>163,568,935</u>
Total governmental activities capital assets	<u>162,767,744</u>	<u>4,133,564</u>	<u>(252,539)</u>	<u>(85,995)</u>	<u>166,562,774</u>
Less accumulated depreciation for:					
Buildings	41,076,855	2,146,414	-	8,583	43,231,852
Buildings improvements	3,527,809	441,646	-	-	3,969,455
Improvements other than buildings	5,552,843	808,529	-	(8,583)	6,352,789
Mobile equipment	8,514,878	594,242	(22,483)	-	9,086,637
Furniture and equipment	<u>3,381,824</u>	<u>312,813</u>	<u>(202,883)</u>	<u>-</u>	<u>3,491,754</u>
Total accumulated depreciation	<u>62,054,209</u>	<u>4,303,644</u>	<u>(225,366)</u>	<u>-</u>	<u>66,132,487</u>
Total depreciable capital assets, net	<u>95,354,520</u>	<u>(2,924,689)</u>	<u>(27,173)</u>	<u>5,033,790</u>	<u>97,436,448</u>
Governmental activities capital assets, net	\$ <u>100,713,535</u>	<u>(170,080)</u>	<u>(27,173)</u>	<u>(85,995)</u>	<u>100,430,287</u>

The adjustments above are related to the overstatement of construction in progress at June 30, 2022. See note 10 for more information.

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	\$ 3,411,485
Support services	729,044
Non-instructional	<u>163,115</u>
Total depreciation expense	\$ <u>4,303,644</u>

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

Governmental activities:	Spent to June 30, 2023	Remaining Commitment
East Central Upper Canopy Project	\$ 169,930	20,508
East Central Middle Canopy Project	169,930	20,508
St. Martin Middle School HVAC Upgrades	249,188	1,641,812
JCTC Expansion	54,393	295,062
St. Martin Baseball Field Upgrade	884,446	22,678
St. Martin Football Restroom	146,090	290,445
St. Martin North & Elementary Roof Replacement	690,110	1,497,390
Intercom System	<u>211,476</u>	<u>925,502</u>
Total construction-in-progress	\$ <u>2,575,563</u>	<u>4,713,905</u>

Construction projects included in governmental activities were funded by the Construction and improvements fund.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 6. LEASES

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-60 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of the lease.

For the year ending June 30, 2023, the district recognized \$249,415 in lease revenue and \$183,204 in interest income on lease receivables.

Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Principal Portion	Interest Portion	Total Payments
2024	\$ 195,044	160,883	355,927
2025	194,917	153,081	347,998
2026	192,199	145,285	337,484
2027	198,387	137,597	335,984
2028	197,878	129,661	327,539
2029-2033	1,048,798	527,108	1,575,906
2034-2038	1,072,573	313,349	1,385,922
2039-2043	517,645	126,546	644,191
2044-2048	122,050	67,380	189,430
2049-2053	53,277	52,308	105,585
2054-2058	45,124	42,064	87,188
2059-2060	18,863	14,365	33,228
Thereafter	165,322	86,359	251,681
Total	\$ 4,022,077	1,955,986	5,978,063

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 7. LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
A. Three Mill Notes Payable	\$ 9,375,000	-	(1,725,000)	7,650,000	1,475,000
B. Compensated absences	<u>1,067,533</u>	<u>-</u>	<u>-</u>	<u>1,067,533</u>	<u>533,767</u>
Total governmental activities long-term liabilities	<u>\$ 10,442,533</u>	<u>-</u>	<u>(1,725,000)</u>	<u>8,717,533</u>	<u>2,008,767</u>

A. Three Mill Notes Payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Three Mill Ten Year Note, Series 2012	2.21 %	10/25/2012	10/1/2023	\$ 8,800,000	1,165,000
Three Mill Ten Year Note, Series 2019	2.50 %	8/15/2019	8/1/2028	<u>8,200,000</u>	<u>6,485,000</u>
Total				<u>\$ 17,000,000</u>	<u>7,650,000</u>

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

Three Mill Note Payable Issue Date 2012:

<u>Amounts due fiscal year ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,165,000	25,747	1,190,747
Total	<u>\$ 1,165,000</u>	<u>25,747</u>	<u>1,190,747</u>

This debt will be retired from the Debt Service Fund.

