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WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2023

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Bolivar Consolidated School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Bolivar Consolidated School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Bolivar Consolidated School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 5-13, 42-44, 45, 46, 47 & 48, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2024, on our consideration of the West Bolivar Consolidated 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 West Bolivar Consolidated 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 West Bolivar Consolidated School District’s internal control over financial reporting and compliance.



Cunningham CPAs, PLLC
Belzoni, MS
April 9, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis For Year Ended June 30, 2023

The following discussion and analysis of West Bolivar Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2023 increased \$7,486,448, which represents a 109% increase from fiscal year 2022. Total net position for 2022 increased \$4,392,006, including a prior period adjustment of (\$375,394) and which represents a 39% increase from fiscal year 2021.
- General revenues amounted to \$12,155,614 and \$12,632,171, or 55% and 70% of all revenues for fiscal years 2023 and 2022, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,033,386, or 45% of total revenues for 2023, and \$5,355,083, or 30% of total revenues for 2022.
- The District had \$14,702,552 and \$13,219,854 in expenses for fiscal years 2023 and 2022; only \$10,033,386 for 2023 and \$5,355,083 for 2022 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,155,614 for 2023 and \$12,632,171 for 2022 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,220,085 in revenues and \$10,091,729 in expenditures for 2023, and \$12,204,586 in revenues and \$9,961,972 in expenditures in 2022. The General Fund's fund balance increased by \$2,179,142 from 2022 to 2023, and increased by \$2,357,217 from 2021 to 2022.
- Capital assets, net of accumulated depreciation, increased by \$4,736,621 for 2023 and increased by \$557,826, including a prior period adjustment of (\$43,954) for 2022. The increase for 2023 was due primarily to construction in progress coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$227,000 for 2023 and increased by \$134,861, including a prior period adjustment of \$410,050, for 2022. This decrease for 2023 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$6,957 for 2023 and decreased by \$8,019 for 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis For Year Ended June 30, 2023

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

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

Fund Financial Statements

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis For Year Ended June 30, 2023

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. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$626,546 as of June 30, 2023.

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis
For Year Ended June 30, 2023

Table 1
Condensed Statement of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Current assets	\$ 12,749,459	\$ 10,664,741	19.55 %
Lease receivable	1,346,239	1,812,428	-25.72 %
Restricted assets	242,791	240,723	0.86 %
Capital assets, net	10,353,381	5,616,760	84.33 %
Total assets	<u>24,691,870</u>	<u>18,334,652</u>	34.67 %
Deferred outflows of resources	<u>3,808,843</u>	<u>2,982,234</u>	27.72 %
Current liabilities	934,382	843,012	10.84 %
Long-term debt outstanding	1,486,635	1,706,678	-12.89 %
Net OPEB liability	761,135	983,480	-22.61 %
Net pension liability	21,181,800	15,281,642	38.61 %
Total liabilities	<u>24,363,952</u>	<u>18,814,812</u>	29.49 %
Deferred inflows of resources	<u>3,510,215</u>	<u>9,361,976</u>	-62.51 %
Net position:			
Net investment in capital assets	8,926,381	3,962,760	125.26 %
Restricted	2,146,435	6,572,134	-67.34 %
Unrestricted	(10,446,270)	(17,394,796)	39.95 %
Total net position	<u>\$ 626,546</u>	<u>\$ (6,859,902)</u>	109.13 %

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)	\$ (10,446,270)
Less unrestricted deficit in net position resulting from recognition of the net pension and net OPEB liability, including the deferred outflows and deferred inflows related to pensions and OPEB	<u>20,323,319</u>
Unrestricted net position, exclusive of the net pension and net OPEB liability effect	<u>\$ 9,877,049</u>

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

- Increase in net capital assets in the amount of \$4,736,621.
- The principal retirement of \$227,000 of long-term debt.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis
For Year Ended June 30, 2023

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2023 and June 30, 2022 were \$22,189,000 and \$17,987,254, respectively. The total cost of all programs and services was \$14,702,552 for 2023 and \$13,219,854 for 2022.

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

**Table 2
Changes in Net Position**

	Year Ended June 30, 2023	Year Ended June 30, 2022	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 171,151	\$ 143,734	19.07 %
Operating grants and contributions	5,432,754	4,770,734	13.88 %
Capital Grants and Contributions	4,429,481	440,615	905.30 %
General revenues:			
Property taxes	4,242,516	4,110,737	3.21 %
Grants and contributions not restricted	6,775,205	7,261,542	(6.70) %
Investment earnings	19,694	15,904	23.83 %
Sixteenth section	1,090,375	1,136,056	(4.02) %
Other	27,824	107,932	(74.22) %
Total revenues	22,189,000	17,987,254	23.36 %
Expenses:			
Instruction	6,657,137	6,054,281	9.96 %
Support services	6,255,927	6,472,703	(3.35) %
Non-instructional	853,604	732,485	16.54 %
Sixteenth section	87,005	74,116	17.39 %
Pension expense	985,222	(33,069)	3,079.29 %
OPEB expense	(157,114)	(111,952)	(40.34) %
Interest on long-term liabilities	20,771	31,290	(33.62) %
Total expenses	14,702,552	13,219,854	11.22 %
Increase (Decrease) in net position	7,486,448	4,767,400	57.03 %
Net Position, July 1, as previously reported	(6,859,902)	(11,251,908)	39.03 %
Prior period adjustments	-	(375,394)	100.00 %
Net Position, July 1, as restated	(6,859,902)	(11,627,302)	41.00 %
Net Position, June 30	\$ 626,546	\$ (6,859,902)	109.13 %

