

JACKSON PUBLIC SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Jackson Public School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Jackson Public School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 6-14, 56-57, 58, 59, 60 and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes 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 are presented for purposes of additional analysis and are not a required part of the 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of the Jackson Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jackson Public School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson Public School District's internal control over financial reporting and compliance.

*JD CPA, PLLC*

Jackson, Mississippi  
January 12, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

The following discussion and analysis of Jackson Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. 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 2020 decreased \$2,620,458, including a prior period adjustment of \$189,479, which represents a 1% decrease from fiscal year 2019. Total net position for 2019 decreased \$2,523,500, including a prior period adjustment of \$36,338, which represents a 1% decrease from fiscal year 2018.
- General revenues amounted to \$211,466,630 and \$214,056,768, or 79% and 80% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$55,035,122, or 21% of total revenues for 2020, and \$54,274,401, or 20% of total revenues for 2019.
- The District had \$269,311,689 and \$270,891,007 in expenses for fiscal years 2020 and 2019; only \$55,035,122 for 2020 and \$54,274,401 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$211,466,630 for 2020 and \$214,056,768 for 2019 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$188,203,957 in revenues and \$188,521,654 in expenditures for 2020, and \$188,832,438 in revenues and \$189,225,078 in expenditures in 2019. The General Fund's fund balance decreased by \$1,578,783 from 2019 to 2020, including a prior period adjustment of (\$193,252) and a decrease in inventory of \$104,949, and decreased by \$1,903,164 from 2018 to 2019, including a prior period adjustment of (\$69,419) and an increase in inventory of \$18,288.
- Capital assets, net of accumulated depreciation, decreased by \$6,370,097 for 2020 and decreased by \$5,465,368 for 2019. The decrease for 2020 was due to the disposal of buildings, mobile equipment, and furniture and equipment, coupled with the increase in accumulated depreciation.
- Long-term debt, excluding bond premium, decreased by \$16,234,341 for 2020 and increased by \$49,864,167 for 2019. The decrease for 2020 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$141,789 for 2020 and decreased by \$50,182 for 2019.

## **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.

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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 can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### **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.

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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.

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$297,743,899 as of June 30, 2020.

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.

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

Table 1 presents a summary of the District's net position at June 30, 2020 and June 30, 2019.

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

|                                       | <b>June 30, 2020</b>    | <b>June 30, 2019</b>    | <b>Percentage<br/>Change</b> |
|---------------------------------------|-------------------------|-------------------------|------------------------------|
| Current assets                        | \$ 62,845,916           | \$ 66,906,957           | (6.07) %                     |
| Restricted assets                     | 76,060,327              | 79,174,821              | (3.93) %                     |
| Capital assets, net                   | 184,659,134             | 191,029,231             | (3.33) %                     |
| <b>Total assets</b>                   | <b>323,565,377</b>      | <b>337,111,009</b>      | <b>(4.02) %</b>              |
| <b>Deferred outflows of resources</b> | <b>42,613,666</b>       | <b>38,324,512</b>       | <b>11.19 %</b>               |
| Current liabilities                   | 16,836,740              | 14,948,425              | 12.63 %                      |
| Long-term debt outstanding            | 218,046,787             | 236,606,983             | (7.84) %                     |
| Net OPEB liability                    | 27,659,284              | 25,900,156              | 6.79 %                       |
| Net pension liability                 | 380,045,022             | 368,172,643             | 3.22 %                       |
| <b>Total liabilities</b>              | <b>642,587,833</b>      | <b>645,628,207</b>      | <b>(0.47) %</b>              |
| <b>Deferred inflows of resources</b>  | <b>21,335,109</b>       | <b>24,930,755</b>       | <b>(14.42) %</b>             |
| <b>Net position:</b>                  |                         |                         |                              |
| Net investment in capital assets      | 67,885,426              | 61,712,613              | 10.00 %                      |
| Restricted                            | 28,430,176              | 30,540,728              | (6.91) %                     |
| Unrestricted                          | (394,059,501)           | (387,376,782)           | (1.73) %                     |
| <b>Total net position</b>             | <b>\$ (297,743,899)</b> | <b>\$ (295,123,441)</b> | <b>(0.89) %</b>              |

Additional information on unrestricted net position:

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

|   |                     |
|---|---------------------|
| Total unrestricted net position (deficit)   | \$ (394,059,501)    |
| 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 | 397,833,190         |
| Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect   | <u>\$ 3,773,689</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 \$6,370,097.
- The principal retirement of \$16,376,130 of long-term debt.

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$266,501,752 and \$268,331,169, respectively. The total cost of all programs and services was \$269,311,689 for 2020 and \$270,891,007 for 2019.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

**Table 2  
Changes in Net Position**

|   | <u>Year Ended<br/>June 30, 2020</u> | <u>Year Ended<br/>June 30, 2019</u> | <u>Percentage<br/>Change</u> |
|---|-------------------------------------|-------------------------------------|------------------------------|
| <b>Revenues:</b>                                    |                                     |                                     |                              |
| Program revenues:                                   |                                     |                                     |                              |
| Charges for services                                | \$ 2,053,416                        | \$ 2,056,863                        | (0.17) %                     |
| Operating grants and contributions                  | 52,981,706                          | 52,217,538                          | 1.46 %                       |
| General revenues:                                   |                                     |                                     |                              |
| Property taxes                                      | 95,922,120                          | 92,546,348                          | 3.65 %                       |
| Grants and contributions not restricted             | 111,013,501                         | 116,714,544                         | (4.88) %                     |
| Investment earnings                                 | 1,948,706                           | 2,195,511                           | (11.24) %                    |
| Sixteenth section sources                           | 1,154,861                           | 1,640,335                           | (29.60) %                    |
| Other   | 1,427,442                           | 960,030                             | 48.69 %                      |
| <b>Total revenues</b>                               | <b>266,501,752</b>                  | <b>268,331,169</b>                  | <b>(0.68) %</b>              |
| <b>Expenses:</b>                                    |                                     |                                     |                              |
| Instruction   | 116,708,189                         | 116,469,224                         | 0.21 %                       |
| Support services                                    | 99,619,142                          | 98,403,431                          | 1.24 %                       |
| Non-instructional                                   | 14,926,605                          | 16,647,730                          | (10.34) %                    |
| Sixteenth section                                   | 106,652                             | 382,352                             | (72.11) %                    |
| Pension expense                                     | 27,896,980                          | 30,207,865                          | (7.65) %                     |
| OPEB expense  | 1,316,218                           | 1,105,222                           | 19.09 %                      |
| Interest on long-term liabilities                   | 8,737,903                           | 7,675,183                           | 13.85 %                      |
| <b>Total expenses</b>                               | <b>269,311,689</b>                  | <b>270,891,007</b>                  | <b>(0.58) %</b>              |
| <b>Increase (Decrease) in net position</b>          | <b>(2,809,937)</b>                  | <b>(2,559,838)</b>                  | <b>(9.77) %</b>              |
| <b>Net Position, July 1, as previously reported</b> | <b>(295,123,441)</b>                | <b>(292,599,941)</b>                | <b>(0.86) %</b>              |
| <b>Prior Period Adjustment</b>                      | <b>189,479</b>                      | <b>36,338</b>                       | <b>421.43 %</b>              |
| <b>Net Position, July 1, as restated</b>            | <b>(294,933,962)</b>                | <b>(292,563,603)</b>                | <b>(0.81) %</b>              |
| <b>Net Position, June 30</b>                        | <b>\$ (297,743,899)</b>             | <b>\$ (295,123,441)</b>             | <b>(0.89) %</b>              |

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**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**

|                                    | <b>Total Expenses</b>        |                         | <b>Percentage<br/>Change</b> |
|------------------------------------|------------------------------|-------------------------|------------------------------|
|                                    | <b>2020</b>                  | <b>2019</b>             |                              |
| Instruction                        | \$ 116,708,189               | \$ 116,469,224          | 0.21 %                       |
| Support services                   | 99,619,142                   | 98,403,431              | 1.24 %                       |
| Non-instructional                  | 14,926,605                   | 16,647,730              | (10.34) %                    |
| Sixteenth section                  | 106,652                      | 382,352                 | (72.11) %                    |
| Pension Expense                    | 27,896,980                   | 30,207,865              | (7.65) %                     |
| OPEB Expense                       | 1,316,218                    | 1,105,222               | 19.09 %                      |
| Interest on long-term liabilities  | 8,737,903                    | 7,675,183               | 13.85 %                      |
| <b>Total expenses</b>              | <b>\$ 269,311,689</b>        | <b>\$ 270,891,007</b>   | <b>(0.58) %</b>              |
|                                    | <b>Net (Expense) Revenue</b> |                         | <b>Percentage<br/>Change</b> |
|                                    | <b>2020</b>                  | <b>2019</b>             |                              |
| Instruction                        | \$ (95,106,795)              | \$ (98,481,438)         | 3.43 %                       |
| Support services                   | (81,283,703)                 | (80,646,538)            | (0.79) %                     |
| Non-instructional                  | 171,684                      | 1,881,992               | (90.88) %                    |
| Sixteenth section                  | (106,652)                    | (382,352)               | 72.11 %                      |
| Pension Expense                    | (27,896,980)                 | (30,207,865)            | 7.65 %                       |
| OPEB Expense                       | (1,316,218)                  | (1,105,222)             | (19.09) %                    |
| Interest on long-term liabilities  | (8,737,903)                  | (7,675,183)             | (13.85) %                    |
| <b>Total net (expense) revenue</b> | <b>\$ (214,276,567)</b>      | <b>\$ (216,616,606)</b> | <b>1.08 %</b>                |

- Net cost of governmental activities (\$214,276,567 for 2020 and \$216,616,606 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$95,922,120 for 2020 and \$92,546,348 for 2019) and state and federal revenues (\$111,013,501 for 2020 and \$116,714,544 for 2019). In addition, there was \$1,154,861 and \$1,640,335 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$1,948,706 for 2020 and \$2,195,511 for 2019.

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**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 \$123,485,777, a decrease of \$9,213,843, which includes a prior period adjustment of \$189,479 and an increase in inventory of \$847. \$20,652,328, or 17% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$102,833,449, or 83% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$1,578,783, which includes a prior period adjustment of (\$193,252) and a decrease in inventory of \$104,949. The fund balance of Other Governmental Funds showed a decrease in the amount of \$4,229,132, which includes a prior period adjustment of \$70,412 and an increase in inventory of \$105,796. The increase (decrease) in the fund balances for the other major funds were as follows:

| <u>Major Fund</u>              | <u>Increase (Decrease)</u> |
|--------------------------------|----------------------------|
| Title I-A Basic Fund           | no increase or decrease    |
| GO Bond Construction 2018 Fund | \$ (3,405,928)             |

**BUDGETARY HIGHLIGHTS**

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

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

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2020, the District's total capital assets were \$329,690,146, including land, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$14,214 from 2019. Total accumulated depreciation as of June 30, 2020, was \$145,031,012, and total depreciation expense for the year was \$6,769,279, resulting in total net capital assets of \$184,659,134.