Three Mill Note Payable Issue Date 2019:

<u>Amounts due fiscal year ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 310,000	158,251	468,251
2025	325,000	150,313	475,313
2026	1,530,000	127,125	1,657,125
2027	1,570,000	88,375	1,658,375
2028	1,550,000	49,375	1,599,375
2029	<u>1,200,000</u>	<u>15,000</u>	<u>1,215,000</u>
Total	<u>\$ 6,485,000</u>	<u>588,439</u>	<u>7,073,439</u>

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 7. LONG-TERM LIABILITIES (continued)

This debt will be retired from the Debt Service Fund.

Total Three Mill Note Payable For All Issues:			
Amounts due fiscal year ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,475,000	183,998	1,658,998
2025	325,000	150,313	475,313
2026	1,530,000	127,125	1,657,125
2027	1,570,000	88,375	1,658,375
2028	1,550,000	49,375	1,599,375
2029	1,200,000	15,000	1,215,000
Total	\$ 7,650,000	614,186	8,264,186

B. Compensated Absences Payable

As more fully explained in Note 1(F)(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.

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,

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

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 ended June 30, 2023, 2022, and 2021 were \$9,929,262, \$9,231,468 and \$9,555,401, respectively, which equaled the required contributions for each year.

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

At June 30, 2023, the School District reported a liability of \$158,699,857 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 School 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 0.771 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.055 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 School District recognized pension expense of \$14,147,620. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,247,085	-
Net difference between projected and actual earnings on pension plan investments	8,335,676	-
Changes of assumptions	5,488,811	-
Change in proportion and differences between School District contributions and proportionate share of contributions	14,269,128	9,220,046
School District contributions subsequent to the measurement date	9,929,262	-
Total	\$ 40,269,962	9,220,046

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

\$9,929,262 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:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 7,426,034
2025	8,050,140
2026	(2,967,007)
2027	8,611,487
Total	\$ <u>21,120,654</u>

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%
Salary increases	2.65-17.90%, including inflation
Investment rate of return	7.55%, net of pension plan investments expense, including inflation

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

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued)

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
Domestic equity	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	100.00 %	

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 former employer contribution rate (15.75%) through June 30, 2019 and the current contribution rate (17.40%) thereafter. 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 School District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.55 percent, as well as what the School 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 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
School District's proportionate share of the net pension liability	\$ 207,119,520	158,699,857	118,780,306

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC 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 \$232,091 for the year ended June 30, 2023.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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 \$4,770,239 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 0.96821481 percent. This was an increase of 0.0023760 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(468,693). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,950	-
Changes of assumption	743,996	441,661
Net difference between projected and actual earnings on OPEB plan investments	329	-
Changes in proportion and differences between District contributions and proportionate share of contributions	531,110	2,066,664
District contributions subsequent to the measurement date	232,091	-
Total	\$ 1,511,476	2,508,325

\$232,091 reported as deferred outflows of resources related to OPEB resulting from district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ending 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,	Amount
2024	\$ (258,507)
2025	(217,638)
2026	(289,769)
2027	(232,232)
2028	(164,847)
Thereafter	(65,947)
Total	\$ (1,228,940)

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.65-17.90%, 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%
Health Care Cost Trends	
Medicare Supplement Claims Pre-Medicare	7.00% for 2023 decreasing to an ultimate 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 an actuarial experience study dated April 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Discount rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37%. 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%) or 1-percentage-point higher (4.37%) than the current discount rate:

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB Liability	\$ 5,255,005	4,770,239	4,353,830

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	\$ 4,438,364	4,770,239	5,143,719

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>.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 10. PRIOR PERIOD ADJUSTMENTS

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

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct the overstatement of capital assets	\$ (85,995)
To correct the overstatement of insurance expense	176,923
Total	\$ 90,928

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To correct the overstatement of insurance expense	\$ 176,923
Total		\$ 176,923

NOTE 11. CONTINGENCIES

A. 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 disallowance resulting from the grantor audit may become a liability of the School District.