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.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis
For Year Ended June 30, 2023

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2023	2022	
Instruction	\$ 6,657,137	\$ 6,054,281	9.96 %
Support services	6,255,927	6,472,703	(3.35) %
Non-instructional	853,604	732,485	16.54 %
Sixteenth section	87,005	74,116	17.39 %
Pension Expense	985,222	(33,069)	(3,079.29) %
OPEB Expense	(157,114)	(111,952)	(40.34) %
Interest on long-term liabilities	20,771	31,290	(33.62) %
Total expenses	\$ 14,702,552	\$ 13,219,854	11.22 %
	Net (Expense) Revenue		Percentage Change
	2023	2022	
Instruction	\$ (3,922,292)	\$ (4,287,536)	8.52 %
Support services	76,816	(4,009,212)	101.92 %
Non-instructional	112,194	392,362	(71.41) %
Sixteenth section	(87,005)	(74,116)	(17.39) %
Pension Expense	(985,222)	33,069	(3,079.29) %
OPEB Expense	157,114	111,952	40.34 %
Interest on long-term liabilities	(20,771)	(31,290)	33.62 %
Total net (expense) revenue	\$ (4,669,166)	\$ (7,864,771)	40.63 %

- Net cost of governmental activities (\$4,669,166 for 2023 and \$7,864,771 for 2022) was financed by general revenue, which is primarily made up of property taxes (\$4,242,516 for 2023 and \$4,110,737 2022) and state and federal revenues (\$6,775,205 for 2023 and \$7,261,542 for 2022). In addition, there was \$1,090,375 and \$1,136,056 in sixteenth section sources of 2023 and 2022, respectively.
- Investment earnings amounted to \$19,694 for 2023 and \$15,904 for 2022.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$12,101,292, an increase of \$1,984,641, which includes an increase in inventory of \$4,185. \$9,808,717 or 81% 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 \$2,292,575 or 19% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis
For Year Ended June 30, 2023

to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$2,179,142. The fund balance of Other Governmental Funds showed a decrease in the amount of \$194,501, which includes an increase in reserve for inventory of \$4,185, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER II Fund	No increase or decrease
ARP ESSER Fund	No increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2023, the District's total capital assets were \$17,364,171, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment, and any net intangible assets. This amount represents an increase of \$5,016,122 from 2022. Total accumulated depreciation as of June 30, 2023, was \$7,010,790, and total depreciation expense for the year was \$326,377, resulting in total net capital assets of \$10,353,381.

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Construction in Progress	\$ 5,168,394	\$ 489,660	955.51 %
Buildings	1,753,209	1,787,871	(1.94) %
Building improvements	1,816,687	1,913,879	(5.08) %
Improvements other than buildings	567,227	597,435	(5.06) %
Mobile equipment	807,153	693,555	16.38 %
Furniture and equipment	240,711	134,360	79.15 %
Total	\$ 10,353,381	\$ 5,616,760	84.33 %

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Management's Discussion and Analysis
For Year Ended June 30, 2023

Debt Administration. At June 30, 2023, the District had \$1,486,635 in outstanding long-term debt, of which \$231,000 is due within one year. The liability for compensated absences increased \$6,957 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,427,000	\$ 1,654,000	(13.72) %
Compensated absences payable	<u>59,635</u>	<u>52,678</u>	13.21 %
Total	<u>\$ 1,486,635</u>	<u>\$ 1,706,678</u>	(12.89) %

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

CURRENT ISSUES

The West Bolivar Consolidated 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 are 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 West Bolivar Consolidated School District, P.O. Box 189, Rosedale, MS 38769.

FINANCIAL STATEMENTS

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,237,181
Due from other governments	1,494,396
Lease receivable	1,346,239
Inventories	17,882
Restricted assets	242,791
Capital assets, non-depreciable:	
Construction in progress	5,168,394
Capital assets, net of accumulated depreciation:	
Buildings	1,753,209
Building improvements	1,816,687
Improvements other than buildings	567,227
Mobile equipment	807,153
Furniture and equipment	240,711
Total Assets	24,691,870
Deferred Outflows of Resources	
Deferred outflows - pensions	3,639,149
Deferred outflows - OPEB	169,694
Total deferred outflows of resources	3,808,843
Liabilities	
Accounts payable and accrued liabilities	916,209
Interest payable on long-term liabilities	18,173
Long-term liabilities, due within one year:	
Capital related liabilities	231,000
Net OPEB liability	37,104
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,196,000
Noncapital liabilities	59,635
Net pension liability	21,181,800
Net OPEB liability	724,031
Total Liabilities	24,363,952
Deferred Inflows of Resources	
Deferred inflows - pensions	1,593,315
Deferred inflows - OPEB	595,912
Deferred inflows - Leases	1,320,988
Total deferred inflows of resources	3,510,215
Net Position	
Net investment in capital assets	8,926,381
Restricted for:	
Expendable:	
School-based activities	1,233,901
Debt service	181,660
Capital improvements	648,509
Forestry improvements	10,204
Unemployment benefits	27,327
Non-expendable:	
Sixteenth section principal	44,834
Unrestricted	(10,446,270)
Total Net Position	\$ 626,546

