

**GENERAL INSTRUCTIONS FOR
SIXTEENTH SECTION ANNUAL REPORT
FOR FISCAL YEAR 2022**

During the 2020 Legislative Session the Mississippi Legislature passed HB1439. House Bill 1439 amends §29-1-3 and §29-3-82 Miss. Code Ann. (1972) to require 16th Section Lease information be submitted in an electronic format. As a result of this bill's passage, the Public Lands Division has begun transitioning to electronic only submission of documents.

For questions regarding submission of information electronically via the Secretary of State web portal contact Kecia Fleming at (601) 359-6375 or lakecia.fleming@sos.ms.gov.

1. This Annual Report covers the period from July 1, 2021 through June 30, 2022.

Reports must be completed by the following deadlines:

The following portion of the report is due *August 1, 2022*:

Annual Report Contact Persons

The following portions of the report are due *August 8, 2022*:

School District Information Sheet
Litigation Report

The following portion of the report is due *September 30, 2022*:

Computer printout list of leases

The following portions of the report are due *October 31, 2022*:

Schedule of Revenues
Principal Fund Investment Report

2. **ANNUAL REPORT CONTACT PERSONS.** The purpose of this form is to identify the persons who have primary responsibility for completing and returning each portion of the 2022 Annual Report. In the box at the top of this form, state the district number, name, address, telephone and fax numbers, and e-mail addresses. Also include the name of the person completing the Annual Report Contact Persons form. In boxes 1 through 5 of the form, give the name, direct telephone number (and extension, if applicable), the fax number, and e-mail address of the person primarily responsible for completing and returning each portion of the Annual Report.

3. **SCHOOL DISTRICT INFORMATION SHEET.** On this form, report the name, address, telephone and fax numbers, and e-mail address of the Superintendent of Education, School Board Attorney, the Sixteenth Section Land Manager, the School Board

President, and the names of all other School Board Members. FOR THE SCHOOL BOARD PRESIDENT AND SCHOOL BOARD MEMBERS REPORT THEIR HOME ADDRESS. DO NOT USE THE SCHOOL ADDRESS. FOR THE SIXTEENTH SECTION LAND MANAGER REPORT THE INDIVIDUAL WHO HANDLES THE MANAGEMENT ON A DAY-TO-DAY BASIS. DO NOT LIST A CONSULTANT AS THE SIXTEENTH SECTION MANAGER IF SAID PERSON ONLY IS INVOLVED IN SPECIAL NEEDS OR ISSUES. *If, during the coming year, there are any changes in school district officials or personnel from that reported on this form, please update the information via the online school district portal. The school district info is under the tab labeled “annual reports.”*

4. **LITIGATION REPORT.** The purpose of this form is to report whether the school district is involved in **ANY** litigation affecting Sixteenth Section Public School Trust Lands or Funds. If the school district is not involved in any litigation, simply check the box indicating such. If the school district is involved in one or more cases affecting school trust lands or funds, for each case give the names of the parties, briefly summarize the issues in the case, and state the current status of the case and the name of the attorney representing the school district. Also give the date the case was filed, the court in which it was filed, and the case docket number. If the district has more than three cases pending, make as many additional copies of the form as may be required. Include in the list of cases reported any cases that were finally concluded during the reporting period.

5. **SCHEDULE OF REVENUES.** The purpose of this form is to account for all Sixteenth Section income, expenditures, transfers of funds, and changes in fund balances in the General Interest Fund, the Principal Fund, and the Forestry Escrow Fund.

(a) Lines 1a and 1b of the form are for reporting surface and mineral rental income. In addition to the usual surface rents, payments received under the Conservation Reserve Program (CRP) administered by the Farm Services Agency should be included in surface rents on line 1a. **For mineral rents on line 1b, include only lease bonus payments and delay rentals.** Do not include royalties received for oil or gas or amounts received from the sale of other minerals (gravel/dirt). Oil and gas royalties and amounts received from sale of other minerals are reported on line 3 (royalties) and line 4 (sale of non-renewable resources).

(b) Income from sale of timber or other forest products is reported on line 2. Timber income should be reported in the “16th Section Principal” column. ***Please note, however, unlike other Principal Fund income, timber income may be expendable.*** In order for the district to expend income from sale of timber, the school district must maintain the timber income in a separate Principal Fund account.

(c) On line 6, all other sales or sources of income must be itemized. If additional space is needed for itemizing other sales/income, attach a complete list of the sources and amounts on a separate sheet. If additional sheets are attached, show only the total of all other sales/income on the Schedule of Revenues form. Any income from the sale of lieu lands or the sale of buildings situated on Sixteenth Section Land, reported as other sales/income on line 6, must be reported in the “16th Section Principal” column.

(d) Line 9 is for reporting pro rata revenue received from another school district on shared townships, and line 17 is for reporting payments to other school districts to which income is allocated on shared townships. All school districts which you pay or from which you receive income from a shared township and section must be listed in the school district's report. If the school district receives income from or allocates income to more than three school districts, attach a separate sheet containing the list of each such school district and the amount of money received from or paid to that school district. If additional sheets are attached identifying the other school districts with whom you share revenue, show only the total of all pro rata income received on line 9 and the total of all pro rata income allocated on line 17 of the Schedule of Revenues form.

6. **PRINCIPAL FUND INVESTMENT REPORT.** The purpose of this form is to report where all Principal Funds are held as of June 30, 2022, and to show the rates at which the funds are invested and how much income was earned on the Principal Fund investments during the fiscal year for which the report is filed. **ALL INVESTMENTS SHOULD BE ITEMIZED.**

(a) The Principal Fund balance July 1, 2022, as restated in box (1) of the form should be the same as line 27 of Schedule of Revenues. The Principal Fund balance as of June 30, 2022, in box (2) of the form should be the same as line 28 of Schedule of Revenues.