B. 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 School 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.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 13. EXCEPTIONAL SCHOOL CONSORTIUM

The school district entered into an Alternative School Agreement dated June 1988 creating the Jackson County Exceptional School Program. This consortium was created pursuant to the provisions of Section 37-7-403 through 37-7-415, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Pascagoula-Gautier Municipal Separate School District, Jackson County School District, Ocean Springs Municipal Separate School District, and Moss Point Municipal Separate School District.

Sections 37-7-403 through 37-7-415, Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an exceptional school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the exceptional school program. Transportation for students attending the exceptional school program will be the responsibility of the individual school district sending the students.

The Pascagoula-Gautier Municipal Separate School District has been designated as the lead school district for the Jackson County Exceptional School Program and the operations of the consortium are included in its financial statements.

NOTE 14. INSURANCE LOSS RECOVERIES

The Jackson County School District received \$333,053 in insurance loss recoveries related to bus damage during the 2022-2023 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as non-instructional charges for services.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For Year Ended June 30, 2023

NOTE 15. EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The unrestricted net position amount of \$(103,319,821) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$9,929,262 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 \$30,340,700 balance of deferred outflow of resources, 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 \$(103,319,821) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$9,220,046 balance of deferred inflow of resources, at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(103,319,821) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflows of resources related to OPEB in the amount of \$232,091 resulting from the amount paid by the school district as benefits come due subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$1,279,385 balance of deferred outflow of resources, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$(103,319,821) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$2,508,325 balance of deferred inflow of resources at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of \$(103,319,821) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$3,887,757 balance of deferred inflow of resources related to leases, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 59 years.

NOTE 16. SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Jackson County School District evaluated the activity of the School District through May 14, 2024, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

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
REVENUES					
Local sources	\$ 38,268,168	39,967,980	37,835,059	1,699,812	(2,132,921)
State sources	50,063,533	50,063,533	49,952,864	-	(110,669)
Federal sources	566,008	666,008	400,227	100,000	(265,781)
Sixteenth section sources	<u>324,402</u>	<u>324,402</u>	<u>448,614</u>	<u>-</u>	<u>124,212</u>
Total Revenues	<u>89,222,111</u>	<u>91,021,923</u>	<u>88,636,764</u>	<u>1,799,812</u>	<u>(2,385,159)</u>
EXPENDITURES					
Instruction	52,544,758	53,925,414	50,581,133	(1,380,656)	3,344,281
Support services	33,119,250	33,140,482	29,399,222	(21,232)	3,741,260
Noninstructional services	-	5,100	4,598	(5,100)	502
Sixteenth section	82,691	95,417	33,221	(12,726)	62,196
Facilities acquisition and construction	<u>-</u>	<u>172,928</u>	<u>534,546</u>	<u>(172,928)</u>	<u>(361,618)</u>
Total Expenditures	<u>85,746,699</u>	<u>87,339,341</u>	<u>80,552,720</u>	<u>(1,592,642)</u>	<u>6,786,621</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>3,475,412</u>	<u>3,682,582</u>	<u>8,084,044</u>	<u>207,170</u>	<u>4,401,462</u>
OTHER FINANCING SOURCES (USES)					
Insurance recovery	-	-	333,053	-	333,053
Operating transfers in	10,445,111	16,116,383	708,328	5,671,272	(15,408,055)
Operating transfers out	<u>(14,957,400)</u>	<u>(20,659,790)</u>	<u>(4,536,858)</u>	<u>(5,702,390)</u>	<u>16,122,932</u>
Total Other Financing Sources (Uses)	<u>(4,512,289)</u>	<u>(4,543,407)</u>	<u>(3,495,477)</u>	<u>(31,118)</u>	<u>1,047,930</u>
Net Change in Fund Balances	<u>(1,036,877)</u>	<u>(860,825)</u>	<u>4,588,567</u>	<u>176,052</u>	<u>5,449,392</u>
Fund Balance - Beginning, as originally reported	20,479,177	20,479,177	20,479,177	-	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>176,923</u>	<u>-</u>	<u>176,923</u>
Fund Balance - Beginning, as restated	<u>20,479,177</u>	<u>20,479,177</u>	<u>20,656,100</u>	<u>-</u>	<u>176,923</u>
Fund Balance - Ending	<u>\$ 19,442,300</u>	<u>19,618,352</u>	<u>25,244,667</u>	<u>176,052</u>	<u>5,626,315</u>