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2023

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		
Governmental Activities:						
Instruction	\$ 6,657,137	\$ 140,430	\$ 2,010,289	\$ 584,126	\$	(3,922,292)
Support services	6,255,927	-	2,487,388	3,845,355		76,816
Non-instructional	853,604	30,721	935,077	-		112,194
Sixteenth section	87,005	-	-	-		(87,005)
Pension expense	985,222	-	-	-		(985,222)
OPEB expense	(157,114)	-	-	-		157,114
Interest on long-term liabilities	20,771	-	-	-		(20,771)
Total Governmental Activities	\$ 14,702,552	\$ 171,151	\$ 5,432,754	\$ 4,429,481	\$	(4,669,166)

General Revenues:

Taxes:

General purpose levies 4,044,293

Debt purpose levies 198,223

Unrestricted grants and contributions:

State 6,773,880

Federal 1,325

Unrestricted investment earnings 19,694

Sixteenth section 1,090,375

Other 27,824

Total General Revenues 12,155,614

Change in Net Position 7,486,448

Net Position - Beginning (6,859,902)

Net Position - Ending \$ 626,546

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

**Balance Sheet
June 30, 2023**

Exhibit C

	Major Funds				
	General Fund	ESSER II Fund	ARP ESSER Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 10,010,228	\$ -	\$ -	\$ 1,469,744	\$ 11,479,972
Due from other governments	171,346	721,566	347,611	253,873	1,494,396
Lease receivable	1,346,239	-	-	-	1,346,239
Due from other funds	1,014,010	-	-	2,831	1,016,841
Inventories	-	-	-	17,882	17,882
Total assets	12,541,823	721,566	347,611	1,744,330	15,355,330
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 632,861	\$ 216,138	\$ 33,080	\$ 34,130	\$ 916,209
Due to other funds	2,831	505,428	314,531	194,051	1,016,841
Total Liabilities	635,692	721,566	347,611	228,181	1,933,050
Deferred inflows of resources:					
Leases	\$ 1,320,988	\$ -	\$ -	\$ -	\$ 1,320,988
Total Deferred Inflows of Resources	1,320,988	-	-	-	1,320,988
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	15,783	15,783
Permanent fund principal	-	-	-	44,834	44,834
Restricted:					
Debt service	-	-	-	199,833	199,833
Grant activities	-	-	-	1,218,118	1,218,118
Capital improvements	648,509	-	-	-	648,509
Forestry improvements	-	-	-	10,204	10,204
Unemployment benefits	-	-	-	27,327	27,327
Assigned:					
Student activities	127,917	-	-	-	127,917
Capital improvements	-	-	-	50	50
Unassigned	9,808,717	-	-	-	9,808,717
Total Fund Balances	10,585,143	-	-	1,516,149	12,101,292
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,541,823	\$ 721,566	\$ 347,611	\$ 1,744,330	\$ 15,355,330

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Exhibit C-1

June 30, 2023

Total fund balances for governmental funds \$ 12,101,292

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:

Construction in progress	5,168,394	
Buildings	5,461,985	
Building improvements	2,429,801	
Improvements other than buildings	792,216	
Mobile equipment	2,087,958	
Furniture and equipment	1,423,817	
Accumulated depreciation	<u>(7,010,790)</u>	10,353,381

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	(21,181,800)	
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	3,639,149	
Deferred inflows of resources related to pensions	<u>(1,593,315)</u>	(19,135,966)

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	(761,135)	
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	169,694	
Deferred inflows of resources related to OPEB	<u>(595,912)</u>	(1,187,353)

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:

Three mill notes payable	(1,427,000)	
Compensated absences	(59,635)	
Accrued interest payable	<u>(18,173)</u>	(1,504,808)

