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Rankin County School District

Audited Financial Statements
For the Year Ended June 30, 2023

Fortenberry & Ballard, PC
Certified Public Accountants

**Rankin County School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin County School District, as of June 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rankin County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, the school district implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, during the fiscal year ended June 30, 2023.

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Rankin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rankin County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rankin County School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2024

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Rankin County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 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 decreased \$1,736,924, including a prior period adjustment of \$644,564, which represents a 2% decrease from fiscal year 2022. Total net position for 2022 increased \$11,057,094, including a prior period adjustment of \$97,457, which represents a 13% increase from fiscal year 2021.
- General revenues amounted to \$191,876,606 and \$180,831,694, or 79% and 80% 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 \$52,437,831, or 21% of total revenues for 2023, and \$45,330,203, or 20% of total revenues for 2022.
- The District had \$246,695,925 and \$215,202,093 in expenses for fiscal years 2023 and 2022; only \$52,437,831 for 2023 and only \$45,330,203 for 2022 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$191,876,606 for 2023 were not adequate to provide for these programs. General revenues of \$180,831,694 for 2022 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$188,057,587 in revenues and \$181,817,879 in expenditures for 2023, and \$171,155,383 in revenues and \$166,399,432 in expenditures for 2022. The General Fund's fund balance increased by \$5,291,300, including a prior period adjustment of (\$28,882), from 2022 to 2023 and increased by \$4,353,074, including as prior period adjustment of \$50,653, from 2021 to 2022.
- Capital assets, net of accumulated depreciation, excluding leased assets and subscription-based assets, decreased by \$2,082,970, including a prior period adjustment of (\$215,408), for 2023 and increased by \$7,156,399 for 2022. The increase for 2023 was due primarily to the additions to buildings, improvements other than buildings, mobile equipment and furniture and equipment.
- Long-term debt decreased by \$9,230,000 for 2023 and decreased by \$9,319,072 for 2022. The decrease for 2023 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$430,828 for 2023 and increased by \$98,105 for 2022.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$74,077,136 as of June 30, 2023.

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

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2023	June 30, 2022	Percentage Change
Current assets	\$ 78,677,317	70,264,143	12%
Restricted assets	21,703,580	28,620,916	(24)%
Lease receivable	10,066,935	12,350,822	(18)%
Capital assets, net	323,056,889	324,549,026	0%
Total assets	433,504,721	435,784,907	(1)%
Deferred outflows of resources	65,391,862	50,800,627	29%
Current liabilities	10,311,658	10,685,642	(3)%
Long-term debt outstanding	203,007,418	213,767,389	(5)%
Lease liability	117,466	241,496	(51)%
SBITA liability	714,010		N/A
Net OPEB liability	10,364,852	13,138,591	(21)%
Net pension liability	332,712,087	233,761,922	42%
Total liabilities	557,227,491	471,595,040	18%
Deferred inflows of resources	15,746,228	87,330,706	(82)%
Net position:			
Net investment in capital assets	122,511,969	111,960,346	9%
Restricted	42,366,208	46,163,087	(8)%
Unrestricted	(238,955,313)	(230,463,645)	(4)%
Total net position (deficit)	\$ (74,077,136)	(72,340,212)	(2)%

Rankin County School District
Management's Discussion and Analysis
For the Year Ended 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)	\$ (238,955,313)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>283,188,772</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 44,233,459</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 \$2,082,970.
- The principal retirement of \$9,230,000 of long-term debt.
- GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs) was implementing during the fiscal year 2023.
- The principal retirement of \$427,568 of leased liabilities and subscription IT liabilities.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$244,314,437 and \$226,161,897, respectively. The total cost of all programs and services was \$246,695,925 for 2023 and \$215,202,093 for 2022.

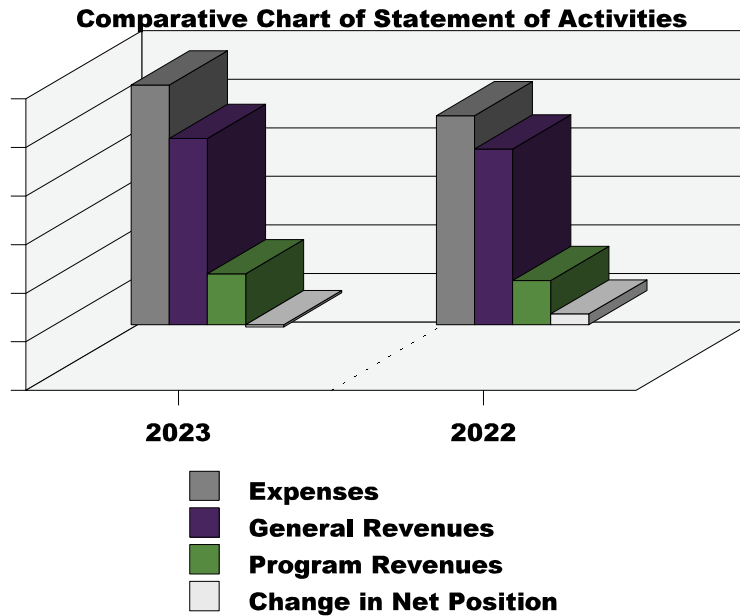
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 10,875,811	7,651,629	42%
Operating grants and contributions	41,562,020	37,678,574	10%
General Revenues:			
Property taxes	88,141,788	84,063,333	5%
Grants and contributions not restricted	99,916,308	93,679,455	7%
Unrestricted investment earnings	874,141	268,513	226%
Change in fair market value	58,279	(1,199,570)	105%
Sixteenth section sources	2,261,057	2,620,108	(14)%
Other	625,033	1,399,855	(55)%
Total revenues	<u>244,314,437</u>	<u>226,161,897</u>	8%
Expenses:			
Instruction	126,526,414	112,778,629	12%
Support services	68,079,207	67,521,549	1%
Non-instructional	10,548,898	11,199,990	(6)%
Sixteenth section	319,282	338,136	(6)%
Pension expense	35,026,748	16,349,111	114%
OPEB expense	(1,139,269)	(556,809)	(105)%
Interest on long-term liabilities	7,334,645	7,571,487	(3)%
Total expenses	<u>246,695,925</u>	<u>215,202,093</u>	15%
Increase (Decrease) in net position	<u>(2,381,488)</u>	<u>10,959,804</u>	(122)%
Net position (Deficit), July 1, as previously reported	(72,340,212)	(83,397,473)	13%
Prior period adjustment	<u>644,564</u>	<u>97,457</u>	561%
Net position (Deficit), July 1, as restated	<u>(71,695,648)</u>	<u>(83,300,016)</u>	14%
Net Position (Deficit), June 30	<u>\$ (74,077,136)</u>	<u>(72,340,212)</u>	(2)%

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



Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		
	2023	2022	Percentage Change
Instruction	\$ 126,526,414	112,778,629	12%
Support services	68,079,207	67,521,549	1%
Non-instructional	10,548,898	11,199,990	(6)%
Sixteenth section	319,282	338,136	(6)%
Pension expense	35,026,748	16,349,111	114%
OPEB expense	(1,139,269)	(556,809)	(105)%
Interest on long-term liabilities	7,334,645	7,571,487	(3)%
Total expenses	\$ 246,695,925	215,202,093	15%

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

	Net (Expense) Revenue		
	2023	2022	Percentage Change
Instruction	\$ (98,326,071)	(90,090,560)	(9)%
Support services	(56,750,579)	(59,359,081)	4%
Non-instructional	2,317,573	3,222,195	(28)%
Sixteenth section	(276,893)	(280,655)	1%
Pension expense	(35,026,748)	(16,349,111)	(114)%
OPEB expense	1,139,269	556,809	105%
Interest on long-term liabilities	(7,334,645)	(7,571,487)	3%
Total net (expense) revenue	\$ (194,258,094)	(169,871,890)	(14)%