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

|                                      | <u>June 30, 2020</u>  | <u>June 30, 2019</u>  | <u>Percentage<br/>Change</u> |
|--------------------------------------|-----------------------|-----------------------|------------------------------|
| Land                                 | \$ 6,780,059          | \$ 6,780,059          | 0.00 %                       |
| Buildings                            | 156,695,743           | 160,896,387           | (2.61) %                     |
| Improvements other than buildings    | 14,770,295            | 15,563,037            | (5.09) %                     |
| Mobile equipment                     | 1,572,165             | 1,359,324             | 15.66 %                      |
| Furniture and equipment              | 1,149,591             | 1,927,268             | (40.35) %                    |
| Leased property under capital leases | 3,691,281             | 4,503,156             | (18.03) %                    |
| <b>Total</b>                         | <b>\$ 184,659,134</b> | <b>\$ 191,029,231</b> | <b>(3.33) %</b>              |

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

**Debt Administration.** At June 30, 2020, the District had \$218,046,787 in outstanding long-term debt, of which \$17,130,644 is due within one year. During the fiscal year, the District made principal payments totaling \$16,376,130 on outstanding long-term debt. The liability for compensated absences increased \$141,789 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

|   | <u>June 30, 2020</u>  | <u>June 30, 2019</u>  | <u>Percentage<br/>Change</u> |
|---|-----------------------|-----------------------|------------------------------|
| General obligation bonds payable            | \$ 14,415,000         | \$ 15,855,000         | (9.08) %                     |
| Special obligation bonds payable            | 146,940,000           | 160,085,000           | (8.21) %                     |
| Three mill notes payable                    | 14,615,000            | 15,435,000            | (5.31) %                     |
| Obligations under capital leases            | 4,358,960             | 5,330,090             | (18.22) %                    |
| Qualified school construction bonds payable | 15,400,000            | 15,400,000            | 0.00 %                       |
| Compensated absences payable                | 1,995,949             | 1,854,160             | 7.65 %                       |
| Bond premiums                               | 20,321,878            | 22,647,733            | (10.27) %                    |
| <b>Total</b>                                | <b>\$ 218,046,787</b> | <b>\$ 236,606,983</b> | <b>(7.84) %</b>              |

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

Jackson Public School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

**CURRENT ISSUES**

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

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Jackson Public School District, P.O. Box 2338, Jackson, MS 39225-2338.

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FINANCIAL STATEMENTS

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**JACKSON PUBLIC SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2020**

**Exhibit A**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>                                    |                            |
| Cash and cash equivalents                        | \$ 43,565,544              |
| Due from other governments                       | 17,194,442                 |
| Other receivables, net                           | 419,720                    |
| Inventories                                      | 1,666,210                  |
| Restricted assets                                | 76,060,327                 |
| Capital assets, non-depreciable:                 |                            |
| Land   | 6,780,059                  |
| Capital assets, net of accumulated depreciation: |                            |
| Buildings  | 156,695,743                |
| Improvements other than buildings                | 14,770,295                 |
| Mobile equipment                                 | 1,572,165                  |
| Furniture and equipment                          | 1,149,591                  |
| Leased property under capital leases             | 3,691,281                  |
| Total Assets                                     | 323,565,377                |
| <br><b>Deferred Outflows of Resources</b>        |                            |
| Deferred outflows - advance refunding of debt    | 11,407,441                 |
| Deferred outflows - pensions                     | 28,119,410                 |
| Deferred outflows - OPEB                         | 3,086,815                  |
| Total Deferred Outflows of Resources             | 42,613,666                 |
| <br><b>Liabilities</b>                           |                            |
| Accounts payable and accrued liabilities         | 15,415,894                 |
| Unearned revenue                                 | 4,572                      |
| Interest payable on long-term liabilities        | 1,416,274                  |
| Long-term liabilities, due within one year:      |                            |
| Capital related liabilities                      | 12,425,847                 |
| Non-capital related liabilities                  | 4,704,797                  |
| Net OPEB liability                               | 1,070,338                  |
| Long-term liabilities, due beyond one year:      |                            |
| Capital related liabilities                      | 96,434,363                 |
| Capital related bond premiums                    | 20,321,878                 |
| Non-capital related liabilities                  | 84,159,902                 |
| Net pension liability                            | 380,045,022                |
| Net OPEB liability                               | 26,588,946                 |
| Total Liabilities                                | 642,587,833                |
| <br><b>Deferred Inflows of Resources</b>         |                            |
| Deferred inflows - pensions                      | 18,496,801                 |
| Deferred inflows - OPEB                          | 2,838,308                  |
| Total Deferred Inflows of Resources              | 21,335,109                 |
| <br><b>Net Position</b>                          |                            |
| Net investment in capital assets                 | 67,885,426                 |
| Restricted for:                                  |                            |
| Expendable:                                      |                            |
| School-based activities                          | 9,223,016                  |
| Debt service                                     | 15,247,236                 |
| Capital improvements                             | 100,000                    |
| Forestry improvements                            | 39,830                     |
| Unemployment benefits                            | 3,520,837                  |
| Non-expendable:                                  |                            |
| Sixteenth section                                | 299,257                    |
| Unrestricted                                     | (394,059,501)              |
| Total Net Position (deficit)                     | \$ (297,743,899)           |

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2020**

| Functions/Programs                   | Expenses              | Program Revenues     |                                    |                                  | Governmental Activities | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|---|
|                                      |                       | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                         |   |
| <b>Governmental Activities:</b>      |                       |                      |                                    |                                  |                         |   |
| Instruction                          | \$ 116,708,189        | \$ 1,183,348         | \$ 20,418,046                      | \$ -                             | \$ (95,106,795)         |   |
| Support services                     | 99,619,142            | 337,379              | 17,998,060                         | -                                | (81,283,703)            |   |
| Non-instructional                    | 14,926,605            | 532,689              | 14,565,600                         | -                                | 171,684                 |   |
| Sixteenth section                    | 106,652               | -                    | -                                  | -                                | (106,652)               |   |
| Pension expense                      | 27,896,980            | -                    | -                                  | -                                | (27,896,980)            |   |
| OPEB expense                         | 1,316,218             | -                    | -                                  | -                                | (1,316,218)             |   |
| Interest on long-term liabilities    | 8,737,903             | -                    | -                                  | -                                | (8,737,903)             |   |
| <b>Total Governmental Activities</b> | <b>\$ 269,311,689</b> | <b>\$ 2,053,416</b>  | <b>\$ 52,981,706</b>               | <b>\$ -</b>                      | <b>\$ (214,276,567)</b> |   |

**General Revenues:**

**Taxes:**

|                        |            |
|------------------------|------------|
| General purpose levies | 71,209,160 |
| Debt purpose levies    | 24,712,960 |

**Unrestricted grants and contributions:**

|                                  |                    |
|----------------------------------|--------------------|
| State                            | 110,914,317        |
| Federal                          | 99,184             |
| Unrestricted investment earnings | 1,948,706          |
| Sixteenth section sources        | 1,154,861          |
| Other                            | 1,427,442          |
| <b>Total General Revenues</b>    | <b>211,466,630</b> |

Change in Net Position (2,809,937)

Net Position - Beginning, as previously reported (295,123,441)  
 Prior Period Adjustments 189,479

Net Position - Beginning, as restated (294,933,962)

Net Position (deficit) - Ending \$ (297,743,899)

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2020**

**Exhibit C**

|  | Major Funds          |                         |                                      |                                |           | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|--------------------------------------|--------------------------------|-----------|--------------------------------|
|  | General<br>Fund      | Title I-A Basic<br>Fund | GO Bond<br>Construction 2018<br>Fund | Other<br>Governmental<br>Funds |           |                                |
| <b>Assets</b>                            |                      |                         |                                      |                                |           |                                |
| Cash and cash equivalents                | \$ 17,002,276        | \$ 74,418               | \$ 192,042                           | \$ 27,789,053                  | \$        | 45,057,789                     |
| Cash with fiscal agents                  | -                    | -                       | 25,052,292                           | 6,580,848                      |           | 31,633,140                     |
| Investments                              | -                    | -                       | 42,934,942                           | -                              |           | 42,934,942                     |
| Due from other governments               | 5,204,706            | 5,236,789               | -                                    | 6,752,947                      |           | 17,194,442                     |
| Other receivables, net                   | 409,644              | 10,076                  | -                                    | -                              |           | 419,720                        |
| Due from other funds                     | 13,053,621           | 215,825                 | -                                    | 1,455,115                      |           | 14,724,561                     |
| Inventories                              | 943,181              | -                       | -                                    | 723,029                        |           | 1,666,210                      |
| Total assets                             | <u>\$ 36,613,428</u> | <u>\$ 5,537,108</u>     | <u>\$ 68,179,276</u>                 | <u>\$ 43,300,992</u>           | <u>\$</u> | <u>153,630,804</u>             |
| <b>Liabilities and Fund Balances</b>     |                      |                         |                                      |                                |           |                                |
| <b>Liabilities:</b>                      |                      |                         |                                      |                                |           |                                |
| Accounts payable and accrued liabilities | \$ 13,122,246        | \$ 696,011              | \$ 32,178                            | \$ 1,565,459                   | \$        | 15,415,894                     |
| Due to other funds                       | 320,940              | 4,841,097               | -                                    | 9,562,524                      |           | 14,724,561                     |
| Unavailable revenue - federal programs   | -                    | -                       | -                                    | 4,572                          |           | 4,572                          |
| Total Liabilities                        | <u>13,443,186</u>    | <u>5,537,108</u>        | <u>32,178</u>                        | <u>11,132,555</u>              |           | <u>30,145,027</u>              |
| <b>Fund Balances:</b>                    |                      |                         |                                      |                                |           |                                |
| <b>Nonspendable:</b>                     |                      |                         |                                      |                                |           |                                |
| Inventory                                | 943,181              | -                       | -                                    | 723,029                        |           | 1,666,210                      |
| Permanent fund principal                 | -                    | -                       | -                                    | 299,257                        |           | 299,257                        |
| <b>Restricted:</b>                       |                      |                         |                                      |                                |           |                                |
| Debt service                             | -                    | -                       | -                                    | 16,663,510                     |           | 16,663,510                     |
| Capital projects                         | -                    | -                       | 68,147,098                           | 1,100,939                      |           | 69,248,037                     |
| Forestry improvement purposes            | -                    | -                       | -                                    | 39,830                         |           | 39,830                         |
| Grant activities                         | -                    | -                       | -                                    | 7,556,806                      |           | 7,556,806                      |
| Unemployment benefits                    | -                    | -                       | -                                    | 3,520,837                      |           | 3,520,837                      |
| <b>Assigned:</b>                         |                      |                         |                                      |                                |           |                                |
| Facility repairs and improvements        | -                    | -                       | -                                    | 2,264,229                      |           | 2,264,229                      |
| Capital reserve                          | 581,204              | -                       | -                                    | -                              |           | 581,204                        |
| Activity funds/athletics                 | 993,529              | -                       | -                                    | -                              |           | 993,529                        |
| <b>Unassigned</b>                        | <u>20,652,328</u>    | <u>-</u>                | <u>-</u>                             | <u>-</u>                       |           | <u>20,652,328</u>              |
| Total Fund Balances                      | <u>23,170,242</u>    | <u>-</u>                | <u>68,147,098</u>                    | <u>32,168,437</u>              |           | <u>123,485,777</u>             |
| Total Liabilities and Fund Balances      | <u>\$ 36,613,428</u> | <u>\$ 5,537,108</u>     | <u>\$ 68,179,276</u>                 | <u>\$ 43,300,992</u>           | <u>\$</u> | <u>153,630,804</u>             |

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

JACKSON PUBLIC SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position Exhibit C-1  
June 30, 2020