Net position of governmental activities \$ 626,546

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D

For the Year Ended June 30, 2023

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	ESSER II Fund	ARP ESSER Fund		
Revenues:					
Local sources	\$ 4,206,738	\$ -	\$ -	\$ 244,680	\$ 4,451,418
State sources	6,901,748	-	-	859,708	7,761,456
Federal sources	11,565	3,117,947	2,384,394	3,362,080	8,875,986
Sixteenth section	1,100,034	-	-	106	1,100,140
Total Revenues	12,220,085	3,117,947	2,384,394	4,466,574	22,189,000
Expenditures:					
Instruction	5,404,997	-	452,086	1,543,103	7,400,186
Support services	4,580,671	13,977	580,012	1,678,650	6,853,310
Noninstructional services	10,161	-	-	929,569	939,730
Sixteenth section	87,005	-	-	-	87,005
Facilities acquisition and construction	8,895	3,101,922	1,327,559	240,358	4,678,734
Debt service:					
Principal	-	-	-	227,000	227,000
Interest	-	-	-	22,579	22,579
Total Expenditures	10,091,729	3,115,899	2,359,657	4,641,259	20,208,544
Excess (Deficiency) of Revenues over (under) Expenditures	2,128,356	2,048	24,737	(174,685)	1,980,456
Other Financing Sources (Uses):					
Operating transfers in	51,836	-	-	297,649	349,485
Operating transfers out	(1,050)	(2,048)	(24,737)	(321,650)	(349,485)
Total Other Financing Sources (Uses)	50,786	(2,048)	(24,737)	(24,001)	-
Net Change in Fund Balances	2,179,142	-	-	(198,686)	1,980,456
Fund Balances:					
July 1, 2022	8,406,001	-	-	1,710,650	10,116,651
Increase (Decrease) in reserve for inventory	-	-	-	4,185	4,185
June 30, 2023	\$ 10,585,143	\$ -	\$ -	\$ 1,516,149	\$ 12,101,292

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

Exhibit D-1

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023**

Net change in fund balances - total governmental funds	\$	1,980,456
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	\$ 5,063,471	
Depreciation expense	<u>(326,377)</u>	4,737,094
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.		(473)
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	227,000	
Accrued interest payable	<u>1,808</u>	228,808
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. These activities include:		
Pension expense	(985,222)	
Contributions subsequent to the measurement date	<u>1,334,339</u>	349,117
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. These activities include:		
OPEB expense	157,114	
Contributions subsequent to the measurement date	<u>37,104</u>	194,218
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	(6,957)	
Change in inventory reserve	<u>4,185</u>	<u>(2,772)</u>
	<u>\$</u>	<u>7,486,448</u>
Change in net position of governmental activities		

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a 5 member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, West Bolivar Consolidated 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.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

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

The school district reports the following major governmental funds:

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

ESSER II – This fund is used to account for the Elementary and Secondary School Emergency Relief II Fund federal grant in response to the COVID-19 pandemic.

ARP ESSER – This fund is used to account for the American Rescue Plan Elementary and Secondary School Emergency Relief Fund federal grant in response to the COVID-19 pandemic.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

Under the terms of grant agreements, the 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.

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.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

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.

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports \$3,639,149 of deferred outflows related to its pension plan and \$169,694 related to its OPEB plan.

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 district reports \$1,593,315 of deferred inflows related to its pension plan, \$595,912 related to its OPEB plan and \$1,320,988 of deferred inflows related to sixteenth section leases.

See Note 13 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Leases

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

The school district uses its estimated incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

10. Subscription-Based Information Technology Arrangements

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

11. Long-term Liabilities and Bond Discounts/Premiums

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

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

12. Pensions

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

13. Postemployment Benefits Other than Pensions (OPEB)

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

at fair value as determined by the state.

14. Fund Balances

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

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

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

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 board approval of commitments. 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 management pursuant to authorization established by the school board.

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.

15. Accounting Standards Update

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 2 – Cash and Cash Equivalents

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

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.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$11,479,972.

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	ESSER II Fund	\$ 505,428
	ARP ESSER Fund	314,531
	Other governmental funds	194,051
Other governmental funds	General Fund	<u>2,831</u>
Total		<u>\$ 1,016,841</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,050
ESSER II Fund	General Fund	2,048
ARP ESSER Fund	General Fund	24,737
Other governmental funds	General Fund	25,051
	Other governmental funds	<u>296,599</u>
Total		<u>\$ 349,485</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$44,834 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 balance, totaling \$197,957, in debt services funds whose assets are restricted for future debt service requirements.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 5 – Capital Assets

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

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Construction-in-progress	\$ 489,660	\$ 4,678,734	\$ -	\$ 5,168,394
Total non-depreciable capital assets	489,660	4,678,734	-	5,168,394
<u>Depreciable capital assets:</u>				
Buildings	5,461,985	-	-	5,461,985
Building improvements	2,429,801	-	-	2,429,801
Improvements other than buildings	792,216	-	-	792,216
Mobile equipment	1,854,744	233,214	-	2,087,958
Furniture and equipment	1,319,643	151,523	(47,349)	1,423,817
Total depreciable capital assets	11,858,389	384,737	(47,349)	12,195,777
<u>Less accumulated depreciation for:</u>				
Buildings	3,674,114	34,662	-	3,708,776
Building improvements	515,922	97,192	-	613,114
Improvements other than buildings	194,781	30,208	-	224,989
Mobile equipment	1,161,189	119,616	-	1,280,805
Furniture and equipment	1,185,283	44,699	(46,876)	1,183,106
Total accumulated depreciation	6,731,289	326,377	(46,876)	7,010,790
Total depreciable capital assets, net	5,127,100	58,360	(473)	5,184,987
Governmental activities capital assets, net	\$ 5,616,760	\$ 4,737,094	\$ (473)	\$ 10,353,381