- Net cost of governmental activities (\$194,258,094 for 2023 and \$169,871,890 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$88,141,788 for 2023 and \$84,063,333 for 2022) and state and federal revenues (\$99,916,308 for 2023 and \$93,679,455 for 2022). In addition, there was \$2,261,057 and \$2,620,108 in Sixteenth Section sources for 2023 and 2022, respectively.
- Change in fair market value amounted to \$58,279 for 2023 and (\$1,199,570) for 2022.
- Investment earnings amounted to \$874,141 for 2023 and \$268,513 for 2022.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$90,321,273 an increase of \$1,441,487, which includes a prior period adjustment of \$56,669 and an increase in inventory of \$53,166. \$42,944,678 or 48% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the

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

general fund. The remaining fund balance of \$47,376,595 or 52% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$5,291,300, which includes a prior period adjustment of (\$28,882). The fund balance of Other Governmental Funds showed a decrease in the amount of \$4,852,705, which includes a prior period adjustment of \$85,551 and an increase in inventory of \$53,166. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Sixteenth Section Principal Fund	\$ 1,002,892

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District's total capital assets, excluding Lease assets and SBITAs, were \$443,896,157 including land, construction in progress, school buildings, building improvements, mobile equipment, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$7,261,944 from 2022. Total accumulated depreciation as of June 30, 2023, was \$121,699,919, and total depreciation expense for the year was \$9,824,507, resulting in total net capital assets of \$322,196,238.

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

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Land	\$ 10,417,388	10,417,388	0%
Construction in progress	71,102	36,197,100	(100)%
Buildings	290,015,549	257,812,757	12%
Building improvements	12,823,281	12,313,793	4%
Mobile equipment	6,388,828	6,284,372	2%
Furniture and equipment	2,480,090	1,253,798	98%
Total	<u>\$ 322,196,238</u>	<u>324,279,208*</u>	<u>(1)%</u>

* The intangible right to use equipment in the amount of \$269,818 was reported in June 30, 2022. The amount was excluded from Table 4 to present it in Note 6.

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

Debt Administration. At June 30, 2023, the District had \$182,366,033 in outstanding long-term debt, of which \$9,610,000 is due within one year. The liability for compensated absences increased \$430,828 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 164,895,000	169,660,000	(3)%
Three mill notes payable	15,620,000	20,085,000	(22)%
Compensated absences payable	1,851,033	1,420,205	30%
Total	<u>\$ 182,366,033</u>	<u>191,165,205*</u>	<u>(5)%</u>

* The lease liability in the amount of \$241,496 was reported in June 30, 2022. The amount was excluded from Table 4 to present it in Note 6.

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

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

CURRENT ISSUES

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

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

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

Enrollment for the 2022 - 2023 year decreased by 1% to 17,063 students. Prior year enrollment was 17,248.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

RANKIN COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 60,349,486
Investments	11,727,323
Due from other governments	6,086,831
Accrued interest receivable	61,439
Other receivables, net	5,351
Lease receivables	10,066,935
Inventories	446,887
Restricted assets	21,703,580
Capital assets, non-depreciable:	
Land	10,417,388
Construction in progress	71,102
Capital assets, net of accumulated depreciation:	
Buildings	290,015,549
Building improvements	12,823,281
Mobile equipment	6,388,828
Furniture and equipment	2,480,090
Leased assets	115,613
Subscription IT assets	745,038
Total Assets	<u>433,504,721</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	62,394,647
Deferred outflows - OPEB	2,997,215
Total Deferred Outflows of Resources	<u>65,391,862</u>
Liabilities:	
Accounts payable and accrued liabilities	9,829,021
Unearned revenue	26,806
Interest payable on long-term liabilities	427,635
Other payables	28,196
Long-term liabilities, due within one year:	
Capital related liabilities	9,610,000
Bond premium, capital related	1,129,169
Lease liabilities	58,473
SBITA liabilities	178,377
Net OPEB liability	489,992
Long-term liabilities, due beyond one year:	
Capital related liabilities	170,905,000
Bond premium, capital related	19,512,216
Non-capital related liabilities	1,851,033
Lease liabilities	58,993
SBITA liabilities	535,633
Net pension liability	332,712,087
Net OPEB liability	9,874,860
Total Liabilities	<u>557,227,491</u>
Deferred Inflows of Resources	
Deferred inflows - OPEB	5,503,695
Deferred inflows - leases	10,242,533
Total Deferred Inflows of Resources	<u>15,746,228</u>
Net Position	
Net Investment in Capital Assets	122,511,969
Restricted For:	
Expendable:	
School-based Activities	9,298,395
Debt service	9,601,414
Capital improvements	2,559,933
Unemployment benefits	401,349
Forestry improvements	236,282
Nonexpendable:	
Sixteenth section	20,268,835
Unrestricted	(238,955,313)
Total Net Position (Deficit)	<u>\$ (74,077,136)</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities				
Instruction	126,526,414	5,950,802	22,249,541	(98,326,071)
Support services	68,079,207	--	11,328,628	(56,750,579)
Noninstructional services	10,548,898	4,882,620	7,983,851	2,317,573
Sixteenth section	319,282	42,389	--	(276,893)
Pension expense	35,026,748	--	--	(35,026,748)
OPEB expense	(1,139,269)	--	--	1,139,269
Interest on long-term liabilities	7,334,645	--	--	(7,334,645)
Total Governmental Activities	<u>\$ 246,695,925</u>	<u>\$ 10,875,811</u>	<u>\$ 41,562,020</u>	<u>(194,258,094)</u>
General Revenues:				
Taxes:				
General purpose levies				69,315,778
Debt purpose levies				18,826,010
Unrestricted grants and contributions:				
State				99,503,471
Federal				412,837
Unrestricted investment earnings				874,141
Change in fair market value				58,279
Sixteenth section sources				2,261,057
Other				625,033
Total General Revenues				<u>191,876,606</u>
Change in Net Position				<u>(2,381,488)</u>
Net Position (Deficit) - Beginning, as previously reported				(72,340,212)
Prior Period Adjustment				644,564
Net Position (Deficit) - Beginning, as restated				<u>(71,695,648)</u>
Net Position (Deficit) - Ending				<u>\$ (74,077,136)</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 43,989,810	\$ 2,688,739	\$ 17,802,616	\$ 64,481,165
Investments	7,002,588	17,571,900	4,724,735	29,299,223
Due from other governments	2,921,698	--	3,165,131	6,086,829
Accrued interest receivable	47,913	8,196	5,330	61,439
Other receivables, net	344	--	5,007	5,351
Lease receivable	10,066,935	--	--	10,066,935
Due from other funds	3,065,653	--	--	3,065,653
Inventories	--	--	446,887	446,887
Total Assets	<u>\$ 67,094,941</u>	<u>\$ 20,268,835</u>	<u>\$ 26,149,706</u>	<u>\$ 113,513,482</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,269,976	\$ --	\$ 559,045	\$ 9,829,021
Due to other funds	--	--	3,065,653	3,065,653
Unearned revenue	26,806	--	--	26,806
Other payables	28,196	--	--	28,196
Total Liabilities	<u>9,324,978</u>	<u>--</u>	<u>3,624,698</u>	<u>12,949,676</u>
Deferred Inflows of Resources:				
Leases	10,242,533	--	--	10,242,533
Total Deferred Inflow of Resources	<u>10,242,533</u>	<u>--</u>	<u>--</u>	<u>10,242,533</u>
Fund Balances:				
Non-spendable:				
Permanent fund principal	--	20,268,835	--	20,268,835
Inventory	--	--	446,887	446,887
Restricted:				
Unemployment benefits	--	--	401,349	401,349
Forestry improvements	--	--	236,282	236,282
Contractual commitments	--	--	2,559,933	2,559,933
Debt service	--	--	10,029,049	10,029,049
Grant activities	--	--	368,243	368,243
Food service	--	--	8,483,265	8,483,265
Assigned:				
School activities	3,204,746	--	--	3,204,746
Self insurance - computers	1,005,956	--	--	1,005,956
Extended day enrichment program	371,625	--	--	371,625
Special education	425	--	--	425
Unassigned	<u>42,944,678</u>	<u>--</u>	<u>--</u>	<u>42,944,678</u>
Total Fund Balances	<u>47,527,430</u>	<u>20,268,835</u>	<u>22,525,008</u>	<u>90,321,273</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 67,094,941</u>	<u>\$ 20,268,835</u>	<u>\$ 26,149,706</u>	<u>\$ 113,513,482</u>