**Total fund balances for governmental funds** \$ 123,485,777

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

|                                      |                      |             |
|--------------------------------------|----------------------|-------------|
| Land                                 | \$ 6,780,059         |             |
| Construction in progress             | -                    |             |
| Buildings                            | 248,395,514          |             |
| Improvements other than buildings    | 39,414,769           |             |
| Mobile equipment                     | 10,482,312           |             |
| Furniture and equipment              | 15,922,761           |             |
| Leased property under capital leases | 8,694,731            |             |
| Accumulated depreciation             | <u>(145,031,012)</u> | 184,659,134 |

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability (380,045,022)

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

|  |                     |               |
|--|---------------------|---------------|
| Deferred outflows of resources related to pensions | 28,119,410          |               |
| Deferred inflows of resources related to pensions  | <u>(18,496,801)</u> | (370,422,413) |

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability (27,659,284)

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

|  |                    |              |
|--|--------------------|--------------|
| Deferred outflows of resources related to OPEB | 3,086,815          |              |
| Deferred inflows of resources related to OPEB  | <u>(2,838,308)</u> | (27,410,777) |

4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

|                           |                    |               |
|---------------------------|--------------------|---------------|
| General obligation bonds  | (14,415,000)       |               |
| Special obligation bonds  | (146,940,000)      |               |
| Other bonds payable       | (15,400,000)       |               |
| Notes payable             | (14,615,000)       |               |
| Capital lease obligations | (4,358,960)        |               |
| Compensated absences      | (1,995,949)        |               |
| Unamortized charges       | 11,407,441         |               |
| Unamortized premiums      | (20,321,878)       |               |
| Accrued interest payable  | <u>(1,416,274)</u> | (208,055,620) |

**Net Position of governmental activities** \$ (297,743,899)

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2020**

**Exhibit D**

|  | Major Funds          |                      |                                |                          |                          |
|--|----------------------|----------------------|--------------------------------|--------------------------|--------------------------|
|  | General Fund         | Title I-A Basic Fund | GO Bond Construction 2018 Fund | Other Governmental Funds | Total Governmental Funds |
| <b>Revenues:</b>   |                      |                      |                                |                          |                          |
| Local sources  | \$ 73,737,001        | \$ 35,846            | \$ 1,445,476                   | \$ 25,670,138            | \$ 100,888,461           |
| Intermediate sources   | -                    | -                    | -                              | 55,000                   | 55,000                   |
| State sources  | 113,055,526          | -                    | -                              | 6,221,989                | 119,277,515              |
| Federal sources  | 256,569              | 15,694,844           | -                              | 28,837,123               | 44,788,536               |
| Sixteenth section sources                                    | 1,154,861            | -                    | -                              | -                        | 1,154,861                |
| <b>Total Revenues</b>  | <b>188,203,957</b>   | <b>15,730,690</b>    | <b>1,445,476</b>               | <b>60,784,250</b>        | <b>266,164,373</b>       |
| <b>Expenditures:</b>   |                      |                      |                                |                          |                          |
| Instruction  | 108,604,169          | 7,645,195            | -                              | 13,523,175               | 129,772,539              |
| Support services   | 79,565,855           | 7,947,537            | 4,851,404                      | 11,801,197               | 104,165,993              |
| Noninstructional services                                    | 66,832               | 236,199              | -                              | 15,643,619               | 15,946,650               |
| Sixteenth section  | 106,652              | -                    | -                              | -                        | 106,652                  |
| Debt service:  |                      |                      |                                |                          |                          |
| Principal  | -                    | -                    | -                              | 16,376,130               | 16,376,130               |
| Interest   | 173,896              | -                    | -                              | 9,345,311                | 9,519,207                |
| Other  | 4,250                | -                    | -                              | 14,500                   | 18,750                   |
| <b>Total Expenditures</b>                                    | <b>188,521,654</b>   | <b>15,828,931</b>    | <b>4,851,404</b>               | <b>66,703,932</b>        | <b>275,905,921</b>       |
| Excess (Deficiency) of Revenues<br>over (under) Expenditures | (317,697)            | (98,241)             | (3,405,928)                    | (5,919,682)              | (9,741,548)              |
| <b>Other Financing Sources (Uses):</b>                       |                      |                      |                                |                          |                          |
| Insurance recovery   | 337,379              | -                    | -                              | -                        | 337,379                  |
| Payments held by escrow agent                                | -                    | -                    | -                              | 1,283,000                | 1,283,000                |
| Payment to QSCB debt escrow agent                            | (1,283,000)          | -                    | -                              | -                        | (1,283,000)              |
| Operating transfers in                                       | 5,276,094            | -                    | -                              | 5,406,885                | 10,682,979               |
| Operating transfers out                                      | (5,293,358)          | (214,078)            | -                              | (5,175,543)              | (10,682,979)             |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>(962,885)</b>     | <b>(214,078)</b>     | <b>-</b>                       | <b>1,514,342</b>         | <b>337,379</b>           |
| <b>Net Change in Fund Balances</b>                           | <b>(1,280,582)</b>   | <b>(312,319)</b>     | <b>(3,405,928)</b>             | <b>(4,405,340)</b>       | <b>(9,404,169)</b>       |
| <b>Fund Balances:</b>  |                      |                      |                                |                          |                          |
| July 1, 2019, as previously reported                         | 24,749,025           | -                    | 71,553,026                     | 36,397,569               | 132,699,620              |
| Prior period adjustments                                     | (193,252)            | 312,319              | -                              | 70,412                   | 189,479                  |
| July 1, 2019, as restated                                    | 24,555,773           | 312,319              | 71,553,026                     | 36,467,981               | 132,889,099              |
| Increase (Decrease) in inventory                             | (104,949)            | -                    | -                              | 105,796                  | 847                      |
| <b>June 30, 2020</b>   | <b>\$ 23,170,242</b> | <b>\$ -</b>          | <b>\$ 68,147,098</b>           | <b>\$ 32,168,437</b>     | <b>\$ 123,485,777</b>    |

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2020**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ (9,404,169)

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

|                      |                    |             |
|----------------------|--------------------|-------------|
| Capital outlay       | \$ 418,372         |             |
| Depreciation expense | <u>(6,769,279)</u> | (6,350,907) |

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.

(19,190)

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

|                            |                |            |
|----------------------------|----------------|------------|
| Payments of debt principal | 16,376,130     |            |
| Accrued interest payable   | <u>149,993</u> | 16,526,123 |

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

|  |                   |             |
|--|-------------------|-------------|
| Pension expense                                  | (27,896,980)      |             |
| Contributions subsequent to the measurement date | <u>24,159,887</u> | (3,737,093) |

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

|  |                |           |
|--|----------------|-----------|
| OPEB expense                                     | (1,316,218)    |           |
| Contributions subsequent to the measurement date | <u>982,398</u> | (333,820) |

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

|  |                |         |
|--|----------------|---------|
| Change in compensated absences                           | (141,789)      |         |
| Change in inventory                                      | 847            |         |
| Amortization of deferred charges, premiums and discounts | <u>650,061</u> | 509,119 |

**Change in Net Position of governmental activities** \$ (2,809,937)

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

JACKSON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position  
June 30, 2020

Exhibit E

|  | <u>Private-Purpose<br/>Trust Funds</u> |
|--|--|
| <b>Assets</b>                            |  |
| Cash and cash equivalents                | \$ 49,713                              |
| Total Assets                             | <u>49,713</u>                          |
| <b>Liabilities</b>                       |  |
| Accounts payable and accrued liabilities | <u>644</u>                             |
| Total Liabilities                        | <u>644</u>                             |
| <b>Net Position</b>                      |  |
| Held in trust                            | <u>49,069</u>                          |
| Total Net Position                       | <u>\$ 49,069</u>                       |

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2020**

**Exhibit F**

|  | Private-Purpose<br>Trust Funds |
|--|--------------------------------|
| <b>Additions</b>                                 |                                |
| Interest on investments                          | \$ 124                         |
| Contributions and donations from private sources | 45,239                         |
| Total Additions                                  | 45,363                         |
| <br><b>Deductions</b>                            |                                |
| Educational media services                       | 2,200                          |
| Total Deductions                                 | 2,200                          |
| Change in Net Position                           | 43,163                         |
| <br><b>Net Position</b>                          |                                |
| July 1, 2019                                     | 5,906                          |
| June 30, 2020                                    | \$ 49,069                      |

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

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JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**Note 1 – Summary of Significant Accounting Policies**

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

**A. Financial Reporting Entity**

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

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

The school district reports the following major governmental funds:

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

Title I-A Basic Fund - This is a special revenue fund that accounts for federal revenue received and expenditures incurred related to the District's Title I program.

GO Bond Construction 2018 Fund - This is a capital projects fund that accounts for the proceeds from the issuance of the Special Obligation Bonds, Series 2018 and the expenditure of the proceeds for the construction and renovation of school facilities.

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

The school district also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

Lake Memorial Library Fund - This fund serves as a private-purpose trust fund used to report a trust arrangement, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

#### FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

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

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

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

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

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

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

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

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**D. Encumbrances**

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

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.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents, cash with fiscal agent, and/or investments in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

|                                      | Capitalization<br>Policy | Estimated<br>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 under capital leases | *                        | *                        |

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred deferred outflows which are presented as a deferred outflow from advance refunding of debt, a deferred outflow related to pensions, and a deferred outflow related to OPEB. See Note 16 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred deferred inflows which are presented as a deferred inflow related to pensions and a deferred inflow related to OPEB. See Note 16 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. 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 a resolution approved by 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 the Chief Financial Officer pursuant to authorization established by the School District's approved fund balance policy.

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

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

13. Accounting Standards Update

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

Jackson Public School District chose to early implement GASB 84 in the current fiscal year. Therefore, the agency funds (i.e., club funds and clearing funds) previously shown as fiduciary funds are now shown in the General Fund.

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

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

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

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$45,057,789 and \$49,713, respectively. The carrying amount of deposit reported in the government-wide financial statements included cash and cash equivalents of \$43,565,544 and a portion of restricted assets in the amount of \$1,492,245 (see Note 4).

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

*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, 2020, none of the district's bank balance of \$53,346,183 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$31,633,140.

Investments

As of June 30, 2020, the district had the following investments.

| Investment Type               | Rating | Maturities<br>(in years) | Fair Value           |
|-------------------------------|--------|--------------------------|----------------------|
| U.S. Treasury Notes and Bonds | AA     | Less than 1 year         | \$ 21,390,157        |
| Agency Obligations            | AA     | 1 to 5 years             | 16,543,344           |
| Agency Obligations            | N/A    | Less than 1 year         | <u>5,001,441</u>     |
| Total                         |        |                          | <u>\$ 42,934,942</u> |

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

The district has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury Notes and Bonds of \$21,390,157 are valued using quoted market prices (Level 1 inputs)
- Agency Obligations of \$16,543,344 and \$5,001,441 are valued using quoted market prices (Level 1 inputs)

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2020, the district did not have any investments to which this would apply.

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**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             | Title I-A Basic Fund     | \$ 4,841,097         |
|                          | Other governmental funds | 8,212,524            |
| Title I-A Basic Fund     | General Fund             | 215,825              |
| Other governmental funds | General Fund             | 105,115              |
|                          | Other governmental funds | <u>1,350,000</u>     |
| Total                    |                          | <u>\$ 14,724,561</u> |

The inter-fund loans were made mainly to cover the initial payments of reimbursable expenditures of federal programs and to eliminate deficit cash balances. In addition, inter-fund loans were made to record indirect costs from various federal program funds due to the General Fund and to record the amounts due from the General Fund to various special revenue funds for the funding of daily operations.