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

BUDGETARY COMPARISON SCHEDULE-WORKFORCE ENHANCEMENT SB 3011 FUND For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ -	-	1,322	-	1,322
State sources	-	6,000,000	6,000,000	6,000,000	-
Total Revenues	-	6,000,000	6,001,322	6,000,000	1,322
EXPENDITURES					
Facilities acquisition and construction	-	3,000,000	54,393	(3,000,000)	2,945,607
Total Expenditures	-	3,000,000	54,393	(3,000,000)	2,945,607
Excess (Deficiency) of Revenues over (under) Expenditures	-	3,000,000	5,946,929	3,000,000	2,946,929
Net Change in Fund Balances	-	3,000,000	5,946,929	3,000,000	2,946,929
Fund Balance	-	-	-	-	-
Fund Balance - Ending	\$ -	3,000,000	5,946,929	3,000,000	2,946,929

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

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

Public Employees Retirement System of Mississippi (PERS)

Last 10 Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2020	2015
School District's proportion of the net pension liability (asset)	0.771 %	0.826 %	0.674 %	0.763 %	0.715 %	0.645 %	0.688 %	0.675 %	0.670 %
School District's proportionate share (amount) of the net pension liability	\$158,699,857	122,076,359	130,441,786	134,288,150	118,925,743	107,220,891	122,893,979	104,341,689	81,325,731
School District's covered payroll	\$ 53,054,414	54,916,098	44,867,385	49,714,956	45,679,384	41,396,615	44,023,721	42,171,695	40,669,987
School District's proportionate share (amount) of the collective net pension liability as a percentage of its covered payroll	299.13 %	222.30 %	290.73 %	270.12 %	260.35 %	259.01 %	279.15 %	247.42 %	199.96 %
Plan fiduciary net position as a percentage of the total pension liability	62.54 %	70.44 %	58.97 %	61.59 %	62.54 %	61.49 %	57.47 %	61.70 %	67.21 %

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

**This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 68 was implemented in fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS-(PERS)

Public Employees Retirement System of Mississippi (PERS)

Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,929,262	9,231,468	9,555,401	7,806,925	7,830,105	7,194,503	6,519,966	6,933,736	6,642,042
Contributions in relation to the contractually required contribution	<u>(9,929,262)</u>	<u>(9,231,468)</u>	<u>(9,555,401)</u>	<u>(7,806,925)</u>	<u>(7,830,105)</u>	<u>(7,194,503)</u>	<u>(6,519,966)</u>	<u>(6,933,736)</u>	<u>(6,642,042)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's covered payroll	\$57,064,708	53,054,414	54,916,098	44,867,385	49,714,952	45,679,384	41,396,615	44,023,721	42,171,695
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 %

**This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 68 was implemented in fiscal year ended June 30, 2015, and, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

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

Other Postemployment Benefits (OPEB)

Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.96821481 %	0.96583883 %	0.90040064 %	0.89415585 %	0.86812909 %	0.84542299 %
District's proportionate share of the net OPEB liability	\$ 4,770,239	6,216,931	7,006,990	7,587,279	6,715,413	6,633,265
District's covered-employee payroll	\$ 54,916,098	54,916,098	44,867,385	49,714,956	45,679,384	41,396,615
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.69 %	11.32 %	15.62 %	15.26 %	14.70 %	16.02 %
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 amounts presented for each fiscal year were determined as the measurement date of June 30 of the year prior to the fiscal year presented.