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

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

Total fund balances for governmental funds \$ 90,321,273

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

Capital assets used in governmental activities are not reported in the funds.	322,196,238
Liabilities due in one year are not recognized in the funds.	(11,466,011)
Payables for bond principal which are not due in the current period are not reported in the funds.	(159,890,000)
Payables for debt interest which are not due in the current period are not reported in the funds.	(427,635)
Payables for notes which are not due in the current period are not reported in the funds.	(11,015,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,851,033)
Payables for subscription IT liabilities which are not due in the current period are not reported in the funds.	(535,633)
Payables for lease liabilities which are not due in the current period are not reported in the funds.	(58,993)
Right-to-use subscription IT assets used in governmental activities are not reported in the funds.	745,038
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(332,712,087)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	62,394,647
Bond premiums are presented in the SNP but not in the funds.	(19,512,216)
Recognition of the School District's proportionate share of the net OPEB liability is not reported in the funds.	(9,874,860)
Deferred Inflows of Resources related to the OPEB plan are not reported in the funds.	(5,503,695)
Deferred Outflows of Resources related to the OPEB plan are not reported in the funds.	2,997,215
Right-to-use lease assets used in governmental activities are not reported in the funds.	115,613
Rounding difference	3

Net position of governmental activities \$ (74,077,136)

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 78,265,541	\$ --	\$ 22,106,830	\$ 100,372,371
Change in fair market value	40,298	--	17,981	58,279
State sources	108,298,013	--	6,375,613	114,673,626
Federal sources	414,707	--	26,049,010	26,463,717
Sixteenth section sources	1,039,028	1,389,162	52,718	2,480,908
Total Revenues	188,057,587	1,389,162	54,602,152	244,048,901
Expenditures:				
Instruction	114,044,139	--	19,840,536	133,884,675
Support services	65,362,555	--	8,969,242	74,331,797
Noninstructional services	1,475,437	--	10,361,392	11,836,829
Sixteenth section	297,384	--	40,540	337,924
Facilities acquisition and construction	239,066	--	5,195,720	5,434,786
Debt service:				
Principal	377,674	--	9,279,894	9,657,568
Interest	21,624	--	8,477,479	8,499,103
Other	--	--	17,650	17,650
Total Expenditures	181,817,879	--	62,182,453	244,000,332
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,239,708	1,389,162	(7,580,301)	48,569
Other Financing Sources (Uses):				
Leases issued	86,265	--	--	86,265
SBITA issued	864,094	--	67,189	931,283
Sale of other property	601,481	--	2,519	604,000
Transfers In	768,575	--	3,287,746	4,056,321
Transfers Out	(3,153,676)	(134,070)	(768,575)	(4,056,321)
Other financing uses	(86,265)	(252,200)	--	(338,465)
Total Other Financing Sources (Uses)	(919,526)	(386,270)	2,588,879	1,283,083
Net Change in Fund Balances	5,320,182	1,002,892	(4,991,422)	1,331,652
Fund Balances:				
July 1, 2022, as previously reported	42,236,130	19,265,943	27,377,713	88,879,786
Prior period adjustment	(28,882)	--	85,551	56,669
July 1, 2022, as restated	42,207,248	19,265,943	27,463,264	88,936,455
Increase (decrease) in inventory	--	--	53,166	53,166
June 30, 2023	\$ 47,527,430	\$ 20,268,835	\$ 22,525,008	\$ 90,321,273

The accompanying notes are an integral part of this statement.

RANKIN COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023*

Net change in fund balances - total governmental funds	\$ 1,331,652
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	8,017,677
The depreciation of capital assets used in governmental activities is not reported in the funds.	(9,824,507)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(60,732)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,765,000
Repayment of subscription IT liabilities principal is an expenditure in the funds but is not an expense in the SOA.	217,273
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	4,465,000
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	210,295
(Increase) decrease in accrued interest from beginning of period to end of period.	52,935
Change in inventory affects fund balance in the funds but affects expense in the SOA.	53,166
The depreciation of leased assets used in governmental activities is not reported in the funds.	(212,147)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(430,828)
Outlays of subscription IT assets are not reported as expenses in the SOA.	941,488
Outlays of lease assets are not reported as expenses in the SOA.	86,265
Bond premiums are reported in the funds but not in the SOA.	1,129,173
Inception of leases liabilities do not provide revenue in the SOA, but are reported as current resources in the funds.	(86,265)
Inception of subscription IT liabilities do not provide revenue in the SOA, but are reported as current resources in the funds.	(931,283)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	21,458,778
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(35,026,748)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	519,500
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	1,139,269
The amortization of subscription IT assets used in governmental activities is not reported in the funds.	(196,450)
Rounding difference	1
Change in net position of governmental activities	\$ <u>(2,381,488)</u>

The accompanying notes are an integral part of this statement.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

Rankin County School District

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

B. Government-wide and Fund Financial Statements

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

The school district reports the following major governmental funds:

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

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

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

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

D. Encumbrances

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

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

The following schedule details the capitalization thresholds:

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

(**) Intangible assets for the district represent right-to-use leased assets and subscription IT assets and are capitalized as groups for reporting purposes. The estimated useful life is the term of the lease and subscription 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 has two deferred outflow items which are presented as deferred outflow for pensions and deferred outflow for OPEB.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

See Note 13 for further details.

8. Compensated Absences

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

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

9. Leases

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

10. Subscription-Based Information Technology Arrangements

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

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

14. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of the type and amount of the commitment through a formal order of the school board. Currently there is no committed fund balance for this school district.

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

15. Accounting Standards Update

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

Note 2 - Cash and Cash Equivalents and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$64,481,165.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2023, none of the district's bank balance of \$57,636,048 was exposed to custodial credit risk.

Investments

As of June 30, 2023, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Government Sponsored Enterprise Securities	AA+	1 to 3 years	\$ 17,571,900
US Treasury Bills	AA+	More than 1 year	6,607,090
Federal Home Loan Bank	AA+	More than 1 year	5,120,233
Total			<u>\$ 29,299,223</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

The district has the following recurring fair value measurements as of June 30, 2023:

Government Sponsored Enterprise Securities type of investments of \$17,571,900 are valued using quoted market prices (Level 1 inputs)

US Treasury Bills type of investments of \$6,607,090 are valued using quoted market prices (Level 1 inputs)

Federal Home Loan Bank type of investments of \$5,120,233 are valued using quoted market prices (Level 1 inputs)

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

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

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

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2023, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Government Sponsored Enterprise Securities	\$17,571,900	60%
US Treasury Bills	6,607,090	23%
Federal Home Loan Bank	5,120,233	17%
Total	<u>\$29,299,223</u>	<u>100%</u>

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 3,065,653

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 768,575
Other Governmental Funds	General Fund	3,153,676
	Sixteenth Section Principal Funds	134,070
Total		\$ 4,056,321