**B. Inter-fund Transfers**

| Transfers Out            | Transfers In             | Amount               |
|--------------------------|--------------------------|----------------------|
| General Fund             | Other governmental funds | \$ 5,293,358         |
| Title I-A Basic Fund     | General Fund             | 214,078              |
| Other governmental funds | General Fund             | 5,062,016            |
|                          | Other governmental funds | <u>113,527</u>       |
| Total                    |                          | <u>\$ 10,682,979</u> |

Operating transfers were primarily for the following: the funding of daily operations and routine activities of funds other than School District Maintenance, indirect cost transfers, transfer to cover vocational and special education expenditures, debt service transfers, transfer to cover unemployment costs, administrative cost pool transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$299,257 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$6,580,848 of the QSCB Bond Retirement Fund. Also, the restricted assets include the cash and cash equivalents, cash with fiscal agent and investment balances totaling \$192,042, \$25,052,292 and \$42,934,942, respectively, of the GO Bond Construction 2018 Fund. In addition, the restricted assets represent the cash balance of the QSCB Northwest Middle School Capital Projects Fund totaling \$918,278, the School Bond Series 2008 Capital Projects Fund totaling \$7, and the Limited Tax Note 2017A Capital Projects Fund totaling \$82,661 resulting from unspent proceeds of long-term debt at fiscal year-end. Total restricted assets reported on the Statement of Net Position are \$76,060,327.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**Note 5 – Capital Assets**

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

|   | Balance<br>7/1/2019   | Increases             | Decreases        | Balance<br>6/30/2020  |
|---|-----------------------|-----------------------|------------------|-----------------------|
| <b>Governmental Activities:</b>             |                       |                       |                  |                       |
| <u>Non-depreciable capital assets:</u>      |                       |                       |                  |                       |
| Land  | \$ 6,780,059          | \$                    | \$               | \$ 6,780,059          |
| Total non-depreciable capital assets        | <u>6,780,059</u>      | -                     | -                | <u>6,780,059</u>      |
| <u>Depreciable capital assets:</u>          |                       |                       |                  |                       |
| Buildings                                   | 248,420,387           |                       | 24,873           | 248,395,514           |
| Improvements other than buildings           | 39,414,769            |                       |                  | 39,414,769            |
| Mobile equipment                            | 10,166,920            | 335,950               | 20,558           | 10,482,312            |
| Furniture and equipment                     | 16,227,494            | 82,422                | 387,155          | 15,922,761            |
| Leased property under capital leases        | 8,694,731             |                       |                  | 8,694,731             |
| Total depreciable capital assets            | <u>322,924,301</u>    | <u>418,372</u>        | <u>432,586</u>   | <u>322,910,087</u>    |
| <u>Less accumulated depreciation for:</u>   |                       |                       |                  |                       |
| Buildings                                   | 87,524,000            | 4,195,670             | 19,899           | 91,699,771            |
| Improvements other than buildings           | 23,851,732            | 792,742               |                  | 24,644,474            |
| Mobile equipment                            | 8,807,596             | 121,053               | 18,502           | 8,910,147             |
| Furniture and equipment                     | 14,300,226            | 847,939               | 374,995          | 14,773,170            |
| Leased property under capital leases        | 4,191,575             | 811,875               |                  | 5,003,450             |
| Total accumulated depreciation              | <u>138,675,129</u>    | <u>6,769,279</u>      | <u>413,396</u>   | <u>145,031,012</u>    |
| Total depreciable capital assets, net       | <u>184,249,172</u>    | <u>(6,350,907)</u>    | <u>19,190</u>    | <u>177,879,075</u>    |
| Governmental activities capital assets, net | <u>\$ 191,029,231</u> | <u>\$ (6,350,907)</u> | <u>\$ 19,190</u> | <u>\$ 184,659,134</u> |

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

Depreciation expense was charged to the following governmental functions:

|  | Amount              |
|--|---------------------|
| <b>Governmental activities:</b>                      |                     |
| Instruction  | \$ 4,435,998        |
| Support services                                     | 2,043,231           |
| Non-instructional                                    | 290,050             |
| Total depreciation expense - Governmental activities | <u>\$ 6,769,279</u> |

JACKSON PUBLIC SCHOOL DISTRICT  
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**Note 6 – Long-term Liabilities**

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

|  | Balance<br>7/1/2019   | Additions         | Reductions           | Balance<br>6/30/2020  | Amounts<br>due within<br>one year |
|--|-----------------------|-------------------|----------------------|-----------------------|-----------------------------------|
| A. General obligation bonds payable            | \$ 15,855,000         | \$                | \$ 1,440,000         | \$ 14,415,000         | \$ 1,510,000                      |
| B. Special obligation bonds payable            | 160,085,000           |                   | 13,145,000           | 146,940,000           | 13,760,000                        |
| C. Three mill notes payable                    | 15,435,000            |                   | 820,000              | 14,615,000            | 855,000                           |
| D. Obligations under capital leases            | 5,330,090             |                   | 971,130              | 4,358,960             | 905,847                           |
| E. Qualified school construction bonds payable | 15,400,000            |                   |                      | 15,400,000            | -                                 |
| F. Compensated absences payable                | 1,854,160             | 141,789           |                      | 1,995,949             | 99,797                            |
| Subtotal                                       | <u>\$ 213,959,250</u> | <u>\$ 141,789</u> | <u>\$ 16,376,130</u> | <u>\$ 197,724,909</u> | <u>\$ 17,130,644</u>              |
| Add: Bond premium                              | 22,647,733            |                   | 2,325,855            | 20,321,878            | -                                 |
| Total  | <u>\$ 236,606,983</u> | <u>\$ 141,789</u> | <u>\$ 18,701,985</u> | <u>\$ 218,046,787</u> | <u>\$ 17,130,644</u>              |

**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<br>Rate | Issue Date | Maturity<br>Date | Amount Issued        | Amount<br>Outstanding |
|---------------------------|------------------|------------|------------------|----------------------|-----------------------|
| General obligation bonds, |                  |            |                  |                      |                       |
| Series 2012-A             | 5.00%            | 1/15/2013  | 4/1/2028         | \$ 21,065,000        | \$ 14,415,000         |
| Total                     |                  |            |                  | <u>\$ 21,065,000</u> | <u>\$ 14,415,000</u>  |

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

| Year Ending<br>June 30 | Principal            | Interest            | Total                |
|------------------------|----------------------|---------------------|----------------------|
| 2021                   | \$ 1,510,000         | \$ 720,750          | \$ 2,230,750         |
| 2022                   | 1,585,000            | 645,250             | 2,230,250            |
| 2023                   | 1,665,000            | 566,000             | 2,231,000            |
| 2024                   | 1,745,000            | 482,750             | 2,227,750            |
| 2025                   | 1,835,000            | 395,500             | 2,230,500            |
| 2026 – 2028            | 6,075,000            | 7,500               | 6,082,500            |
| Total                  | <u>\$ 14,415,000</u> | <u>\$ 2,817,750</u> | <u>\$ 17,232,750</u> |

This debt will be retired from the General Obligation Series 2012A Refunding Debt Service Fund.

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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, 2020, the amount of outstanding bonded indebtedness was equal to 1% of property assessments as of October 1, 2019.

**B. Special obligation bonds payable**

Special obligation bonds currently outstanding are as follows:

| Description                                  | Interest Rate | Issue Date | Maturity Date | Amount Issued         | Amount Outstanding    |
|--|---------------|------------|---------------|-----------------------|-----------------------|
| 1. Special obligation bonds,<br>Series 2015A | 5.00%         | 11/10/2015 | 4/1/2028      | \$ 104,990,000        | \$ 80,900,000         |
| 2. Special obligation bonds,<br>Series 2015B | 0.58%-5.0%    | 11/10/2015 | 10/1/2020     | 13,080,000            | 3,000,000             |
| 3. Special obligation bonds,<br>Series 2018  | 4.0%-5.25%    | 11/29/2018 | 6/30/2039     | 65,000,000            | 63,040,000            |
| Total  |               |            |               | <u>\$ 183,070,000</u> | <u>\$ 146,940,000</u> |

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

1. Special obligation bonds, Series 2015A issued on November 10, 2015:

| Year Ending<br>June 30 | Principal            | Interest             | Total                |
|------------------------|----------------------|----------------------|----------------------|
| 2021                   | \$ 8,710,000         | \$ 4,045,000         | \$ 12,755,000        |
| 2022                   | 9,165,000            | 3,609,500            | 12,774,500           |
| 2023                   | 9,640,000            | 3,151,250            | 12,791,250           |
| 2024                   | 10,140,000           | 2,669,250            | 12,809,250           |
| 2025                   | 10,660,000           | 2,162,250            | 12,822,250           |
| 2026 – 2028            | 32,585,000           | 3,180,000            | 35,765,000           |
| Total                  | <u>\$ 80,900,000</u> | <u>\$ 18,817,250</u> | <u>\$ 99,717,250</u> |

This debt will be retired from the General Obligation Bonds Series 2015A Refunding Debt Service Fund.

2. Special obligation bonds, Series 2015B issued on November 10, 2015:

| Year Ending<br>June 30 | Principal           | Interest         | Total               |
|------------------------|---------------------|------------------|---------------------|
| 2021                   | \$ 3,000,000        | \$ 75,000        | \$ 3,075,000        |
| Total                  | <u>\$ 3,000,000</u> | <u>\$ 75,000</u> | <u>\$ 3,075,000</u> |

This debt will be retired from the General Obligation Bonds Series 2015B Refunding Debt Service Fund.

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3. Special obligation bonds, Series 2018 issued on November 29, 2018:

| Year Ending<br>June 30 | Principal            | Interest             | Total                |
|------------------------|----------------------|----------------------|----------------------|
| 2021                   | \$ 2,050,000         | \$ 3,052,400         | \$ 5,102,400         |
| 2022                   | 2,155,000            | 2,947,275            | 5,102,275            |
| 2023                   | 2,265,000            | 2,836,775            | 5,101,775            |
| 2024                   | 2,380,000            | 2,720,650            | 5,100,650            |
| 2025                   | 2,500,000            | 2,598,650            | 5,098,650            |
| 2026 – 2030            | 14,570,000           | 10,932,500           | 25,502,500           |
| 2031 – 2035            | 18,690,000           | 6,814,275            | 25,504,275           |
| 2036 – 2039            | 18,430,000           | 1,969,888            | 20,399,888           |
| <b>Total</b>           | <b>\$ 63,040,000</b> | <b>\$ 33,872,413</b> | <b>\$ 96,912,413</b> |

This debt will be retired from the General Obligation Bond, Series 2018 Debt Service Fund.