**This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE June 30, 2018, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information (Unaudited)

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS-(OPEB)

Other Postemployment Benefits (OPEB)

Last 10 Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 232,091	194,398	249,880	279,438	304,122	282,786
Contributions in relation to the actuarially required contributions	<u>(232,091)</u>	<u>(194,398)</u>	<u>(249,880)</u>	<u>(279,438)</u>	<u>(304,122)</u>	<u>(282,786)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 District's covered-employee payroll	 \$ 57,064,708	 53,054,414	 54,916,098	 44,867,385	 49,714,956	 41,396,615
 Contributions as a percentage of covered-employee payroll	 0.41 %	 0.37 %	 0.46 %	 0.62 %	 0.61 %	 0.68 %

**This schedule is presented to illustrate the requirements to show information for 10 years. However, GASB Statement No. 75 was implemented in FYE June 30, 2018, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 1. BUDGETARY COMPARISON SCHEDULE

A. 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.

B. Budget Amendments and Revisions

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

NOTE 2. PENSION SCHEDULES

A. 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%.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 2. PENSION SCHEDULES (Continued)

2019:

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

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

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

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

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

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

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%.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

B. Changes in Benefit Provisions

2016:

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

C. 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

NOTE 3. OPEB SCHEDULES

A. 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.

B. Changes in Benefit Provisions

2017: None.

2018: None.

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 3. OPEB SCHEDULES (continued)

B. Changes in Benefit Provisions

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

2021: The schedule of monthly retiree contributions was increased as of January 1, 2022. In addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2022.

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.

C. Method and assumptions used in calculations of actuarially determined contributions

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from 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 percent
Salary increases, including wage inflation	3.00 percent to 18.25 percent
Initial health care cost trend rate	
Medicare Supplemental Claims Pre-Medicare	6.50 percent
Ultimate health care cost trend rates	
Medicare Supplemental Claims Pre-Medicare	4.75 percent
Years of ultimate trend rates	
Medicare Supplemental Claims Pre-Medicare	2030
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13 percent

SUPPLEMENTARY INFORMATION

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JACKSON COUNTY 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 Numbers	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Mississippi Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	235MS326N1099	\$ 5,559,270
Total Child Nutrition Cluster			5,559,270
Total Passed through Mississippi Department of Education			5,559,270
Total U.S. Department of Agriculture			5,559,270
<u>U.S. Department of Defense</u>			
<i>Direct Program:</i>			
ROTC Language and Culture Training Grants	12.357	N/A	45,991
Total U.S. Department of Defense			45,991
<u>Federal Communications Commission</u>			
<i>Administered through the Universal Service Administrative Company:</i>			
Communications Information and Assistance and Investigation of Complaints	32.xxx	N/A	103,042
Total Federal Communications Commission			103,042
<u>U.S. Department of Education</u>			
<i>Passed-through Mississippi Department of Education</i>			
Special Education Cluster (IDEA)			
Special Education-Grants to States	84.027	H027A220108	2,368,913
IDEA, Part B ARP Grants	84.027X	H027X220108	295,718
Special Education-Preschool Grants	84.173	H173A220113	102,404
IDEA, Part B Preschool ARP Grants	84.173x	H173X220113	12,410
Total Special Education Cluster (IDEA)			2,779,445
Title I Grants to Local Educational Agencies	84.010	ES010A220024	1,939,368
Student Support and Academic Enrichment Program	84.424	ES424A220025	166,005
Supporting Effective Instruction State Grants	84.367	ES367A220023	293,007
Career and Technical Education-Basic Grants to States	84.048	VO048A220024	97,187
COVID-19 - Education Stabilization Fund (ESSER) Cluster			
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	32,554
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	3,581,846
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425D220031	4,717,274
Elementary & Secondary School Emergency Relief ARP Homeless Children & Youth II	84.425W	S425W210031	5,268
Total COVID-19 - Education Stabilization Fund (ESSER) Cluster			8,336,942
Total Passed through Mississippi Department of Education			13,611,954
Total U.S. Department of Education			13,611,954
<u>U.S. Department of Health and Human Services</u>			
<i>Passed-through Mississippi Department of Education</i>			
Medicaid Cluster:			
Medical Assistance Program	93.778	1805MS5ADM	90,125
Total Medicaid Cluster			90,125
Total Passed through Mississippi Department of Education			90,125
Total U.S. Department of Health and Human Services			90,125
<u>U.S. Department of Homeland Security</u>			
<i>Passed-through Mississippi Emergency Management Agency</i>			
Disaster grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	3,025
Total Passed through Mississippi Emergency Management Agency			3,025
Total U.S. Department of Homeland Security			3,025
Total Expenditures of Federal Awards			\$ 19,413,407