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

Note 4 - Restricted Assets

The restricted assets represent the cash and investment balances, totaling \$2,688,739 and \$17,571,900 respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

The restricted assets represent the unexpended bond proceeds in the form of cash balances of \$1,442,941, of the 2019 Construction Fund.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Note 5 - Capital Assets

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

	Balance 7-1-2022	Additions	Deletions	Completed Construction	Adjustments	Balance 6-30-2023
Non-depreciable capital assets:						
Land	\$ 10,417,388					10,417,388
Construction in progress	36,197,100	710		(36,126,708)		71,102
Total non-depreciable capital assets	46,614,488	710	0	(36,126,708)	0	10,488,490
Depreciable capital assets:						
Buildings	343,746,506	5,288,211		34,981,758	(626,538)	383,389,937
Building improvements	17,661,548	145,865		1,144,950	(46,464)	18,905,899
Mobile equipment	21,113,211	1,145,000	578,302			21,679,909
Furniture and equipment	7,498,460	1,437,891	43,032		538,603	9,431,922
Total depreciable capital assets	390,019,725	8,016,967	621,334	36,126,708	(134,399)	433,407,667
Less accumulated depreciation for:						
Buildings	85,933,749	7,440,639				93,374,388
Building improvements	5,347,755	734,863				6,082,618
Mobile equipment	14,828,839	982,713	520,471			15,291,081
Furniture and equipment	6,244,662	666,292	40,131		81,009	6,951,832
Total accumulated depreciation	112,355,005	9,824,507	560,602	0	81,009	121,699,919
Total depreciable capital assets, net	277,664,720	(1,807,540)	60,732	36,126,708	(215,408)	311,707,748
Governmental activities capital assets, net	\$ 324,279,208	* (1,806,830)	60,732	0	(215,408)	322,196,238
Lease and subscription IT assets, net (Note 6)						860,651
Total capital assets, net, as reported in the statement of net position						323,056,889

* The beginning balance from prior year was \$324,549,026 less the lease asset in the amount of \$269,818 (see Note 6) equals the \$324,279,208 which is the revised beginning balance shown above.

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

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 7,810,173
Support services	1,650,357
Non-instructional	363,977
Total depreciation expense	\$ 9,824,507

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

Governmental Activities:	Spent to June 30, 2023	Remaining Commitments
Brandon High School Track	\$ <u>71,102</u>	<u>2,000,000</u>

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

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

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

		Balance 7-1-2022	Additions	Retirements	Adjustments	Balance 6-30-2023
<u>Lease assets:</u>						
Furniture and equipment	\$	462,108	86,265	9,018	(28,323)	511,032
Total lease assets		462,108	86,265	9,018	(28,323)	511,032
<u>Less accumulated depreciation:</u>						
Furniture and equipment		192,290	212,147	9,018		395,419
Total accumulated depreciation		192,290	212,147	9,018	0	395,419
Total lease assets, net		269,818	(125,882)	0	(28,323)	115,613
Subscription IT assets	\$		941,488			941,488
Less accumulated amortization			196,450			196,450
Subscription IT assets, net		0	745,038	0	0	745,038
Total lease and subscription IT assets, net	\$	269,818	619,156	0	(28,323)	860,651

Adjustments were made to furniture and equipment to properly present leased assets.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

		Balance 7-1-2022	Additions	Reductions	Balance 6-30-2023	Amounts due within one year
Lease liabilities	\$	241,496	86,265	210,295	117,466	58,473
Subscription IT liabilities			931,283	217,273	714,010	178,377
Total	\$	<u>241,496</u>	<u>1,017,548</u>	<u>427,568</u>	<u>831,476</u>	<u>236,850</u>

Leases

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

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

The school district generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known. The estimated incremental borrowing rate is the rate the district would expect to obtain for a similar financed purchase at the date of lease inception.

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

As Lessee:

Group 1 - Canon copiers

	Interest	Issue	Maturity	Amount	Amount
Description	Rate	Date	Date	Issued	Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ 7,738	246

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 246	1	247

Group 2 - Canon copiers

	Interest	Issue	Maturity	Amount	Amount
Description	Rate	Date	Date	Issued	Outstanding
Canon copiers	4.00%	07-01-21	02-09-23	\$ 24,556	0

Group 3 - Canon copiers

	Interest	Issue	Maturity	Amount	Amount
Description	Rate	Date	Date	Issued	Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ 406,381	11,918

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 11,918	40	11,958

Group 4 - Canon copiers

	Interest	Issue	Maturity	Amount	Amount
Description	Rate	Date	Date	Issued	Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ 8,910	292

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 292	1	293

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Group 5 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ <u>4,048</u>	<u>141</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>141</u>	<u>1</u>	<u>142</u>

Group 6 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ <u>8,087</u>	<u>301</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>301</u>	<u>1</u>	<u>302</u>

Group 7 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ <u>28,738</u>	<u>1,192</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>1,192</u>	<u>4</u>	<u>1,196</u>

Group 8 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	08-01-21	07-01-24	\$ <u>12,905</u>	<u>4,838</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 4,460	112	4,572
2025	378	1	379
Total	\$ <u>4,838</u>	<u>113</u>	<u>4,951</u>

Group 9 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	07-01-21	07-01-23	\$ <u>2,711</u>	<u>127</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>127</u>	<u>1</u>	<u>128</u>

Group 10 - Canon copiers

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Canon copiers	4.00%	03-10-23	02-10-26	\$ <u>27,943</u>	<u>24,999</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 9,065	835	9,900
2025	9,434	466	9,900
2026	6,500	98	6,598
Total	\$ <u>24,999</u>	<u>1,399</u>	<u>26,398</u>

Group 1R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	08-01-22	\$ <u>3,897</u>	<u>0</u>

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

Group 2R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	09-01-22	\$ <u>7,795</u>	<u>0</u>

Group 3R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	02-15-23	\$ <u>3,897</u>	<u>0</u>

Group 4R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	03-01-23	\$ <u>3,897</u>	<u>0</u>

Group 5R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	07-01-24	\$ <u>3,897</u>	<u>1,118</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>1,030</u>	<u>26</u>	<u>1,056</u>
2025	<u>88</u>	<u>0</u>	<u>88</u>
Total	\$ <u>1,118</u>	<u>26</u>	<u>1,144</u>

Group 6R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	08-01-24	\$ <u>15,590</u>	<u>4,806</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>4,106</u>	<u>118</u>	<u>4,224</u>
2025	<u>700</u>	<u>4</u>	<u>704</u>
Total	\$ <u>4,806</u>	<u>122</u>	<u>4,928</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Group 7R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-21	06-01-25	\$ <u>4,163</u>	<u>2,164</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,061	67	1,128
2025	<u>1,103</u>	<u>24</u>	<u>1,127</u>
Total	\$ <u>2,164</u>	<u>91</u>	<u>2,255</u>

Group 8R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	12-15-21	11-15-25	\$ <u>4,163</u>	<u>2,594</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,043	85	1,128
2025	1,086	42	1,128
2026	<u>465</u>	<u>5</u>	<u>470</u>
Total	\$ <u>2,594</u>	<u>132</u>	<u>2,726</u>

Group 9R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	07-01-22	06-01-26	\$ <u>12,489</u>	<u>9,551</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 3,058	326	3,384
2025	3,182	202	3,384
2026	<u>3,311</u>	<u>72</u>	<u>3,383</u>
Total	\$ <u>9,551</u>	<u>600</u>	<u>10,151</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Group 10R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	08-01-22	07-01-26	\$ 12,489	9,800

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 3,047	337	3,384
2025	3,172	212	3,384
2026	3,301	83	3,384
2027	280	1	281
Total	\$ 9,800	633	10,433

Group 11R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	09-01-22	08-01-26	\$ 8,681	6,984