Total special obligation bonds payments for all issues:

| Year Ending<br>June 30 | Principal             | Interest             | Total                 |
|------------------------|-----------------------|----------------------|-----------------------|
| 2021                   | \$ 13,760,000         | \$ 7,172,400         | \$ 20,932,400         |
| 2022                   | 11,320,000            | 6,556,775            | 17,876,775            |
| 2023                   | 11,905,000            | 5,988,025            | 17,893,025            |
| 2024                   | 12,520,000            | 5,389,900            | 17,909,900            |
| 2025                   | 13,160,000            | 4,760,900            | 17,920,900            |
| 2026 – 2030            | 47,155,000            | 14,112,500           | 61,267,500            |
| 2031 – 2035            | 18,690,000            | 6,814,275            | 25,504,275            |
| 2036 – 2039            | 18,430,000            | 1,969,888            | 20,399,888            |
| <b>Total</b>           | <b>\$ 146,940,000</b> | <b>\$ 52,764,663</b> | <b>\$ 199,704,663</b> |

**C. Three mill notes payable**

Debt currently outstanding is as follows:

| Description                                     | Interest<br>Rate | Issue Date | Maturity<br>Date | Amount<br>Issued     | Amount<br>Outstanding |
|---|------------------|------------|------------------|----------------------|-----------------------|
| 1. Limited tax notes refunding,<br>Series 2012B | 4.37%            | 1/15/2013  | 10/1/2023        | \$ 15,100,000        | \$ 12,480,000         |
| 2. Limited tax notes,<br>Series 2017            | 2.31%            | 8/18/2017  | 8/18/2028        | 2,500,000            | 2,135,000             |
| <b>Total</b>                                    |                  |            |                  | <b>\$ 17,600,000</b> | <b>\$ 14,615,000</b>  |

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

1. Limited tax notes refunding, Series 2012B issued on January 15, 2013:

| Year Ending<br>June 30 | Principal            | Interest            | Total                |
|------------------------|----------------------|---------------------|----------------------|
| 2021                   | \$ 660,000           | \$ 530,719          | \$ 1,190,719         |
| 2022                   | 3,770,000            | 433,937             | 4,203,937            |
| 2023                   | 3,935,000            | 265,640             | 4,200,640            |
| 2024                   | 4,115,000            | 89,844              | 4,204,844            |
| Total                  | <u>\$ 12,480,000</u> | <u>\$ 1,320,140</u> | <u>\$ 13,800,140</u> |

This debt will be retired from the Limited Tax Note Debt Service Fund.

2. Limited tax notes, Series 2017 issued on August 18, 2017:

| Year Ending<br>June 30 | Principal           | Interest          | Total               |
|------------------------|---------------------|-------------------|---------------------|
| 2021                   | \$ 195,000          | \$ 47,066         | \$ 242,066          |
| 2022                   | 205,000             | 42,446            | 247,446             |
| 2023                   | 215,000             | 37,595            | 252,595             |
| 2024                   | 225,000             | 32,513            | 257,513             |
| 2025                   | 235,000             | 27,200            | 262,200             |
| 2026 – 2029            | 1,060,000           | 50,474            | 1,110,474           |
| Total                  | <u>\$ 2,135,000</u> | <u>\$ 237,294</u> | <u>\$ 2,372,294</u> |

This debt will be retired from the Limited Tax Note 2017A Debt Service Fund.

Total three mill notes payable payments for all issues:

| Year Ending<br>June 30 | Principal            | Interest            | Total                |
|------------------------|----------------------|---------------------|----------------------|
| 2021                   | \$ 855,000           | \$ 577,785          | \$ 1,432,785         |
| 2022                   | 3,975,000            | 476,383             | 4,451,383            |
| 2023                   | 4,150,000            | 303,235             | 4,453,235            |
| 2024                   | 4,340,000            | 122,357             | 4,462,357            |
| 2025                   | 235,000              | 27,200              | 262,200              |
| 2026 – 2029            | 1,060,000            | 50,474              | 1,110,474            |
| Total                  | <u>\$ 14,615,000</u> | <u>\$ 1,557,434</u> | <u>\$ 16,172,434</u> |

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**D. Obligations under capital leases**

The school district has entered into lease agreements, which qualify as capital leases for accounting purposes, for the acquisition of the following:

1. Buses at a cost of \$1,238,460
2. Transportation equipment and food service equipment at a cost of \$3,999,791
3. Buses at a cost of \$3,973,617

| Description                              | Interest Rate | Issue Date | Maturity Date | Amount Issued       | Amount Outstanding  |
|--|---------------|------------|---------------|---------------------|---------------------|
| 1. Buses                                 | 4.99%         | 6/13/2011  | 8/31/2020     | \$ 1,238,460        | \$ 80,173           |
| 2. Transportation/food service equipment | 4.37%         | 9/19/2013  | 10/10/2023    | 3,999,791           | 1,413,894           |
| 3. Buses                                 | 2.58%         | 7/26/2017  | 4/10/2027     | 3,973,617           | 2,864,893           |
| Total                                    |               |            |               | <u>\$ 9,211,868</u> | <u>\$ 4,358,960</u> |

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

| Year Ending<br>June 30 | Principal           | Interest and<br>Maintenance<br>Charges | Total               |
|------------------------|---------------------|--|---------------------|
| 2021                   | \$ 905,847          | \$ 130,850                             | \$ 1,036,697        |
| 2022                   | 789,460             | 99,756                                 | 889,216             |
| 2023                   | 771,244             | 72,690                                 | 843,934             |
| 2024                   | 601,420             | 45,530                                 | 646,950             |
| 2025                   | 419,346             | 30,620                                 | 449,966             |
| 2026 – 2027            | 871,643             | 28,291                                 | 899,934             |
| Total                  | <u>\$ 4,358,960</u> | <u>\$ 407,737</u>                      | <u>\$ 4,766,697</u> |

The capital leases for the buses will be retired from the EEF Buildings and Buses Fund (Special Revenue Fund) and the capital lease for the transportation/food service equipment will be retired from the Lunchroom Fund and EEF Buildings and Buses Fund (Special Revenue Funds).

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

**E. Qualified school construction bonds payable**

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

| Description       | Interest Rate | Issue Date | Maturity Date | Amount Issued        | Amount Outstanding   |
|-------------------|---------------|------------|---------------|----------------------|----------------------|
| QSCB, Series 2015 | 0.15%         | 8/14/2015  | 6/15/2027     | \$ 15,400,000        | \$ 15,400,000        |
| Total             |               |            |               | <u>\$ 15,400,000</u> | <u>\$ 15,400,000</u> |

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

| Year Ending<br>June 30 | Principal            | Interest          | Total                |
|------------------------|----------------------|-------------------|----------------------|
| 2021                   | \$ -                 | \$ 23,100         | \$ 23,100            |
| 2022                   | -                    | 23,100            | 23,100               |
| 2023                   | -                    | 23,100            | 23,100               |
| 2024                   | -                    | 23,100            | 23,100               |
| 2025                   | -                    | 23,100            | 23,100               |
| 2026 – 2027            | 15,400,000           | 46,200            | 15,446,200           |
| <b>Total</b>           | <b>\$ 15,400,000</b> | <b>\$ 161,700</b> | <b>\$ 15,561,700</b> |

This debt will be retired from the QSCB Series 2015 Debt Service Fund.

**F. Compensated absences payable**

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

**Note 7 – Short-Term Financing**

During the fiscal year ended June 30, 2020, the school district participated in the following short-term financing for the purpose of supplementing the school district's resources until tax proceeds become available:

**A. Bank-financed short term debt.**

The school district issued a revenue anticipation note payable to Trustmark National Bank, and the proceeds from such issuance are accounted for as a current liability in the General Fund of the school district. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

**B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2020 are as follows:**

| Description                  | 7/1/2019    | Additions            | Reductions           | Balance<br>6/30/2020 |
|------------------------------|-------------|----------------------|----------------------|----------------------|
| Tax Anticipation Note, 1.99% | \$ -        | \$ 20,000,000        | \$ 20,000,000        | \$ -                 |
| <b>Total</b>                 | <b>\$ -</b> | <b>\$ 20,000,000</b> | <b>\$ 20,000,000</b> | <b>\$ -</b>          |

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**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 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, 2020, 2019 and 2018 were \$24,159,887, \$22,159,763 and \$22,263,234, 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, 2020, the school district reported a liability of \$380,045,022 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2020 net pension liability was 2.160332 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.053179 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

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For the year ended June 30, 2020, the District recognized pension expense of \$27,896,980. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 230,352                                | \$ 431,640                               |
| Net difference between projected and actual earnings on pension plan investments                              |   | 4,344,551                                |
| Changes of assumptions  | 3,729,171                                 |  |
| Changes in proportion and differences between District contributions and proportionate share of contributions |   | 13,720,610                               |
| District contributions subsequent to the measurement date   | 24,159,887                                |  |
| Total   | <u>\$ 28,119,410</u>                      | <u>\$ 18,496,801</u>                     |

\$24,159,887 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, 2021. 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: |                |
|----------------------|----------------|
| 2021                 | \$ (4,704,311) |
| 2022                 | (10,815,920)   |
| 2023                 | (752,147)      |
| 2024                 | 1,735,100      |

*Actuarial assumptions.* The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 percent  |
| Salary increases          | 3.00-18.25 percent, including inflation                                   |
| Investment rate of return | 7.75 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

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| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity      | 27.00 %                  | 4.90 %  |
| International Equity | 22.00                    | 4.75  |
| Global Equity        | 12.00                    | 5.00  |
| Fixed Income         | 20.00                    | 1.50  |
| Real Estate          | 10.00                    | 4.00  |
| Private Equity       | 8.00                     | 6.25  |
| Cash                 | 1.00                     | 0.25  |
| Total                | 100 %                    |   |

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 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 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

|   | <u>1% Decrease<br/>(6.75%)</u> | <u>Current<br/>Discount<br/>Rate (7.75%)</u> | <u>1% Increase<br/>(8.75%)</u> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$ 499,582,349                 | \$ 380,045,022                               | \$ 281,377,691                 |

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

## Note 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/>.

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For Year Ended June 30, 2020

*Benefits provided.*

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

*Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$982,398 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$27,659,284 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 3.25962843 percent. This was a decrease of 0.08859153 percent from the proportionate share as of the measurement date of June 30, 2018.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,316,218. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 41,821                                 | \$ 395,914                               |
| Changes of assumptions  | 2,062,074                                 | 1,434,269                                |
| Net difference between projected and actual earnings on OPEB plan investments                                 | 522                                       |  |
| Changes in proportion and differences between District contributions and proportionate share of contributions |   | 1,008,125                                |
| District contributions subsequent to the measurement date   | 982,398                                   |  |
| <b>Total</b>  | <b>\$ <u>3,086,815</u></b>                | <b>\$ <u>2,838,308</u></b>               |

\$982,398 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, 2021. 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:

|            |              |
|------------|--------------|
| 2021       | \$ (261,510) |
| 2022       | (261,510)    |
| 2023       | (261,510)    |
| 2024       | (166,039)    |
| 2025       | 139,062      |
| Thereafter | 77,616       |

*Actuarial assumptions.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|   |  |
|---|--|
| Inflation   | 2.75 percent                                 |
| Salary increases  | 3.00-18.20 percent, including wage inflation |
| Municipal Bond Index Rate   |  |
| Measurement Date  | 3.50%  |
| Prior Measurement Date  | 3.89%  |
| Year FNP is projected to be depleted  |  |
| Measurement Date  | 2019   |
| Prior Measurement Date  | 2018   |
| Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation |  |
| Measurement Date  | 3.50%  |
| Prior Measurement Date  | 3.89%  |

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

Health Care Cost Trends

|                            |  |
|----------------------------|--|
| Medicare Supplement Claims | 7.00 percent for 2019 decreasing to an |
| Pre-Medicare               | ultimate rate of 4.75% by 2028         |

Mortality rates were based on 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. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. 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, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

|                    | 1% Decrease<br>(2.50%) | Current<br>Discount<br>Rate (3.50%) | 1% Increase<br>(4.50%) |
|--------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability | \$ 30,724,638          | \$ 27,659,284                       | \$ 25,036,587          |