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

JACKSON COUNTY 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	\$ 77,271,779	61,006,430	2,211,145	4,809,985	9,244,219
Other	29,922,069	7,590,405	493,397	66,754	21,771,513
Total	\$ 107,193,848	68,596,835	2,704,542	4,876,739	31,015,732
Total number of students*	7,754				
Cost per student	\$ 13,824	8,847	349	629	4,000

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

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

JACKSON COUNTY SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

NOTE 1. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Jackson County 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 Jackson County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Jackson County School District.

B. 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.

C. Indirect Cost Rate

The School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The School District has elected to use the Fixed with Carry-Forward Method which is approved by the Mississippi Department of Education (the Department) for grants and passed through to the Department.

D. Donated Commodities

Donated commodities of \$411,453 are included in the National School Lunch Program.

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OTHER INFORMATION

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JACKSON COUNTY 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>
REVENUES				
Local sources	\$ 37,835,059	37,087,521	37,387,157	36,228,553
State sources	49,952,864	44,501,564	42,573,944	43,058,333
Federal sources	400,227	819,898	357,617	325,842
Sixteenth section	<u>448,614</u>	<u>429,051</u>	<u>426,316</u>	<u>410,310</u>
Total Revenues	<u>88,636,764</u>	<u>82,838,034</u>	<u>80,745,034</u>	<u>80,023,038</u>
EXPENDITURES				
Instruction	50,581,133	45,843,648	46,393,934	44,801,128
Support services	29,399,222	30,238,803	30,041,885	29,366,891
Noninstructional services	4,598	10,653	4,989	29,768
Sixteenth section	33,221	15,755	19,057	25,310
Debt service				
Principal	-	-	60,325	88,698
Interest	-	-	565	3,233
Facilities acquisition and construction	<u>534,546</u>	<u>-</u>	<u>-</u>	<u>75,015</u>
Total Expenditures	<u>80,552,720</u>	<u>76,108,859</u>	<u>76,520,755</u>	<u>74,390,043</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>8,084,044</u>	<u>6,729,175</u>	<u>4,224,279</u>	<u>5,632,995</u>
OTHER FINANCING SOURCES (USES)				
Sale of transportation equipment	-	2,250	-	-
Insurance recovery	333,053	2,035	357,436	-
Operating transfers in	708,328	519,146	81,661	1,896,681
Operating transfers out	(4,536,858)	(6,936,889)	(3,913,841)	(4,463,182)
Other financing sources (uses)	<u>-</u>	<u>7,949</u>	<u>33,119</u>	<u>65,545</u>
Total Other Financing Sources (Uses)	<u>(3,495,477)</u>	<u>(6,405,509)</u>	<u>(3,441,625)</u>	<u>(2,500,956)</u>
Net Change in Fund Balances	<u>4,588,567</u>	<u>323,666</u>	<u>782,654</u>	<u>3,132,039</u>
Fund Balance - Beginning, as originally reported	20,479,177	20,155,511	19,372,857	15,821,601
Prior period adjustment	<u>176,923</u>	<u>-</u>	<u>-</u>	<u>419,217</u>
Fund Balance - Beginning, as restated	<u>20,656,100</u>	<u>20,155,511</u>	<u>19,372,857</u>	<u>16,240,818</u>
Fund Balance - Ending	<u>\$ 25,244,667</u>	<u>20,479,177</u>	<u>20,155,511</u>	<u>19,372,857</u>