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 2,111	241	2,352
2025	2,197	155	2,352
2026	2,287	65	2,352
2027	389	2	391
Total	\$ 6,984	463	7,447

Group 12R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	10-01-22	09-01-26	\$ 8,681	7,156

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 2,104	248	2,352
2025	2,190	162	2,352
2026	2,279	73	2,352
2027	583	4	587
Total	\$ 7,156	487	7,643

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Group 13R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	11-01-22	10-01-26	\$ <u>7,485</u>	<u>6,318</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,808	220	2,028
2025	1,882	146	2,028
2026	1,958	70	2,028
2027	<u>670</u>	<u>6</u>	<u>676</u>
Total	\$ <u>6,318</u>	<u>442</u>	<u>6,760</u>

Group 14R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	03-15-23	02-15-27	\$ <u>4,252</u>	<u>3,923</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,014	138	1,152
2025	1,055	97	1,152
2026	1,098	54	1,152
2027	<u>756</u>	<u>11</u>	<u>767</u>
Total	\$ <u>3,923</u>	<u>300</u>	<u>4,223</u>

Group 15R - Riso

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Riso	4.00%	04-01-23	03-01-27	\$ <u>4,252</u>	<u>4,005</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,010	142	1,152
2025	1,051	101	1,152
2026	1,094	58	1,152
2027	<u>850</u>	<u>14</u>	<u>864</u>
Total	\$ <u>4,005</u>	<u>315</u>	<u>4,320</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Group 1M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	07-01-21	05-30-23	\$ <u>5,719</u>	<u>0</u>

Group 2M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	07-01-21	07-01-24	\$ <u>2,987</u>	<u>699</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>644</u>	<u>16</u>	<u>660</u>
2025	<u>55</u>	<u>0</u>	<u>55</u>
Total	\$ <u>699</u>	<u>16</u>	<u>715</u>

Group 3M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	07-01-21	08-15-24	\$ <u>26,862</u>	<u>6,754</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ <u>5,771</u>	<u>165</u>	<u>5,936</u>
2025	<u>983</u>	<u>25</u>	<u>1,008</u>
Total	\$ <u>6,754</u>	<u>190</u>	<u>6,944</u>

Group 4M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	01-01-22	12-01-26	\$ <u>3,292</u>	<u>2,372</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 644	83	727
2025	671	57	728
2026	698	30	728
2027	359	4	363
Total	\$ <u>2,372</u>	<u>174</u>	<u>2,546</u>

Group 5M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	01-10-22	12-10-26	\$ <u>3,382</u>	<u>2,437</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 662	85	747
2025	689	58	747
2026	717	30	747
2027	369	4	373
Total	\$ <u>2,437</u>	<u>177</u>	<u>2,614</u>

Group 6M - Mail Machines

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Mail Machines	4.00%	03-01-22	02-01-25	\$ <u>4,789</u>	<u>2,731</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,618	80	1,698
2025	1,113	17	1,130
Total	\$ <u>2,731</u>	<u>97</u>	<u>2,828</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

As Lessor:

Sixteenth Section Lands

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

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

The school district, acting as lessor, has entered in 332 leases involving the leasing of the right to use Sixteenth Section school lands. Such leases are for a term that corresponds with state law in accordance with the type of lease executed. The school district has included in its financial statements at year end the net present value of future lease payments as a lease receivable in the amount of \$10,066,935.

During the fiscal year, the district recognized \$1,073,966 in lease revenue.

SBITA

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

term.

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

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

	Balance 7-1-2022	Additions	Reductions	Balance 6-30-2023	Amounts due within one year
1. VLA Adobe License	\$	16,365	16,365	0	0
2. AMOS Subscription		36,433	18,183	18,250	18,250
3. EntreCultures License		28,202	6,013	22,189	5,280
4. Data Analytics Platform		148,818	5,000	143,818	1,004
5. Teaching Digital Access		11,174	1,980	9,194	1,748
6. Street Law Subscription		50,719	9,160	41,559	7,776
7. Pearson Education Platform		1,207	411	796	394
8. eSignature License		13,183	13,183	0	0
9. Spanish Language Learning Platform		143,091	27,322	115,769	27,871
10. The Learning Site Application		28,202	6,013	22,189	5,280
11. The Learning Site Software		41,002	10,010	30,992	10,090
12. Magraders Digital Subscription		203,989	49,362	154,627	50,342
13. PowerSchool Pluggins Subscription		4,909	4,909	0	0
14. Economics Digital Subscription		203,989	49,362	154,627	50,342
Total	\$	<u>0</u>	<u>931,283</u>	<u>714,010</u>	<u>178,377</u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 178,377	3,953	182,330
2025	209,188	3,710	212,898
2026	214,368	5,591	219,959
2027	101,280	5,735	107,015
2028	10,797	3,081	13,878
Total	\$ <u>714,010</u>	<u>22,070</u>	<u>736,080</u>

Rankin County School District

Notes to the Financial Statements For the 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:

		Balance 7-1-2022	Additions	Reductions	Balance 6-30-2023	Amounts due within one year
A. General obligation bonds payable	\$	169,660,000		4,765,000	164,895,000	5,005,000
B. Three mill notes payable		20,085,000		4,465,000	15,620,000	4,605,000
C. Compensated absences payable		1,420,205	430,828		1,851,033	
Total	\$	191,165,205	430,828	9,230,000	182,366,033	9,610,000

* The amount shown here for \$191,165,205 excludes the presentation of the leases payable for \$241,496 since this is being presented on Note 6.

		Balance 7-1-2022	Reductions	Adjustments	Balance 6-30-2023	Amounts due within one year
Premiums on bonds	\$	22,541,566	1,098,862	(831,626)	20,611,078	1,098,862
Premiums on notes		60,618	30,311		30,307	30,307
Total	\$	22,602,184	1,129,173	(831,626)	20,641,385	1,129,169

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2017	3.50-5.00%	06-20-17	06-20-42	\$ 100,750,000	92,460,000
General obligation bonds, Series 2019	4.00-5.00%	02-26-19	06-01-43	77,750,000	72,435,000
				\$ <u>178,500,000</u>	<u>164,895,000</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

1. General obligation bond issue of 2017:

Year Ending June 30	Principal	Interest	Total
2024	\$ 3,050,000	4,271,500	7,321,500
2025	3,210,000	4,119,000	7,329,000
2026	3,375,000	3,958,500	7,333,500
2027	3,545,000	3,789,750	7,334,750
2028	3,730,000	3,612,500	7,342,500
2029 - 2033	21,615,000	15,113,800	36,728,800
2034 - 2038	27,075,000	9,810,200	36,885,200
2039 - 2042	26,860,000	2,471,200	29,331,200
Total	\$ 92,460,000	47,146,450	139,606,450

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

2. General obligation bond issue of 2019:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,955,000	3,418,550	5,373,550
2025	2,055,000	3,320,800	5,375,800
2026	2,160,000	3,218,050	5,378,050
2027	2,270,000	3,110,050	5,380,050
2028	2,385,000	2,996,550	5,381,550
2029 - 2033	13,905,000	13,065,250	26,970,250
2034 - 2038	17,840,000	9,213,000	27,053,000
2039 - 2043	29,865,000	4,669,700	34,534,700
Total	\$ 72,435,000	43,011,950	115,446,950

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

Total general obligation bond payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	\$ 5,005,000	7,690,050	12,695,050
2025	5,265,000	7,439,800	12,704,800
2026	5,535,000	7,176,550	12,711,550
2027	5,815,000	6,899,800	12,714,800
2028	6,115,000	6,609,050	12,724,050
2029 - 2033	35,520,000	28,179,050	63,699,050
2034 - 2038	44,915,000	19,023,200	63,938,200
2039 - 2043	56,725,000	7,140,900	63,865,900
Total	\$ 164,895,000	90,158,400	255,053,400