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 63,653
Support services	234,701
Non-instructional	28,023
Total depreciation expense - Governmental activities	\$ 326,377

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

	Spent to June 30, 2023	Remaining Commitment
Governmental Activities:		
WBE Cafeteria Project	\$ 298,298	\$ -
ESSER HVAC and Renovations	4,870,096	648,509
Total Construction in Progress	\$ 5,168,394	\$ 648,509

Construction projects included in governmental activities are funded by the district maintenance fund, ESSER II Fund and ARP ESSER Fund.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 6 – Lease Receivable

The school district is a lessor for multiple sixteenth section leases for residential, forestry, commercial and agriculture purposes. The lease maturities range from 1-24 years. Future lease payments have been discounted to present value using the 4% statutory minimum rate the district would pay on sixteenth section permanent fund loans. At lease inception, the district records a lease receivable and a deferred inflow of resources for future lease payments. Lease revenue is recognized systematically over the term of the lease. The lease receivable is reduced by the principal portion of the payments received over the term of lease.

For the year ending June 30, 2023, the district recognized \$1,067,999 in lease revenue from lease receivables.

Sixteenth Section Lands

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

Year Ending June 30	Principal Portion	Interest Portion	Total Payments
2024	\$ 528,139	31,465	\$ 559,605
2025	334,452	18,602	353,054
2026	170,250	12,054	182,304
2027	142,958	6,555	149,514
2028	15,897	5,944	21,841
2029 – 2033	81,331	20,218	101,549
2034 - 2038	45,438	7,468	52,906
2039 – 2043	17,034	3,176	20,210
2044 – 2047	10,740	561	11,301
Total	\$ 1,346,239	\$ 106,043	\$ 1,452,282

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 7 – Long-term Liabilities

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

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Amounts due within one year
A. Three mill notes payable	\$ 1,654,000	\$ -	\$ (227,000)	\$ 1,427,000	\$ 231,000
B. Compensated absences payable	52,678	6,957	-	59,635	-
Total	\$ 1,706,678	\$ 6,957	\$ (227,000)	\$ 1,486,635	\$ 231,000

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax notes payable	.75%-1.8%	8/11/2020	8/11/2028	\$ 1,880,000	\$ 1,427,000
Total				\$ 1,880,000	\$ 1,427,000

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 231,000	\$ 20,536	\$ 251,536
2025	233,000	18,110	251,110
2026	235,000	15,198	250,198
2027	238,000	12,026	250,026
2028	243,000	8,456	251,456
2029	247,000	4,446	251,446
Total	\$ 1,427,000	\$ 78,772	\$ 1,505,772

This debt will be retired from the three mill debt service fund.

B. Compensated absences payable

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

Note 8 – Other Commitments

Commitments under construction contracts are described in Note 5.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2023 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2023, 2022 and 2021 were \$1,334,339, \$1,232,681 and \$1,196,159, respectively, which equaled the required contributions for each year.

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

At June 30, 2023, the school district reported a liability of \$21,181,800 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2023 net pension liability was .102906 percent, which was based on a measurement date of June 30, 2022. This was a decrease of .00049 percent from its proportionate share used to calculate the June 30, 2022 net pension liability, which was based on a measurement date of June 30, 2021.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

For the year ended June 30, 2023, the District recognized pension expense of \$985,222. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 307,109	\$ -
Net difference between projected and actual earnings on pension plan investments	1,191,963	-
Changes of assumptions	791,780	-
Changes in proportion and differences between District contributions and proportionate share of contributions	13,958	1,593,315
District contributions subsequent to the measurement date	1,334,339	-
Total	\$ <u>3,639,149</u>	\$ <u>1,593,315</u>

\$1,334,339 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ (38,932)
2025	(205,137)
2026	(193,823)
2027	1,149,387
Total	\$ <u>711,495</u>

Actuarial assumptions. The total pension liability as of June 30, 2022 was determined by actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	25.00	%	4.60	%
International Equity	20.00		4.50	
Global Equity	12.00		4.85	
Fixed Income	18.00		1.40	
Real Estate	10.00		3.65	
Private Equity	10.00		6.00	
Private Infrastructure	2.00		4.00	
Private Credit	2.00		4.00	
Cash Equivalents	1.00		(0.10)	
Total	<u>100</u>	<u>%</u>		

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

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

	<u>1% Decrease (6.55%)</u>	<u>Current Discount Rate (7.55%)</u>	<u>1% Increase (8.55%)</u>
District's proportionate share of the net pension liability	\$ 27,644,412	\$ 21,181,800	\$ 15,853,705

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 10 – 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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements
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employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$37,104 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$761,135 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2022, the District's proportion was .15448756 percent. This was an increase of .0017 percent from the proportionate share as of the measurement date of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$157,114). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 630	\$ 329,755
Net difference between projected and actual earnings on OPEB plan investments	53	-
Changes of assumptions	118,711	70,471
Changes in proportion and differences between District contributions and proportionate share of contributions	13,196	195,686
District contributions subsequent to the measurement date	37,104	-
Total	\$ <u>169,694</u>	\$ <u>595,912</u>

\$37,104 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:

2024	\$ (123,784)
2025	(110,731)
2026	(109,226)
2027	(84,954)
2028	(24,733)
2029	(9,894)
Total	\$ <u>(463,322)</u>

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

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

The demographic actuarial assumptions used in the June 30, 2022 valuation were based on the results of the last actuarial experience study, dated April 20, 2021.