(b) In column (4) of the form, list the maturity date of investments for the Principal Fund.

(c) In column (5) of the form, list the forms of investment for the Principal Fund. The forms of investment may include certificates of deposit, U. S. Treasury bills or notes, GNMA's, interest bearing checking account, loans of the Principal Funds to the school district, general obligation bonds, certain money market funds, and cash. In the case of loans to the district, the amounts invested in columns (7) and (8) should list the outstanding principal balance of the loan as of June 30, 2022.

(d) The Amounts Invested column is divided into two columns. Column (7) is for listing investments that matured or were sold during the 2021/2022 fiscal year. Active investments as of June 30, 2022, are listed in column (8). Compute the total active investments as of June 30, 2022 as shown in column (8) and report the amount in box (11). Compute the total interest earned as shown in column (10) and report the amount in box (12). The total active investments as of June 30, 2022, stated in box (11) should equal the Principal Fund balance as of June 30, 2022, stated in box (2). Do not include in the total active investments as of June 30, 2022, the amount of any investments that matured or were sold during the fiscal year listed in column (7). If the total active investments as of June 30, 2022, shown in box (11) does not equal the Principal Fund balance as of June 30, 2022, shown in box (2), you must attach, on a separate sheet, an explanation of why the two totals do not match. The total interest earned on Principal Fund investments as shown in box (12) should equal the amount shown in the column headed "16th Section Principal" on line 8 of the Schedule of Revenues. The total interest earned as shown in box (12) will include all interest earned on both investments that matured or were sold

during the fiscal year and investments that were active as of June 30, 2022. If the total interest earned does not match the amount reported on line 8 of the Schedule of Revenues under the column "16th Section Principal," attach, on a separate sheet, an explanation of why the two totals do not match. If your Principal Fund Investment Report requires more than one sheet to list all of the school district's investments, do not total each page separately. Show the total of all active investments and interest earned on the last sheet only.

(e) In column (9) of the report, show the interest rate for each investment. **If the interest rate for the investment is variable, indicate such and show the interest rate in effect as of June 30, 2022.** Where Principal Fund money is in an interest bearing checking account, you should make sure that the interest rate on the account is at least equal to the pass book savings account rate.

(f) In prior years, some school districts have listed Principal Fund investments but did not list any income from the investments. The explanation offered by the school districts was that the money was commingled with other Sixteenth Section funds. You are required by law to separately account for all Principal Funds and interest income therefrom.

7. **LIST OF LEASES.** The List of Leases should contain all leases that the school district has filed with the Secretary of State to date.

(a) **Compare this list of leases with the district's lease records to verify that all leases executed on or before June 30, 2022, are contained on the Computer Printout List of Leases and that the information shown on the Computer Printout for each lease is current, correct and complete.**

(b) If the information for any lease now listed on the List of Leases is out of date, incorrect, or incomplete, please make the correction.

(c) If the rental amount under a lease is subject to periodic adjustment and there was an adjustment in the rental between July 1, 2021, and June 30, 2022, show the date on which such adjustment was made in the column headed "Last Review." Show the amount of the adjusted rental in the column headed "Annual" and attach a copy of the appraisal on which the rent adjustment was based. While reviewing the Computer Printout, also compare the "Years/Review" column and the "Last Review" column to make sure that any rental adjustments that were due to be made between July 1, 2021, and June 30, 2022, were in fact made, and note your records as a reminder for any rental adjustments that are due to be made in the current fiscal year.

(d) Under the column headed "Last Rental Payment," **show the date of the last rental payment received under each lease, and the amount of rent received.** Note your records to take prompt action to collect any past due rent or, if appropriate, to cancel the lease for nonpayment of rent.

(e) If there are any leases which your district executed on or before June 30, 2022, not listed on the Computer Printout List of Leases, (i) complete a Data Change Sheet for each unlisted lease; (ii) attach to the Data Change Sheet, a certified copy of the unlisted lease, and a copy of the

proof of publication of invitation for bids (for hunting and fishing leases, agricultural leases or mineral leases) or an appraisal (for all other type leases); (iii) attach all Data Change Sheets, certified lease copies, and proofs of publication or appraisals to the Computer Printout List of Leases before returning it to the Secretary of State. **Do not attempt to add unlisted leases to the Computer Printout List of Leases by writing them directly on the printout. Data Change Sheets, certified lease copies, and proofs of publication or appraisals are required for all unlisted leases.** In completing the Data Change Sheets for the leases to be added, make sure that all required information is given.

(f) It is not necessary for you to recalculate the average rent/acre for each lease or to recalculate the total leased and unleased acreage, annual, lump sum or production payments, or actual rentals collected for each section or for the district. These items will be recalculated automatically as the information from the school district's report is entered into the Sixteenth Section Lands database.

(g) The Computer Printout List of Leases must accurately reflect the current leases of the school district as of June 30, 2022. Do not include any leases that were executed on or after July 1, 2022. Any leases executed on or after July 1, 2022, should be submitted for filing separately from this annual report. Leases executed on or after July 1, 2022, will appear on your district's Computer Printout List of Leases for the 2022/2023 Fiscal Year.

(h) **All school districts must upload the leases to our office once they have been filed with the Chancery Clerk rather than waiting to upload all leases executed for the past year with the Annual Report.** This will actually simplify the preparation of the school districts' Annual Reports.