*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<br>Cost Trend<br>Rates<br>Current | 1% Increase   |
|--------------------|---------------|--|---------------|
| Net OPEB liability | \$ 25,630,589 | \$ 27,659,284                                | \$ 29,957,452 |

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**Note 10 – Sixteenth Section Lands**

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

| Year Ending<br>June 30 | Amount               |
|------------------------|----------------------|
| 2021                   | \$ 834,337           |
| 2022                   | 830,122              |
| 2023                   | 830,122              |
| 2024                   | 830,122              |
| 2025                   | 824,922              |
| 2026 – 2030            | 3,514,037            |
| 2031 – 2035            | 2,921,460            |
| 2036 – 2040            | 1,744,603            |
| 2041 – 2045            | 737,030              |
| Thereafter             | 237,900              |
| Total                  | <u>\$ 13,304,655</u> |

**Note 11 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

| Explanation  | Amount            |
|--|-------------------|
| To reclass prior year expenditures from Title I and other federal funds to the General Fund, and to reclassify club funds to the General Fund at the governmental fund level | \$ 189,479        |
| Total  | <u>\$ 189,479</u> |

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

| Fund                     | Explanation   | Amount            |
|--------------------------|---|-------------------|
| General Fund             | To reclass prior year expenditures from Title I and other federal funds to the General Fund, and to reclassify club funds to the General Fund | \$ (193,252)      |
| Title I-A Basic Fund     | To reclass prior year expenditures from Title I to the General Fund   | 312,319           |
| Other governmental funds | To reclass prior year expenditures from other federal funds to the General Fund   | 70,412            |
| Total                    |   | <u>\$ 189,479</u> |

**Note 12 – 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 13 – 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 14 – Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2020, the subsidy payments amounted to \$0 because the interest paid was minimal.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2020 was \$6,580,848. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

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

| Year Ending<br>June 30 | Amount              |
|------------------------|---------------------|
| 2021                   | \$ 1,283,000        |
| 2022                   | 1,283,000           |
| 2023                   | 1,283,000           |
| 2024                   | 1,284,000           |
| 2025                   | 1,284,000           |
| 2026 – 2027            | 2,568,000           |
| Total                  | <u>\$ 8,985,000</u> |

**Note 15 - Insurance loss recoveries**

The Jackson Public School District received \$337,379 in insurance loss recoveries during the fiscal year related to various damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

**Note 16 – Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$67,885,426 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt and deferred bond premiums. The \$11,407,441 balance of deferred outflows from advance refunding of debt at June 30, 2020, will be recognized as an expense and will decrease the net investment in capital assets net position over the next 8 years. The \$20,321,878 balance of the deferred bond premiums at June 30, 2020, will be recognized as a decrease in an expense and will increase the net investment in capital assets net position over the next 19 years.

The unrestricted net position amount of (\$394,059,501) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$24,159,887 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, 2021. The \$3,959,523 balance of deferred outflow of resources related to pensions at June 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$394,059,501) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$18,496,801 balance of deferred inflow of resources related to pensions at June 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$394,059,501) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$982,398 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$2,104,417 balance of deferred outflow of resources related to OPEB at June 30, 2020, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$394,059,501) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$2,838,308 balance of deferred inflow of resources related to OPEB at June 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2020

**Note 17 - Subsequent Events**

Events that occur after the Statement of Net Position/Balance Sheet date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position/Balance Sheet date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the School District through January 12, 2021 and determined that no events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

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**JACKSON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2020**

|  | Budgeted Amounts     |                      | Actual<br>(GAAP Basis) | Variances            |                     |
|--|----------------------|----------------------|------------------------|----------------------|---------------------|
|  |                      |                      |                        | Original             | Final               |
|  | Original             | Final                | (GAAP Basis)           | Original<br>to Final | Final<br>to Actual  |
| <b>Revenues:</b>   |                      |                      |                        |                      |                     |
| Local sources  | \$ 74,184,426        | \$ 74,969,700        | \$ 73,737,001          | \$ 785,274           | \$ (1,232,699)      |
| State sources  | 104,403,561          | 112,951,131          | 113,055,526            | 8,547,570            | 104,395             |
| Federal sources  | 385,000              | 256,917              | 256,569                | (128,083)            | (348)               |
| Sixteenth section sources                                    | -                    | 1,259,092            | 1,154,861              | 1,259,092            | (104,231)           |
| <b>Total Revenues</b>  | <b>178,972,987</b>   | <b>189,436,840</b>   | <b>188,203,957</b>     | <b>10,463,853</b>    | <b>(1,232,883)</b>  |
| <b>Expenditures:</b>   |                      |                      |                        |                      |                     |
| Instruction  | 97,737,408           | 110,055,693          | 108,604,169            | (12,318,285)         | 1,451,524           |
| Support services   | 79,853,803           | 79,020,612           | 79,565,855             | 833,191              | (545,243)           |
| Noninstructional services                                    | 100,000              | 100,000              | 66,832                 | -                    | 33,168              |
| Sixteenth section  | -                    | 159,092              | 106,652                | (159,092)            | 52,440              |
| Facilities acquisition and construction                      | 500,124              | 760,679              | -                      | (260,555)            | 760,679             |
| Debt service:  |                      |                      |                        |                      |                     |
| Principal  | 21,785,700           | 21,283,000           | -                      | 502,700              | 21,283,000          |
| Interest   | 213,100              | 173,896              | 173,896                | 39,204               | -                   |
| Other  | 35,338               | 4,250                | 4,250                  | 31,088               | -                   |
| <b>Total Expenditures</b>                                    | <b>200,225,473</b>   | <b>211,557,222</b>   | <b>188,521,654</b>     | <b>(11,331,749)</b>  | <b>23,035,568</b>   |
| Excess (Deficiency) of Revenues<br>over (under) Expenditures | (21,252,486)         | (22,120,382)         | (317,697)              | (867,896)            | 21,802,685          |
| <b>Other Financing Sources (Uses):</b>                       |                      |                      |                        |                      |                     |
| Bonds and notes issued                                       | 20,000,000           | 20,000,000           | -                      | -                    | (20,000,000)        |
| Insurance recovery   | 40,000               | 337,379              | 337,379                | 297,379              | -                   |
| Payment to QSCB debt escrow agent                            | -                    | -                    | (1,283,000)            | -                    | (1,283,000)         |
| Sale of transportation equipment                             | 25,000               | -                    | -                      | (25,000)             | -                   |
| Sale of other property                                       | 500,000              | -                    | -                      | (500,000)            | -                   |
| Operating transfers in                                       | 11,507,500           | 14,798,822           | 5,276,094              | 3,291,322            | (9,522,728)         |
| Operating transfers out                                      | (11,939,955)         | (14,586,540)         | (5,293,358)            | (2,646,585)          | 9,293,182           |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>20,132,545</b>    | <b>20,549,661</b>    | <b>(962,885)</b>       | <b>417,116</b>       | <b>(21,512,546)</b> |
| <b>Net Change in Fund Balances</b>                           | <b>(1,119,941)</b>   | <b>(1,570,721)</b>   | <b>(1,280,582)</b>     | <b>(450,780)</b>     | <b>290,139</b>      |
| <b>Fund Balances:</b>  |                      |                      |                        |                      |                     |
| July 1, 2019, as previously reported                         | 24,952,038           | 24,952,038           | 24,749,025             | -                    | (203,013)           |
| Prior period adjustments                                     | (108,876)            | (505,715)            | (193,252)              | (396,839)            | 312,463             |
| July 1, 2019, as restated                                    | 24,843,162           | 24,446,323           | 24,555,773             | (396,839)            | 109,450             |
| Increase (Decrease) in inventory                             | -                    | -                    | (104,949)              | -                    | (104,949)           |
| <b>June 30, 2020</b>   | <b>\$ 23,723,221</b> | <b>\$ 22,875,602</b> | <b>\$ 23,170,242</b>   | <b>\$ (847,619)</b>  | <b>\$ 294,640</b>   |

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

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**Title I-A Basic Fund**  
**For the Year Ended June 30, 2020**

|  | Budgeted Amounts |              | Actual<br>(GAAP Basis) | Variances            |                    |
|--|------------------|--------------|------------------------|----------------------|--------------------|
|  |                  |              |                        | Positive (Negative)  |                    |
|  | Original         | Final        |                        | Original<br>to Final | Final<br>to Actual |
| <b>Revenues:</b>   |                  |              |                        |                      |                    |
| Local sources  | \$ -             | \$ 211       | \$ 35,846              | \$ 211               | \$ 35,635          |
| Federal sources  | 26,480,843       | 24,528,162   | 15,694,844             | (1,952,681)          | (8,833,318)        |
| Total Revenues   | 26,480,843       | 24,528,373   | 15,730,690             | (1,952,470)          | (8,797,683)        |
| <b>Expenditures:</b>   |                  |              |                        |                      |                    |
| Instruction  | 10,798,883       | 8,995,708    | 7,645,195              | 1,803,175            | 1,350,513          |
| Support services   | 12,312,741       | 12,511,884   | 7,947,537              | (199,143)            | 4,564,347          |
| Noninstructional services                                    | 481,919          | 471,155      | 236,199                | 10,764               | 234,956            |
| Total Expenditures   | 23,593,543       | 21,978,747   | 15,828,931             | 1,614,796            | 6,149,816          |
| Excess (Deficiency) of Revenues<br>over (under) Expenditures | 2,887,300        | 2,549,626    | (98,241)               | (337,674)            | (2,647,867)        |
| <b>Other Financing Sources (Uses):</b>                       |                  |              |                        |                      |                    |
| Operating transfers out                                      | (403,094)        | (350,475)    | (214,078)              | 52,619               | 136,397            |
| Total Other Financing Sources (Uses)                         | (403,094)        | (350,475)    | (214,078)              | 52,619               | 136,397            |
| Net Change in Fund Balances                                  | 2,484,206        | 2,199,151    | (312,319)              | (285,055)            | (2,511,470)        |
| <b>Fund Balances:</b>  |                  |              |                        |                      |                    |
| July 1, 2019, as previously reported                         | -                | -            | -                      | -                    | -                  |
| Prior period adjustments                                     | (41,248)         | -            | 312,319                | 41,248               | 312,319            |
| July 1, 2019, as restated                                    | (41,248)         | -            | 312,319                | 41,248               | 312,319            |
| June 30, 2020  | \$ 2,442,958     | \$ 2,199,151 | \$ -                   | \$ (243,807)         | \$ (2,199,151)     |

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

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

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

**PERS**

**Last 10 Fiscal Years\***

|  | <u>2020</u>    | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability   | 2.160332%      | 2.213511%   | 2.279406%   | 2.357943%   | 2.357567%   | 2.310335%   |
| District's proportionate share of the net pension liability  | \$ 380,045,022 | 368,172,643 | 378,914,640 | 421,187,498 | 364,433,367 | 280,432,367 |
| District's covered payroll   | 140,696,908    | 141,353,867 | 146,225,162 | 150,843,295 | 147,287,327 | 141,109,054 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 270.12%        | 260.46%     | 259.13%     | 279.22%     | 247.43%     | 198.73%     |
| Plan fiduciary net position as a percentage of the total pension liability                         | 61.59%         | 62.54%      | 61.49%      | 57.47%      | 61.70%      | 67.21%      |