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

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

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

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

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

	1% Decrease (2.37%)	Current Discount Rate (3.37%)	1% Increase (4.37%)
Net OPEB liability	\$ 838,484	\$ 761,135	\$ 694,693

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 708,182	\$ 761,135	\$ 820,728

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/>.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Note 11 – Contingencies

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

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

Note 12– Risk Management

The West Bolivar Consolidated 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. Except as described below, 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.

Participation in Public Entity Risk Pool

The West Bolivar Consolidated School District is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 48 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member West Bolivar Consolidated School District would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$10,446,270) 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 pension in the amount of \$1,334,339 resulting from the West Bolivar Consolidated School District contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The \$2,304,810 balance of deferred outflow of resources related to pensions, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$10,446,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,593,315 balance of deferred inflow of resources related to pensions, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$10,446,270) 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 \$37,104 resulting from the West Bolivar Consolidated School District

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The \$132,590 balance of deferred outflow of resources related to OPEB, at June 30, 2023 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$10,446,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$595,912 balance of deferred inflow of resources related to OPEB, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$10,446,270) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$1,320,988 balance of deferred inflow of resources related to leases, at June 30, 2023 will be recognized as revenue and will increase the unrestricted net position over the next 24 years.

Note 14 – Washington County Juvenile Detention Center Consortium

The school district entered into an agreement forming the consortium for the Washington County Juvenile Detention Center. This contract was in full force and effect for fiscal year ended June 30, 2023. The consortium includes Greenville Public School District, Cleveland School District, Grenada School District, Hollandale School District, Leland School District, North Bolivar Consolidated School District, Quitman County School District, West Bolivar Consolidated School District and Western Line School District. This was established to meet the educational needs of neglected, delinquent, and at-risk children and youths, and to assist in the transition of students from correctional facilities to locally operated programs. Also, to ensure that students have the same opportunities to achieve as if they were in local schools in the state, there will be an Advisory Board to the Youth Court School. It will be composed of the Washington County Youth Court Judge, superintendents, and community advisors. The Advisory Board will advise and make recommendations to the lead district on behalf of the districts as to the budget of the school, the guidelines and regulations of the school, and other factors affecting the cost and general operation of the program. The Greenville Public School District will manage all daily operations, financial transactions, and any other business of regular school programming under the direction of the Greenville Public School District's Superintendent of Education. Each district agrees to pledge a pro rata financial allotment to support this alternative program as long as it maintains membership in the consortium, if needed above and beyond the MS Department of Education funds.

Note 15 – State Compliance Testing

The Mississippi Office of the State Auditor (OSA) has elected to perform procedures in relation to purchasing and compliance with state laws. This report should be viewed in conjunction with the report from OSA in order to gain a comprehensive understanding of the School District's operations. This report and OSA's report will be available on OSA's website at <http://www.osa.ms.gov/reports>.

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the West Bolivar Consolidated School District evaluated the activity of the district through April 9, 2024, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 4,164,302	\$ 4,245,644	\$ 4,206,738	\$ 81,342	\$ (38,906)
State sources	6,515,169	6,901,748	6,901,748	386,579	-
Federal sources	26,570	11,565	11,565	(15,005)	-
Sixteenth section sources	1,063,985	1,109,001	1,100,034	45,016	(8,967)
Total Revenues	11,770,026	12,267,958	12,220,085	497,932	(47,873)
Expenditures:					
Instruction	5,916,256	5,404,997	5,404,997	511,259	-
Support services	5,049,667	4,580,670	4,580,671	468,997	(1)
Noninstructional services	17,522	10,162	10,161	7,360	1
Sixteenth section	115,619	87,005	87,005	28,614	-
Facilities acquisition and construction	-	8,894	8,895	(8,894)	(1)
Debt service:					
Interest	900	-	-	900	-
Total Expenditures	11,099,964	10,091,728	10,091,729	1,008,236	(1)
Excess (Deficiency) of Revenues over (under) Expenditures	670,062	2,176,230	2,128,356	1,506,168	(47,874)
Other Financing Sources (Uses):					
Operating transfers in	328,704	57,772	51,836	(270,932)	(5,936)
Other financing sources	1,500	-	-	(1,500)	-
Operating transfers out	(248,704)	(6,986)	(1,050)	241,718	5,936
Total Other Financing Sources (Uses)	81,500	50,786	50,786	(30,714)	-
Net Change in Fund Balances	751,562	2,227,016	2,179,142	1,475,454	(47,874)
Fund Balances:					
July 1, 2022	8,406,001	8,406,001	8,406,001	-	-
June 30, 2023	\$ 9,157,563	\$ 10,633,017	\$ 10,585,143	\$ 1,475,454	\$ (47,874)