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2023, the amount of outstanding bonded indebtedness was equal to 9.45% of property assessments as of October 1, 2022.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2013 Three Mill Note	2.25-3.0%	08-01-13	08-01-23	\$ 12,000,000	1,350,000
2015 Three Mill Refunding Note	2.0-5.0%	06-30-15	08-01-26	9,405,000	4,520,000
2015 Three Mill Note	1.85%	06-01-15	06-01-27	8,000,000	2,960,000
2018 EEF Note	3.12%	06-01-18	06-01-28	4,905,000	2,640,000
2020 Limited Tax Note	1.23%	08-01-20	08-01-25	4,100,000	2,505,000
2020 A Limited Tax Note	1.59%	08-01-20	08-01-30	2,000,000	1,645,000
Total				<u>\$ 40,410,000</u>	<u>15,620,000</u>

1. Three mill note payable issued in 2013:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,350,000	20,250	1,370,250

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

2. Three mill refunding note payable issued in 2015:

Year Ending June 30	Principal	Interest	Total
2024	\$ 1,045,000	187,675	1,232,675
2025	1,100,000	161,550	1,261,550
2026	1,155,000	106,550	1,261,550
2027	1,220,000	48,800	1,268,800
Total	<u>\$ 4,520,000</u>	<u>504,575</u>	<u>5,024,575</u>

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

3. Three mill note payable issued in 2015:

Year Ending June 30	Principal	Interest	Total
2024	\$ 710,000	77,191	787,191
2025	730,000	58,731	788,731
2026	750,000	39,751	789,751
2027	770,000	20,251	790,251
Total	\$ <u>2,960,000</u>	<u>195,924</u>	<u>3,155,924</u>

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

4. Three mill note payable issued in 2018:

Year Ending June 30	Principal	Interest	Total
2024	\$ 495,000	82,289	577,289
2025	510,000	66,860	576,860
2026	530,000	50,963	580,963
2027	545,000	34,443	579,443
2028	560,000	17,455	577,455
Total	\$ <u>2,640,000</u>	<u>252,010</u>	<u>2,892,010</u>

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

5. Three mill note payable issued in 2020:

Year Ending June 30	Principal	Interest	Total
2024	\$ 820,000	25,769	845,769
2025	835,000	15,590	850,590
2026	850,000	5,228	855,228
Total	\$ <u>2,505,000</u>	<u>46,587</u>	<u>2,551,587</u>

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 185,000	24,685	209,685
2025	190,000	21,704	211,704
2026	195,000	18,643	213,643
2027	205,000	22,379	227,379
2028	210,000	12,164	222,164
2029 - 2031	660,000	8,983	668,983
Total	\$ <u>1,645,000</u>	<u>108,558</u>	<u>1,753,558</u>

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

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2024	\$ 4,605,000	417,859	5,022,859
2025	3,365,000	324,435	3,689,435
2026	3,480,000	221,135	3,701,135
2027	2,740,000	125,873	2,865,873
2028	770,000	29,619	799,619
2029 - 2031	660,000	8,983	668,983
Total	\$ <u>15,620,000</u>	<u>1,127,904</u>	<u>16,747,904</u>

C Compensated absences payable

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

Note 8 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2022 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022, and 2021, were \$21,458,778, \$19,362,279, and \$18,297,473, 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 \$332,712,087 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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 1.616391 percent, which was based on a measurement date of June 30, 2022. This was an increase of 0.034828 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$35,026,748. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,637,118	\$ 0
Net difference between projected and actual earnings on pension plan investments	9,279,800	0
Changes of assumptions	11,259,274	0
Changes in proportion and differences between District contributions and proportionate share of contributions	17,759,677	0
District contributions subsequent to the measurement date	21,458,778	0
Total	<u>\$ 62,394,647</u>	<u>\$ 0</u>

\$21,458,778 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2024	\$	14,238,778
2025		9,896,829
2026		(1,253,606)
2027		18,053,868
Total	\$	<u>40,935,869</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:

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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

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

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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%	

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

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

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
District's proportionate share of the net pension liability	\$ 434,223,253	\$ 332,712,087	\$ 249,021,294

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

Rankin County School District

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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 \$519,500 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$10,364,852 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 2.10375248 percent. This was an increase of 0.06259073 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 (\$1,139,269). 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
Difference between expected and actual experience	\$	8,583	\$	4,490,481
Changes in assumptions		1,616,565		959,648
Net difference between projected and actual earnings on OPEB plan investments		715		
Changes in proportion and differences between District contributions and proportionate share of contributions		851,852		53,566
District contributions subsequent to the measurement date		519,500		
Total	\$	<u>2,997,215</u>	\$	<u>5,503,695</u>

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

\$519,500 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2024	\$	(688,149)
2025		(606,998)
2026		(753,281)
2027		(571,771)
2028		(289,831)
2029		(115,950)
Total	\$	<u>(3,025,980)</u>

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.40 percent
Salary increases	2.65 - 17.90 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Year FNP is projected to be depleted	
Measurement Date	2022
Prior Measurement Date	2021
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.37%
Prior Measurement Date	2.13%
Health Care Cost Trends	
Medicare Supplement Claims	7.00% for 2023 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2029 FYE

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

The 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 expected rate of return on OPEB plan investments is 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2022 was 3.37 percent. Since the Prior Measurement Date, the Discount Rate has changed from 2.13% to 3.37%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2022, the trust has \$1,049,208. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2021 and the June 30, 2022 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2022 was based on a monthly average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.37 percent) or 1-percentage point higher (4.37 percent) than the current discount rate:

		1% Decrease (2.37%)		Discount Rate (3.37%)		1% Increase (4.37%)
Net OPEB liability	\$	11,418,159	\$	10,364,852	\$	9,460,070

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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	\$	9,643,749	\$	10,364,852	\$ 11,176,353

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

Note 10 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 - Contingencies

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

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

Note 12 - Other Commitments

Commitments under construction contracts are described in Note 5.

Rankin County School District

Notes to the Financial Statements
For the Year Ended June 30, 2023

Note 13 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$238,955,313) 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 \$21,458,778 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 \$40,935,869 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 (\$238,955,313) 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 \$519,500 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 \$2,477,715 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 (\$238,955,313) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$5,503,695 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 (\$238,955,313) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$10,242,533 balance of deferred inflow of resources related to leases at June 30, 2023 will be recognized as a revenue and will increase the unrestricted net position over the next 73 years.

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

Note 14 - Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. SBITA liabilities recognized due to implementation of GASB 96.	\$ 10,205
2. To adjust liabilities from prior year.	39,087
3. To correctly present assets and liabilities.	46,464
4. To adjust liabilities from prior year.	(39,087)
5. To adjust premiums.	831,626
6. Adjustments were made to the right to use leased assets - equipment	(28,323)
6. Adjustments were made to properly present capital assets at fiscal year end.	(215,408)
Total	<u>\$ 644,564</u>

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

Fund	Explanation	Amount
General Fund	SBITA liabilities recognized due to implementation of GASB 96.	\$ 10,205
General Fund	To adjust liabilities from prior year..	(39,087)
Other Governmental Funds	To adjust liabilities from prior year.	39,087
Other Governmental Funds	To adjust liabilities from prior year.	46,464
Total		<u>\$ 56,669</u>

Note 15 - Juvenile Detention Center

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

Rankin County School District

Notes to the Financial Statements For the Year Ended June 30, 2023

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

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 Rankin County School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

On March 8, 2023 approved signing of JUUL Litigation portal settlement offer of \$462,941.30 and execution of "Government Entity Release of All Claims". This is expected to be totally paid out as follows:

Payment 1: \$232,650.99

Payment 2: December 15, 2023 - around 10% plus potential bonus

Payment 3: December 15, 2024 - around 10% plus potential bonus

Payment 4: December 15, 2025 - around 12% plus potential bonus

Payment 5: December 15, 2026 - around 12% plus potential bonus

On July 19, 2023, the school district approved of a limited tax note, series 2023 in the amount of \$13,500,000 at a rate of 4.01%.