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

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

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

**JACKSON PUBLIC SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years**

|  | <b>2020</b>   | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|---------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                  | 24,159,887    | 22,159,763  | 22,263,234  | 23,030,463  | 23,757,819  | 23,197,754  |
| Contributions in relation to the contractually required contribution | \$ 24,159,887 | 22,159,763  | 22,263,234  | 23,030,463  | 23,757,819  | 23,197,754  |
| Contribution deficiency (excess)                                     | \$ -          | -           | -           | -           | -           | -           |
| District's covered payroll   | 138,849,925   | 140,696,908 | 141,353,867 | 146,225,162 | 150,843,295 | 147,287,327 |
| Contributions as a percentage of covered payroll                     | 17.40%        | 15.75%      | 15.75%      | 15.75%      | 15.75%      | 15.75%      |

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

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

**Last 10 Fiscal Years\***

|  | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|-------------|
| District's proportion of the net OPEB liability  | %           | 3.259628    | 3.348220    |
|  |             |             | 3.358427    |
| District's proportionate share of the net OPEB liability   | \$          | 27,659,284  | 25,900,156  |
|  |             |             | 26,350,519  |
| District's covered-employee payroll  |             | 140,696,908 | 141,353,867 |
|  |             |             | 150,884,880 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll |             | 19.66%      | 18.32%      |
|  |             |             | 17.46%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                                  |             | 0.12%       | 0.13%       |
|  |             |             | 0.00%       |

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

|  | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Actuarially determined contribution                                  | \$ 982,398  | 1,108,669   | 1,123,362   |
| Contributions in relation to the actuarially determined contribution | \$ 982,398  | 1,108,669   | 1,123,362   |
| Contribution deficiency (excess)                                     | <u>\$ -</u> | <u>-</u>    | <u>-</u>    |
| District's covered-employee payroll                                  | 138,849,925 | 140,696,908 | 141,353,867 |
| Contributions as a percentage of covered-employee payroll            | 0.71%       | 0.79%       | 0.79%       |

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Prior year information is based on historical amounts reported in prior year audit report(s).

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2020

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2020

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%.

(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, 2017 valuation for the June 30, 2019 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 | 38.4 years  |
| Asset valuation method        | 5-year smoothed market  |
| Price Inflation               | 3.00 percent  |
| Salary increase               | 3.25 percent to 18.50 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.

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2020

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

|   |                        |
|---|------------------------|
| Actuarial cost method   | Entry age              |
| Amortization method   | Level dollar           |
| Amortization period   | 30 years, open         |
| Asset valuation method  | Market Value of Assets |
| Price inflation   | 3%                     |
| Salary increases, including wage inflation  | 3.25% to 18.50%        |
| Initial health care cost trend rates  |                        |
| Medicare Supplement Claims  | 7.25%                  |
| Pre-Medicare  |                        |
| Ultimate health care cost trend rates   |                        |
| Medicare Supplement Claims  | 4.75%                  |
| Pre-Medicare  |                        |
| Year of ultimate trend rates  |                        |
| Medicare Supplement Claims  | 2028                   |
| Pre-Medicare  |                        |
| Long-term investment rate of return, net of OPEB plan investment expense, including price inflation | 3.89%                  |

SUPPLEMENTARY INFORMATION

JACKSON PUBLIC SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

| Federal Grantor/<br>Pass-through Grantor/<br>Program Title               | Catalog of<br>Federal<br>Domestic<br>Assistance<br>No. | Pass-through Entity<br>Identifying Number | Federal<br>Expenditures |
|--|--|---|-------------------------|
| <b>U.S. Department of Agriculture</b>                                    |  |   |                         |
| Passed-through Mississippi Department of Education:                      |  |   |                         |
| Child nutrition cluster:   |  |   |                         |
| School breakfast program   | 10.553   | 185MS326N1099                             | \$ 3,171,751            |
| National school lunch program  | 10.555   | 185MS326N1099                             | 10,102,668              |
| Summer Food Service Program for Children                                 | 10.559   | 185MS326N1099                             | 1,165,095               |
| Total Child Nutrition Cluster  |  |   | 14,439,514              |
| School Fruits & Vegetables   | 10.582   | 185MS326L1603                             | 397,133                 |
| Total passed-through Mississippi Department of Education                 |  |   | 14,836,647              |
| <b>Total U.S. Department of Agriculture</b>                              |  |   | 14,836,647              |
| <b>U.S. Department of Defense</b>  |  |   |                         |
| Direct Program:  |  |   |                         |
| Reserve Officers' Training Corps   | 12.xxx   | N/A                                       | 831,557                 |
| <b>Total U.S. Department of Defense</b>                                  |  |   | 831,557                 |
| <b>U.S. Department of Education</b>                                      |  |   |                         |
| Passed-through Mississippi Department of Rehabilitation Service          |  |   |                         |
| Rehabilitation services - vocational rehabilitation grants to the states | 84.126   | H126A180034                               | 4,732                   |
| Total passed-through Mississippi Department of Rehabilitation Service    |  |   | 4,732                   |
| Passed-through Mississippi Department of Education:                      |  |   |                         |
| Title I Grants to Local Educational Agencies                             | 84.010   | ES010A190024                              | 19,465,686              |
| Title IV - Student Support and Academic Enrichment                       | 84.424   | ES424A190025                              | 924,613                 |
| Career and Technical Education - Basic Grants to States                  | 84.048   | V048A190024                               | 119,502                 |
| Education for Homeless Children and Youth                                | 84.196   | ES196A190025                              | 286,010                 |
| English Language acquisition grants                                      | 85.365   | ES365A190024                              | 26,794                  |
| Supporting Effective Instruction State Grants                            | 84.367   | ES367A190023                              | 1,426,368               |
| Subtotal   |  |   | 22,248,973              |
| Special education cluster:   |  |   |                         |
| Special education - grants to states                                     | 84.027   | H027A190108                               | 6,731,565               |
| Special education - preschool grants                                     | 84.173   | H173A190113                               | 35,878                  |
| Total special education cluster  |  |   | 6,767,443               |
| Total passed-through Mississippi Department of Education                 |  |   | 29,016,416              |
| <b>Total U.S. Department of Education</b>                                |  |   | 29,021,148              |
| <b>U.S. Department of Health and Human Services</b>                      |  |   |                         |
| Passed-through Mississippi Department of Education:                      |  |   |                         |
| Medical assistance program   | 93.778   | 1805MS5ADM                                | 99,184                  |
| Total passed-through Mississippi Department of Education                 |  |   | 99,184                  |
| <b>Total U.S. Department of Health and Human Services</b>                |  |   | 99,184                  |
| Total for All Federal Awards   |  |   | \$ 44,788,536           |

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

JACKSON PUBLIC SCHOOL DISTRICT  
Notes to the Supplementary Information  
For the Year Ended June 30, 2020

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 Jackson Public School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Jackson Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Jackson Public School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$1,062,944 are included in the National School Lunch Program.

**JACKSON PUBLIC SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2020**

| Expenditures                 | Total                 | Instruction and<br>Other Student<br>Instructional<br>Expenditures | General<br>Administration | School<br>Administration | Other             |
|------------------------------|-----------------------|---|---------------------------|--------------------------|-------------------|
| Salaries and fringe benefits | \$ 196,282,777        | 141,182,773   | 7,826,422                 | 15,500,063               | 31,773,519        |
| Other                        | <u>79,623,144</u>     | <u>18,969,285</u>   | <u>1,732,615</u>          | <u>31,668</u>            | <u>58,889,576</u> |
| Total                        | <u>\$ 275,905,921</u> | <u>160,152,058</u>  | <u>9,559,037</u>          | <u>15,531,731</u>        | <u>90,663,095</u> |
| Total number of students *   | <u>21,743</u>         |   |                           |                          |                   |
| Cost per student             | <u>\$ 12,690</u>      | <u>7,366</u>  | <u>440</u>                | <u>714</u>               | <u>4,170</u>      |

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

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

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

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

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

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

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

## OTHER INFORMATION

**JACKSON PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**General Fund  
Last Four Years  
UNAUDITED**

|  | <u>2020</u>          | <u>2019*</u>         | <u>2018*</u>         | <u>2017*</u>         |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Revenues:</b>   |                      |                      |                      |                      |
| Local sources  | \$ 73,737,001        | \$ 72,264,269        | \$ 74,936,573        | \$ 75,840,472        |
| State sources  | 113,055,526          | 114,656,963          | 120,173,514          | 126,597,679          |
| Federal sources  | 256,569              | 270,870              | 1,565,316            | 1,321,008            |
| Sixteenth section sources                                    | 1,154,861            | 1,640,336            | 1,199,009            | 1,319,315            |
| Total Revenues   | <u>188,203,957</u>   | <u>188,832,438</u>   | <u>197,874,412</u>   | <u>205,078,474</u>   |
| <b>Expenditures:</b>   |                      |                      |                      |                      |
| Instruction  | 108,604,169          | 108,185,589          | 107,066,830          | 110,672,255          |
| Support services   | 79,565,855           | 80,373,141           | 86,976,798           | 84,710,391           |
| Noninstructional services                                    | 66,832               | 90,080               | 57,951               | 44,379               |
| Sixteenth section  | 106,652              | 382,352              | 86,280               | 61,371               |
| Debt service:  |                      |                      |                      |                      |
| Interest   | 173,896              | 192,166              | 155,285              | 73,058               |
| Other  | 4,250                | 1,750                | 4,250                | 5,000                |
| Total Expenditures   | <u>188,521,654</u>   | <u>189,225,078</u>   | <u>194,347,394</u>   | <u>195,566,454</u>   |
| Excess (Deficiency) of Revenues<br>over (under) Expenditures | <u>(317,697)</u>     | <u>(392,640)</u>     | <u>3,527,018</u>     | <u>9,512,020</u>     |
| <b>Other Financing Sources (Uses):</b>                       |                      |                      |                      |                      |
| Insurance loss recovery                                      | 337,379              | 157,197              | 35,998               | 39,576               |
| Capital leases issued  | -                    | -                    | 3,973,617            | -                    |
| Payment to QZAB/QSCB debt escrow agent                       | (1,283,000)          | (1,283,000)          | (1,259,798)          | (1,282,259)          |
| Sales of transportation equipment                            | -                    | -                    | -                    | 26,400               |
| Operating transfers in                                       | 5,276,094            | 5,605,230            | 2,381,006            | 1,093,743            |
| Operating transfer out                                       | (5,293,358)          | (5,325,985)          | (6,392,153)          | (4,738,835)          |
| Other financing uses   | -                    | (612,835)            | (1,102,703)          | (538,360)            |
| Total Other Financing Sources (Uses)                         | <u>(962,885)</u>     | <u>(1,459,393)</u>   | <u>(2,364,033)</u>   | <u>(5,399,735)</u>   |
| Net Change in Fund Balances                                  | <u>(1,280,582)</u>   | <u>(1,852,033)</u>   | <u>1,162,985</u>     | <u>4,112,285</u>     |
| <b>Fund Balances:</b>  |                      |                      |                      |                      |
| Beginning of period as previously reported                   | 24,749,025           | 26,652,189           | 25,544,790           | 21,471,707           |
| Prior period adjustments                                     | <u>(193,252)</u>     | <u>(69,419)</u>      | <u>(30,588)</u>      | <u>(68,660)</u>      |
| Beginning of period, as restated                             | <u>24,555,773</u>    | <u>26,582,770</u>    | <u>25,514,202</u>    | <u>21,403,047</u>    |
| Increase (Decrease) in reserve for inventory                 | (104,949)            | 18,288               | (24,998)             | 29,458               |
| End of Period  | \$ <u>23,170,242</u> | \$ <u>24,749,025</u> | \$ <u>26,652,189</u> | \$ <u>25,544,790</u> |