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 4,016,750	\$ 4,016,750	\$ 3,117,947	\$ -	\$ (898,803)
Total Revenues	4,016,750	4,016,750	3,117,947	-	(898,803)
Expenditures:					
Support services	143,768	127,055	13,977	16,713	113,078
Facilities acquisition and construction	3,852,724	3,768,111	3,101,922	84,613	666,189
Total Expenditures	3,996,492	3,895,166	3,115,899	101,326	779,267
Excess (Deficiency) of Revenues over (under) Expenditures	20,258	121,584	2,048	101,326	(119,536)
Other Financing Sources (Uses):					
Operating transfers out	(20,258)	(10,945)	(2,048)	9,313	8,897
Total Other Financing Sources (Uses)	(20,258)	(10,945)	(2,048)	9,313	8,897
Net Change in Fund Balances	-	110,639	-	110,639	(110,639)
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	\$ -	\$ 110,639	\$ -	\$ 110,639	\$ (110,639)

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

ARP ESSER Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 8,836,531	\$ 8,836,531	\$ 2,384,394	\$ -	\$ (6,452,137)
Total Revenues	8,836,531	8,836,531	2,384,394	-	(6,452,137)
Expenditures:					
Instruction	1,212,927	1,176,400	452,086	36,527	724,314
Support services	820,485	807,147	580,012	13,338	227,135
Facilities acquisition and construction	6,711,576	6,681,623	1,327,559	29,953	5,354,064
Total Expenditures	8,744,988	8,665,170	2,359,657	79,818	6,305,513
Excess (Deficiency) of Revenues over (under) Expenditures	91,543	171,361	24,737	79,818	(146,624)
Other Financing Sources (Uses):					
Operating transfers out	(91,543)	(81,354)	(24,737)	10,189	56,617
Total Other Financing Sources (Uses)	(91,543)	(81,354)	(24,737)	10,189	56,617
Net Change in Fund Balances	-	90,007	-	90,007	(90,007)
Fund Balances:					
July 1, 2022	-	-	-	-	-
June 30, 2023	\$ -	\$ 90,007	\$ -	\$ 90,007	\$ (90,007)

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability %	0.102906	0.103391	0.120000	0.119000	0.124000	0.118551	0.125936	0.133882	0.144914
District's proportionate share of the net pension liability \$	21,181,800	15,281,642	23,230,606	19,793,235	20,624,884	19,707,200	22,495,314	20,695,517	17,589,906
District's covered payroll \$	7,084,374	6,874,477	7,964,805	7,761,517	7,933,200	7,605,137	8,056,457	8,364,190	8,854,959
District's proportionate share of the net pension liability as a percentage of its covered payroll	298.99%	222.30%	291.67%	255.02%	259.98%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,334,339	1,232,681	1,196,159	1,385,876	1,222,439	1,249,479	1,197,809	1,268,892	1,317,360
Contributions in relation to the contractually required contribution	\$ 1,334,339	1,232,681	1,196,159	1,385,876	1,222,439	1,249,479	1,197,809	1,268,892	1,317,360
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
District's covered payroll	\$ 7,668,615	7,084,374	6,874,477	7,964,805	7,761,517	7,933,200	7,605,137	8,056,457	8,364,190
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

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

OPEB

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
District's proportion of the net OPEB liability	% 0.15448756	0.15278979	0.18167097	0.18356693	0.19014878	0.19561864
District's proportionate share of the net OPEB liability	\$ 761,135	983,480	1,413,778	1,557,641	1,470,896	1,534,841
District's covered-employee payroll	\$ 7,084,374	6,874,477	7,964,805	7,761,517	8,600,300	8,788,608
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.74%	14.31%	17.75%	20.07%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%

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

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

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

OPEB

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 37,104	31,018	39,530	56,381	62,435	65,433
Contributions in relation to the actuarially determined contribution	\$ 37,104	31,018	39,530	56,381	62,435	65,433
Contribution deficiency (excess)	\$ -	-	-	-	-	-
District's covered-employee payroll	\$ 7,668,615	7,084,374	6,874,477	7,964,805	7,761,517	7,184,524
Contributions as a percentage of covered-employee payroll	0.48%	0.44%	0.58%	0.71%	0.80%	0.91%

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).

Notes to Required Supplementary Information

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%.

2019:

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

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

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

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

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

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

2021:

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

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

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

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

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

OPEB Schedules

- (1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

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

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

2021: The discount rate was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.

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

- (2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

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

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

2022: The schedule of monthly retiree contributions was increased as of January 1, 2023. In

addition, the in-network medical deductible was increased for the Select coverage beginning January 1, 2023.