On January 18, 2024, the school district approved a bid in the amount of \$1,897,800 from Sports Contractors Unlimited, LLC for the Richland High School turf playing surface.

REQUIRED SUPPLEMENTARY INFORMATION

RANKIN COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2023

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 75,747,300	76,710,300	78,265,541	963,000	1,555,241
Change in fair market value	-	-	40,298	-	40,298
State sources	109,099,208	109,118,249	108,298,013	19,041	(820,236)
Federal sources	618,000	618,000	414,707	-	(203,293)
Sixteenth section sources	1,564,925	1,564,925	1,039,028	-	(525,897)
Total Revenues	187,029,433	188,011,474	188,057,587	982,041	46,113
Expenditures:					
Instruction	112,995,803	114,573,768	114,044,139	(1,577,965)	529,629
Support services	66,732,731	67,993,643	65,362,555	(1,260,912)	2,631,088
Noninstructional services	2,200,000	2,200,000	1,475,437	-	724,563
Sixteenth section	326,201	327,201	297,384	(1,000)	29,817
Facilities acquisition and construction	190,000	197,116	239,066	(7,116)	(41,950)
Debt service:					
Principal	-	-	377,674	-	(377,674)
Other	-	-	21,624	-	(21,624)
Total Expenditures	182,444,735	185,291,728	181,817,879	(2,846,993)	3,473,849
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,584,698	2,719,746	6,239,708	(1,864,952)	3,519,962
Other Financing Sources (Uses):					
Leases issued	-	-	86,265	-	86,265
SBITA issued	-	-	864,094	-	864,094
Sale of other property	-	-	601,481	-	601,481
Operating transfers in	-	-	768,575	-	768,575
Other financing sources	22,278,638	22,746,511	-	467,873	(22,746,511)
Operating transfers out	-	-	(3,153,676)	-	(3,153,676)
Other financing uses	(25,945,254)	(26,278,871)	(86,265)	(333,617)	26,192,606
Total Other Financing Sources (Uses)	(3,666,616)	(3,532,360)	(919,526)	134,256	2,612,834
Net Change in Fund Balances	918,082	(812,614)	5,320,182	(1,730,696)	6,132,796
Fund Balances:					
July 1, 2022, as previously reported	38,559,900	42,236,132	42,236,130	3,676,232	(2)
Prior period adjustment			(28,882)	-	(28,882)
July 1, 2022, as restated	38,559,900	42,236,132	42,207,248	3,676,232	(28,884)
June 30, 2023	\$ 39,477,982	41,423,518	47,527,430	1,945,536	6,103,912

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 332,712,087	233,761,922	303,339,053	266,562,723	249,156,417	246,309,827	261,970,488	221,283,680	172,657,564
District's proportion of the net pension liability	1.616391%	1.581563%	1.566928%	1.515252%	1.497967%	1.481706%	1.466595%	1.431513%	1.422435%
District's covered payroll	111,277,466	105,157,891	104,337,971	89,326,448	95,659,543	95,052,298	93,821,638	89,432,743	86,918,146
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 21,458,778	19,362,279	18,297,473	18,154,807	15,542,802	15,066,378	14,970,737	14,776,908	14,085,657
Contributions in relation to the contractually required contribution	21,458,778	19,362,279	18,297,473	18,154,807	15,542,802	15,066,378	14,970,737	14,776,908	14,085,657
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 123,326,310	111,277,466	105,157,891	104,337,971	98,684,457	95,659,543	95,052,298	93,821,638	89,432,743
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

Rankin County School District

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

OPEB

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 10,364,852	13,138,591	15,616,378	17,135,961	15,252,513	15,138,147
District's proportion of the net OPEB liability	2.10375248%	2.04116175%	2.00671004%	2.01946170%	1.97175531%	1.92938734%
District's covered-employee payroll	\$ 103,377,471	97,040,871	96,710,501	92,479,754	89,181,152	86,682,067 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

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

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 519,500	422,391	528,086	622,779	686,862	645,362 **
Contributions in relation to the actuarially determined contribution	519,500	422,391	528,086	622,779	686,862	645,362 **
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered-employee payroll	\$ 114,008,004	102,910,708	98,320,034	104,337,971	92,459,539	89,684,244
Contributions as a percentage of covered-employee payroll	0.46%	0.41%	0.54%	0.60%	0.74%	0.72%

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2023

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2023

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

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2023

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	27.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017:

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

2018:

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

2019:

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

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2023

2020:

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

2021:

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

2022:

The discount rate was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.

(2) Changes in benefit provisions

2017:

None

2018:

None

2019:

None

2020:

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

2021:

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

2022:

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

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

The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2021 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Rankin County School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2023

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price Inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	6.50%
Ultimate health care cost trend rates	
Medicare Supplement Claims	
Pre-Medicare	4.75%
Year of ultimate trend rates	
Medicare Supplement Claims	
Pre-Medicare	2030
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.13%

SUPPLEMENTARY INFORMATION

RANKIN COUNTY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Assistance Listing Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	235MS326N1099	10.553	\$ 1,302,801
National School Lunch Program	235MS326N1099	10.555	6,836,675
Total Child Nutrition Cluster			8,139,476
Total passed-through the Mississippi Department of Education			8,139,476
Total U.S. Department of Agriculture			8,139,476
<u>U. S. Department of Defense</u>			
Direct program:			
Reserve Officers' Training Corps	N/A	12.xxx	458,113
Total U.S. Department of Defense			458,113
<u>U. S. Department of Education</u>			
Passed-through Mississippi Board for Community and Junior Colleges:			
Adult Education - Basic Grants to States	V002A220025	84.002	224,449
Total passed-through the Mississippi Board for Community and Junior Colleges			224,449
Passed-through Mississippi Department of Rehabilitation Services			
Rehabilitation Services - Vocational Rehabilitation Grants to States	H126A220034	84.126	120,733
Total passed-through the Mississippi Department of Rehabilitation Services			120,733
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	S010A220024	84.010	3,056,632
Career and Technical Education - Basic Grants to States	V048A220024	84.048	368,814
English Language Acquisition State Grants	S365A220024	84.365	52,184
Supporting Effective Instruction State Grants	S367A220023	84.367	1,089,068
Student Support and Academic Enrichment Program	S424A220025	84.424	135,376
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D220031	84.425D	165,809
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)	S425U220031	84.425U	6,834,633
Subtotal			11,702,516
Special Education Cluster:			
Special Education - Grants to States	H027A220108	84.027	4,687,998
COVID-19 - IDEA, Part B ARP Grant	H027X210108	84.027X	624,592
Special Education - Preschool Grants	H173A220113	84.173	90,638
COVID-19 - IDEA, Part B Preschool ARP Grant	H173X210113	84.173X	39,581
Total Special Education Cluster			5,442,809
Total passed-through the Mississippi Department of Education			17,145,325
Total U.S. Department of Education			17,490,507
<u>U. S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1805MS5ADM	93.778	148,166
Total passed-through the Mississippi Department of Education			148,166
Total U.S. Department of Health and Human Services			148,166
<u>U. S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	H126A210034	96.001	1,750
Total passed-through the Mississippi Department of Rehabilitation Services			1,750
Total U.S. Department of Social Security Administration			1,750
Total for All Federal Awards			\$ 26,238,012

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

Rankin County School District

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities of \$935,346 are included in the National School Lunch Program.