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**JACKSON PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

|  | 2020                  | 2019*                 | 2018*                | 2017*                |
|--|-----------------------|-----------------------|----------------------|----------------------|
| <b>Revenues:</b>   |                       |                       |                      |                      |
| Local sources  | \$ 100,888,461        | \$ 97,601,554         | \$ 97,655,122        | \$ 99,003,892        |
| Intermediate sources   | 55,000                |                       |                      |                      |
| State sources  | 119,277,515           | 120,942,296           | 126,583,937          | 132,834,823          |
| Federal sources  | 44,788,536            | 47,989,786            | 47,378,851           | 51,333,197           |
| Sixteenth section sources                                    | 1,154,861             | 1,640,336             | 1,199,009            | 1,319,315            |
| Total Revenues   | <u>266,164,373</u>    | <u>268,173,972</u>    | <u>272,816,919</u>   | <u>284,491,227</u>   |
| <b>Expenditures:</b>   |                       |                       |                      |                      |
| Instruction  | 129,772,539           | 127,797,571           | 126,127,396          | 131,530,845          |
| Support services   | 104,165,993           | 102,206,149           | 105,039,621          | 107,503,287          |
| Noninstructional services                                    | 15,946,650            | 17,992,410            | 18,115,126           | 19,611,904           |
| Sixteenth section  | 106,652               | 382,352               | 86,280               | 61,371               |
| Facilities acquisition and construction                      | -                     | 821,552               | 1,309,006            | 5,083,380            |
| Debt service:  |                       |                       |                      |                      |
| Principal  | 16,376,130            | 15,085,651            | 14,682,501           | 13,587,179           |
| Interest   | 9,519,207             | 8,134,423             | 7,645,382            | 8,169,123            |
| Other  | 18,750                | 362,500               | 60,118               | 20,510               |
| Total Expenditures   | <u>275,905,921</u>    | <u>272,782,608</u>    | <u>273,065,430</u>   | <u>285,567,599</u>   |
| Excess (Deficiency) of Revenues<br>over (under) Expenditures | <u>(9,741,548)</u>    | <u>(4,608,636)</u>    | <u>(248,511)</u>     | <u>(1,076,372)</u>   |
| <b>Other Financing Sources (Uses):</b>                       |                       |                       |                      |                      |
| Bonds and notes issued                                       | -                     | 65,000,000            | 2,500,000            | -                    |
| Capital leases issued  | -                     | -                     | 3,973,617            | -                    |
| Insurance loss recovery                                      | 337,379               | 157,197               | 35,998               | 8,639,576            |
| Payments held by escrow agent                                | 1,283,000             | 1,283,000             | 1,259,798            | 1,282,259            |
| Premiums on bonds and refunding bonds issued                 | -                     | 5,763,109             | -                    | -                    |
| Payment to QZAB/QSCB debt escrow agent                       | (1,283,000)           | (1,283,000)           | (1,259,798)          | (1,282,259)          |
| Sales of transportation equipment                            | -                     | -                     | -                    | 26,400               |
| Sales of other property                                      | -                     | -                     | -                    | 10,400               |
| Operating transfer in  | 10,682,979            | 19,306,980            | 12,336,597           | 5,906,796            |
| Operating transfer out                                       | (10,682,979)          | (19,306,980)          | (12,336,597)         | (5,906,796)          |
| Other financing uses   | -                     | (612,835)             | (1,105,160)          | (538,360)            |
| Total Other Financing Sources (Uses)                         | <u>337,379</u>        | <u>70,307,471</u>     | <u>5,404,455</u>     | <u>8,138,016</u>     |
| Net Change in Fund Balances                                  | <u>(9,404,169)</u>    | <u>65,698,835</u>     | <u>5,155,944</u>     | <u>7,061,644</u>     |
| Fund Balances:   |                       |                       |                      |                      |
| Beginning of period as previously reported                   | 132,699,620           | 66,907,561            | 62,895,485           | 56,018,722           |
| Prior period adjustments                                     | 189,479               | 21,563                | (1,203,733)          | (175,040)            |
| Beginning of period, as restated                             | <u>132,889,099</u>    | <u>66,929,124</u>     | <u>61,691,752</u>    | <u>55,843,682</u>    |
| Increase (decrease) in inventory                             | 847                   | 71,661                | 59,865               | (9,841)              |
| End of Period  | \$ <u>123,485,777</u> | \$ <u>132,699,620</u> | \$ <u>66,907,561</u> | \$ <u>62,895,485</u> |

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

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

Superintendent and School Board  
Jackson Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public School District, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise Jackson Public School District's basic financial statements, and have issued our report thereon dated January 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Jackson Public School District's internal control over financial reporting (internal control) to determine the 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 Jackson Public School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Jackson Public School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Cost that we consider to be a significant deficiency as Finding **2020-001**.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

### **Jackson Public School District's Response to Findings**

The Jackson Public School District's response to the findings identified in our audit is described in the accompanying Auditee's Corrective Action Plan. The Jackson Public School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*JD CPA, PLLC*

Jackson, Mississippi  
January 12, 2021



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

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

Superintendent and School Board  
Jackson Public School District

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

We have audited Jackson Public School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Jackson Public School District's major federal programs for the year ended June 30, 2020. The Jackson Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Jackson Public School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination on the school district's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Jackson Public School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the Jackson Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson Public School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's 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 as 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*JD CPA, PLLC*

Jackson, Mississippi  
January 12, 2021

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

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

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

Superintendent and School Board  
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2020, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated January 12, 2021. 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

## **Finding 1**

### Criteria:

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

### Condition:

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

### Cause:

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

### Effect:

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

### Recommendation:

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

### Response:

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

## **Finding 2**

### Criteria:

Section 31-7-305, Miss. Code Ann. (1972), states: "payments should be delivered to the vendor no later than 45 days of receipt of an undisputed invoice and receipt, inspection and approval of the goods and services."

### Condition:

Multiple instances of invoices examined were paid over 45 days after receipt of goods or services.

### Cause:

Procedures need to be implemented and followed to ensure compliance with State laws.

### Effect:

The District was not in compliance with the Section 31-7-305, Miss. Code Ann. (1972).

### Recommendation:

We recommend that the school district comply with Section 31-7-305, Miss. Code Ann. (1972), and ensure that payments are made timely.

### Response:

The District will strengthen internal controls to ensure invoices are paid within 45 days after receipt.

## **Finding 3**

### Criteria:

Sections 37-6-15, 37-9-27, 37-39-21 and 25-1-19 Miss Code Ann. (1972), provides that all Board Members, Superintendents and Purchasing Agent(s) are to be each covered under an individual bond and that all bonds must be filed and recorded in the office of the clerk of the chancery court of the county.

Condition:

During our examination of surety bonds and through inquiry of management personnel, it was noted that all Board Members, Superintendent and Purchasing Agent(s) were covered under a blanket bond and the bond was not on file with the clerk of the chancery court of the county.

Cause:

Procedures need to be implemented and followed to ensure compliance with State laws.

Effect:

The district was not in compliance with Sections 37-6-15, 37-9-27, 37-39-21 and 25-1-19 of the Miss Code Ann. (1972).

Recommendation:

We recommend that the district comply with Sections 37-6-15, 37-9-27, 37-39-21 and 25-1-19 of the Miss Code Ann. (1972), and have all Board Members, Superintendent and Purchasing Agent(s) covered under individual bonds that are filed with the clerk of the chancery court of the county.

Response:

The district will strengthen internal controls to ensure all appropriate personnel are covered under individual bonds and that all bonds will be filed with the chancery clerk.

**Finding 4**

Criteria:

Miss. Code Section 29-3-57, states, the superintendent of educations should terminate lease agreements that are over 60 days in default.

Condition:

During our test work we noted instances where leases were not terminated after being 60 days, or more, delinquent.

Cause:

The school district failed to implement a system to ensure that leases will be terminated after 60 days of delinquency.

Effect:

The district was not in compliance with the Section 29-3-57, Miss. Code Ann. (1972).

Recommendation:

The District should terminate all leases after 60 days of delinquency.

Response:

The district will implement proper controls to ensure leases are properly terminated that are over 60 days in default.

**Finding 5**

Criteria:

Miss. Code Section 37-7-333, states, that the District can only have funds deposited into banking institutions that were selected and approved as a result of the bid selection process.

Condition:

During our test work we noted an instance where the District had funds deposited at a banking institution that was not approved.

Cause:

The school district failed to implement a system to ensure that funds were only held at financial institutions that were approved as the result of the bid selection process.

Effect:

The district was not in compliance with the Section 37-7-333, Miss. Code Ann. (1972).

Recommendation:

The District should close all accounts that contain funds at financial institutions that were not board approved.

Response:

The District is in the process of moving those funds into one of the approved banking institutions.

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

The Jackson Public School District's responses to the findings included in this report were not audited and accordingly, we express no opinion on them.

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

*JD CPA, PLLC*

Jackson, Mississippi  
January 12, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Jackson Public School District  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

- |    |   |            |
|----|---|------------|
| 5. | Type of auditor's report issued on compliance for major programs:   | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No) | No         |

7. Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u>     |
|---------------------|---|
| 12.xxx              | Reserve Officers' Training Corps              |
| 84.010              | Title I Grants to Local Educational Agencies  |
| 84.367              | Supporting Effective Instruction State Grants |

- |     |  |             |
|-----|--|-------------|
| 8.  | Dollar threshold used to distinguish between type A and type B programs:   | \$1,343,656 |
| 9.  | Auditee qualified as low-risk auditee? (Yes/No)  | No          |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). (Yes/No) | Yes         |

Jackson Public School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

Section II: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

**Significant Deficiency**

**Finding 2020-001**

Criteria:

Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguards district's funds.

Condition:

During our testing of general disbursements, we noted instances where a purchase order was dated after an invoice date.

Cause:

This is the result from a weakness in internal control that ensures purchasing guidelines are met.

Effect:

Lack of adequate internal controls over general disbursement could result in expenditures being made that were not properly authorized and misappropriation of public funds.

Recommendation:

We recommend the district implement controls and procedures to ensure that all expenditures are properly authorized prior to goods being ordered or services being rendered.

Views of Management: In agreement. See management's Corrective Action Plan.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN AND  
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS



**JACKSON  
PUBLIC SCHOOLS**

Transforming lives through  
excellent education

### AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Jackson Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2020:

#### Finding

**2020-001**

#### Corrective Action Plan Details

- A. Contact person responsible for corrective action:  
Name: Sharolyn Miller  
Title: Chief Financial Officer
  
- B. Description of corrective action planned:  
The district will strengthen controls and properly monitor its purchasing practices to ensure proper purchasing rules are followed.
  
- C. Anticipated completion date of corrective action:  
June 30, 2021

Truly,

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Chief Financial Officer



**JACKSON  
PUBLIC SCHOOLS**

Transforming lives through  
excellent education

### PRIOR YEAR AUDIT FINDINGS FOLLOW-UP

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Jackson Public School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2020:

| <u>Finding:</u>        | <u>Status:</u>                            |
|------------------------|---|
| 2018-001 &<br>2019-003 | Resolved                                  |
| 2019-002               | Resolved                                  |
| 2019-001               | Partially Resolved (See finding 2020-001) |