*Source - Prior Year Audit Reports

JACKSON COUNTY SCHOOL DISTRICT

Other Information

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- ALL GOVERNMENTAL FUNDS

Last Four Years

UNAUDITED

	2023	2022*	2021*	2020*
REVENUES				
Local sources	\$ 40,806,158	39,052,549	39,190,437	39,233,690
State sources	56,946,613	45,497,585	44,205,174	44,631,616
Federal sources	18,632,520	19,571,492	14,959,235	10,783,845
Sixteenth section	456,735	434,713	435,044	416,241
Total Revenues	<u>116,842,026</u>	<u>104,556,339</u>	<u>98,789,890</u>	<u>95,065,392</u>
EXPENDITURES				
Instruction	61,260,352	55,303,151	54,073,300	50,130,519
Support services	35,205,418	34,491,309	35,701,846	32,561,769
Noninstructional services	5,083,283	5,179,830	3,802,013	4,128,790
Sixteenth section	43,601	15,755	27,937	54,915
Debt service				
Principal	1,725,000	1,528,929	2,283,328	4,693,512
Interest	220,475	255,745	405,592	158,432
Other	-	-	-	4,704
Facilities acquisition and construction	3,655,719	4,919,391	5,591,287	3,448,265
Total Expenditures	<u>107,193,848</u>	<u>101,694,110</u>	<u>101,885,303</u>	<u>95,180,906</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>9,648,178</u>	<u>2,862,229</u>	<u>(3,095,413)</u>	<u>(115,514)</u>
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	-	8,200,000
Sale of transportation equipment	-	2,250	-	-
Insurance recovery	333,053	2,035	357,436	-
Operating transfers in	5,245,186	8,272,443	4,839,309	6,614,868
Operating transfers out	(5,245,186)	(8,272,443)	(4,839,309)	(6,614,868)
Other financing sources	-	7,949	33,119	65,545
Other financing uses	-	(202)	(14,280)	(27,519)
Total Other Financing Sources (Uses)	<u>333,053</u>	<u>12,032</u>	<u>376,275</u>	<u>8,238,026</u>
Net Change in Fund Balances	<u>9,981,231</u>	<u>2,874,261</u>	<u>(2,719,138)</u>	<u>8,122,512</u>
Fund Balance - Beginning, as originally reported	33,893,021	30,956,400	33,748,891	25,135,056
Prior period adjustment	176,923	-	-	419,217
Fund Balance - Beginning, as restated	<u>34,069,944</u>	<u>30,956,400</u>	<u>33,748,891</u>	<u>25,554,273</u>
Increase (Decrease) in reserve for inventory	(59,526)	62,360	(73,353)	72,106
Fund Balance - Ending	<u>\$ 43,991,649</u>	<u>33,893,021</u>	<u>30,956,400</u>	<u>33,748,891</u>

*Source - Prior Year Audit Reports

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

To the School Board of Education
Jackson County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Jackson County School District's basic financial statements and have issued our report thereon dated May 14, 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Membership in:

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Page 2

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.

Wolfe, McDuff & Oppie

Wolfe, McDuff & Oppie, P.A.
Pascagoula, Mississippi
May 14, 2024



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

To the School Board of Education
Jackson County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Jackson County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Jackson County School District's major federal programs for the year ended June 30, 2023. Jackson County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Jackson County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jackson County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted

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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 Jackson County 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 Jackson County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jackson County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jackson County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Wolfe, McDuff & Oppie

Wolfe, McDuff & Oppie, P.A.
Pascagoula, Mississippi
May 14, 2024

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

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Wolfe • McDuff & Oppie
CERTIFIED PUBLIC ACCOUNTANTS
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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Superintendent and School Board
Jackson County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County School District as of and for the year ended June 30, 2023, which collectively comprise Jackson County School District's basic financial statements and have issued our report thereon dated May 14, 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 did not disclose any instances of noncompliance with other state laws and regulations.

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

Wolfe, McDuff & Oppie

Pascagoula, Mississippi

May 14, 2024

Membership in:

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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JACKSON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>ALN Number</u>
Child Nutrition Cluster - National School Lunch Program	10.555

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |
| 10. Prior fiscal year audit 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). | 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.