RANKIN COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2023

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 168,650,690	133,419,074	4,015,385	13,946,310	17,269,921
Other	75,349,642	23,847,483	1,550,006	260,411	49,691,742
Total	<u>\$ 244,000,332</u>	<u>157,266,557</u>	<u>5,565,391</u>	<u>14,206,721</u>	<u>66,961,663</u>
Total number of students *	<u>17,063</u>				
Cost per student	<u>\$ 14,300</u>	<u>9,217</u>	<u>326</u>	<u>833</u>	<u>3,924</u>

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

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

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

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

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

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

OTHER INFORMATION

RANKIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 78,265,541	74,295,556	72,493,012	68,899,097
Change in fair market value	40,298	-	-	-
State sources	108,298,013	94,589,673	89,489,738	89,819,605
Federal sources	414,707	771,178	325,446	729,016
Sixteenth section sources	1,039,028	1,498,976	1,610,584	1,088,432
Total Revenues	<u>188,057,587</u>	<u>171,155,383</u>	<u>163,918,780</u>	<u>160,536,150</u>
Expenditures:				
Instruction	114,044,139	102,921,848	96,842,954	99,393,836
Support services	65,362,555	60,376,415	54,840,224	55,951,161
Noninstructional services	1,475,437	1,504,243	1,166,085	1,773,941
Sixteenth section	297,384	305,552	258,124	226,169
Facilities acquisition and construction	239,066	300,832	-	-
Debt service:				
Principal	377,674	965,963	2,187,902	3,266,273
Interest	21,624	24,579	-	117,823
Total Expenditures	<u>181,817,879</u>	<u>166,399,432</u>	<u>155,295,289</u>	<u>160,729,203</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>6,239,708</u>	<u>4,755,951</u>	<u>8,623,491</u>	<u>(193,053)</u>
Other Financing Sources (Uses):				
Leases issued	86,265	64,136	-	2,288,347
SBITA issued	864,094	-	-	-
Insurance recovery	-	14,033	33,000	276,826
Sale of transportation equipment	-	26,957	-	16,622
Sale of other property	601,481	1,151,162	1,937,504	956,619
Operating transfers in	768,575	916,026	973,363	817,335
Operating transfers out	(3,153,676)	(2,625,844)	(3,241,158)	(3,024,061)
Other financing uses	(86,265)	-	-	-
Total Other Financing Sources (Uses)	<u>(919,526)</u>	<u>(453,530)</u>	<u>(297,291)</u>	<u>1,331,688</u>
Net Change in Fund Balances	5,320,182	4,302,421	8,326,200	1,138,635
Fund Balances:				
Beginning of period, as previously reported	42,236,130	37,883,056	29,556,856	27,674,942
Prior period adjustments	(28,882)	50,653	-	743,279
Beginning of period, as restated	<u>42,207,248</u>	<u>37,933,709</u>	<u>29,556,856</u>	<u>28,418,221</u>
End of period	<u>\$ 47,527,430</u>	<u>42,236,130</u>	<u>37,883,056</u>	<u>29,556,856</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

RANKIN COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

"UNAUDITED"

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 100,372,371	92,575,401	91,304,197	91,410,952
Change in fair market value	58,279	(1,199,570)	-	-
State sources	114,673,626	99,206,913	95,738,317	95,713,795
Federal sources	26,463,717	31,563,240	29,095,890	14,511,327
Sixteenth section sources	2,480,908	2,817,463	2,756,743	2,338,191
Total Revenues	<u>244,048,901</u>	<u>224,963,447</u>	<u>218,895,147</u>	<u>203,974,265</u>
Expenditures:				
Instruction	133,884,675	121,067,906	120,152,850	112,548,727
Support services	74,331,797	72,029,981	64,298,284	61,097,110
Noninstructional services	11,836,829	11,010,641	8,711,442	9,834,792
Sixteenth section	337,924	356,231	289,698	252,488
Facilities acquisition and construction	5,434,786	13,883,467	46,289,344	68,137,023
Debt service:				
Principal	9,657,568	9,850,963	14,912,902	11,376,273
Interest	8,499,103	8,889,794	9,182,376	9,626,429
Other	17,650	16,450	130,582	18,885
Total Expenditures	<u>244,000,332</u>	<u>237,105,433</u>	<u>263,967,478</u>	<u>272,891,727</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>48,569</u>	<u>(12,141,986)</u>	<u>(45,072,331)</u>	<u>(68,917,462)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	6,100,000	-
Leases issued	86,265	64,136	-	2,288,347
SBITA issued	931,283	-	-	-
Insurance recovery	-	14,033	33,000	276,826
Sale of transportation equipment	-	26,957	-	16,622
Sale of other property	604,000	1,184,417	1,939,406	958,497
Operating transfers in	4,056,321	3,822,882	4,217,133	4,295,143
Operating transfers out	(4,056,321)	(3,822,882)	(4,217,133)	(4,295,143)
Other financing uses	(338,465)	-	-	-
Total Other Financing Sources (Uses)	<u>1,283,083</u>	<u>1,289,543</u>	<u>8,072,406</u>	<u>3,540,292</u>
Net Change in Fund Balances	1,331,652	(10,852,443)	(36,999,925)	(65,377,170)
Fund Balances:				
Beginning of period, as previously reported	88,879,786	99,624,958	136,926,626	201,146,703
Prior period adjustment	56,669	69,135	-	743,279
Beginning of period, as restated	<u>88,936,455</u>	<u>99,694,093</u>	<u>136,926,626</u>	<u>201,889,982</u>
Increase (decrease) in inventory	53,166	38,136	(301,743)	413,814
End of period	<u>\$ 90,321,273</u>	<u>88,879,786</u>	<u>99,624,958</u>	<u>136,926,626</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rankin County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Rankin County School District's basic financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
March 28, 2024

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Rankin County School District compiled, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
March 28, 2024

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Rankin County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rankin County School District as of and for the year ended June 30, 2023, which collectively comprise Rankin County School District's basic financial statements and have issued our report thereon dated March 28, 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 ensure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

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

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

Finding 1:

Criteria:

Section 25-11-127(4), Mississippi Code Annotated. (1972), states, “Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment.”

Mississippi Public Employment Retirement System (PERS) Board Regulation 34, Section 105, states, “To lawfully employ a PERS service retiree under Section 103, the employer must notify PERS in writing of the terms of the eligible employment within five (5) days from the date of employment and also from the date of termination on a form prescribed by the Board. Failure by the employer to timely notify PERS may result in the assessment of \$300 penalty per occurrence payable by the employer.”

Condition:

During the review of the School District’s PERS Form 4Bs, the auditor noted: (1) one employee was overpaid \$45. (2) One form was not dated when the employee signed the form. (3) One form did not have date of submission to PERS.

Cause:

The District failed to detect the first two exceptions during the Form 4B completion and submission process. Additionally, the District failed to monitor hours worked for one employee to ensure amount earned didn’t exceed amount approved.

Effect:

The Mississippi Public Employees Retirement System could assess a penalty per occurrence payable by the District for not properly filing PERS Form 4B.

Recommendation:

We recommend the Rankin County School District to ensure internal controls over Form 4Bs should be strengthened to ensure proper Form 4B completion and documentation of submission. Internal controls over monitoring Form 4B employees’ wages should be strengthened to ensure that these employees are not paid more than the approved amounts.

Response:

The District will implement additional procedures to make sure these findings are corrected in the future.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 28, 2024

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Rankin County School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

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

Assistance Listing Numbers:	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster
84.367	Supporting Effective Instruction State Grants
84.425D*	COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U*	COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief Fund (ARP III)

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

8. Dollar threshold used to distinguish between type A and type B programs: \$787,140.
9. Auditee qualified as low-risk auditee? No.
10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b). No.

Section II: Financial Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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