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

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

SUPPLEMENTARY INFORMATION

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Supplementary Information

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

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School Breakfast Program	10.553	235MS326N1099	\$ 303,797
National school lunch program	10.555	235MS326N1099	708,819
Summer food service program for children	10.559	235MS326N1099	19,454
Total child nutrition cluster			<u>1,032,070</u>
Total passed-through Mississippi Department of Education			<u>1,032,070</u>
Total U.S. Department of Agriculture			<u>1,032,070</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200019 S010A200024 S010A210024 S010A220024	1,623,087
Career and technical education - basic grants to states	84.048	VO048A220024	42,121
Supporting Effective Instruction State Grants	84.367	S367A190023 S367A200023 S367A210023 S367A220023	177,948
Student Support and Academic Enrichment	84.424	S424A210025 S424A220025	15,292
Subtotal			<u>1,858,448</u>
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	1,449
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	3,117,947
Elementary & Secondary School Emergency Relief Fund ARP III	84.425U	S425U210031	2,384,394
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			<u>5,503,790</u>

Continued on the next page

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Supplementary Information

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

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	Pass-through Entity Identifying Number	Federal Expenditures
Special education cluster:			
Special education - grants to states	84.027	H027A200108 H027A210108 H027A220108	422,139
IDEA, Part B ARP Grants	84.027x	H027X210108	<u>34,024</u>
Subtotal			<u>456,163</u>
Special education - preschool grants	84.173	H173A210113 H173A220113	13,055
IDEA Part B, Preschool ARP Grants	84.173x	H173X210113	<u>895</u>
Subtotal			<u>13,950</u>
Total special education cluster			<u>470,113</u>
Total passed-through Mississippi Department of Education			<u>7,832,351</u>
Total U.S. Department of Education			<u>7,832,351</u>
 <u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medicaid Cluster:			
Medical assistance program	93.778	2105MS5ADM	<u>1,325</u>
Total Medicaid Cluster			<u>1,325</u>
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	<u>10,240</u>
Total passed-through Mississippi Department of Education			<u>11,565</u>
Total U.S. Department of Health and Human Services			<u>11,565</u>
 Total for All Federal Awards			 <u>\$ 8,875,986</u>

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the West Bolivar Consolidated School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the West Bolivar Consolidated School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the West Bolivar Consolidated 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 West Bolivar Consolidated 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 \$77,125 are included in the National School Lunch Program.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2023

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 10,674,100	7,577,431	1,206,472	567,120	1,323,077
Other	9,534,444	2,092,453	282,836	16,680	7,142,475
 Total	 \$ 20,208,544	 9,669,884	 1,489,308	 583,800	 8,465,552
 Total number of students *	 941				
 Cost per student	 \$ 21,476	 10,277	 1,583	 620	 8,996

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

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

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

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

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

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

OTHER INFORMATION

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 4,206,738	\$ 4,061,574	\$ 3,992,954	\$ 4,017,063
State sources	6,901,748	6,911,914	6,596,745	6,793,565
Federal sources	11,565	86,493	1,929	6,859
Sixteenth section sources	1,100,034	1,144,605	1,097,720	1,079,367
Total Revenues	<u>12,220,085</u>	<u>12,204,586</u>	<u>11,689,348</u>	<u>11,896,854</u>
Expenditures:				
Instruction	5,404,997	4,980,469	4,586,719	5,857,899
Support services	4,580,671	4,808,859	7,489,395	4,786,980
Noninstructional services	10,161	10,423	25,439	25,601
Sixteenth section	87,005	74,114	86,912	102,260
Facilities acquisition and construction	8,895	36,288	-	-
Debt service:				
Principal	-	49,189	46,713	-
Interest	-	2,630	5,104	-
Total Expenditures	<u>10,091,729</u>	<u>9,961,972</u>	<u>12,240,282</u>	<u>10,772,740</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,128,356</u>	<u>2,242,614</u>	<u>(550,934)</u>	<u>1,124,114</u>
Other Financing Sources (Uses):				
Insurance recovery	-	65,578	19,605	642,333
Operating transfers in	51,836	44,552	1,019,484	22,623
Other financing sources	-	4,473	-	-
Operating transfers out	(1,050)	-	(1,022,799)	(23,302)
Total Other Financing Sources (Uses)	<u>50,786</u>	<u>114,603</u>	<u>16,290</u>	<u>641,654</u>
Net Change in Fund Balances	<u>2,179,142</u>	<u>2,357,217</u>	<u>(534,644)</u>	<u>1,765,768</u>
Fund Balances:				
Beginning of period, as previously reported	8,406,001	6,048,784	6,597,606	4,853,775
Fund reclassification	-	-	(14,178)	-
Prior period adjustments	-	-	-	(21,937)
Beginning of period, as restated	<u>8,406,001</u>	<u>6,048,784</u>	<u>6,583,428</u>	<u>4,831,838</u>
End of Period	<u>\$ 10,585,143</u>	<u>\$ 8,406,001</u>	<u>\$ 6,048,784</u>	<u>\$ 6,597,606</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2023	2022*	2021*	2020*
Revenues:				
Local sources	\$ 4,451,418	\$ 4,303,923	\$ 4,255,095	\$ 4,292,005
State sources	7,761,456	7,721,088	7,281,895	7,752,302
Federal sources	8,875,986	4,751,805	4,571,293	3,108,033
Sixteenth section sources	1,100,140	1,144,711	1,097,845	1,079,582
Total Revenues	22,189,000	17,921,527	17,206,128	16,231,922
Expenditures:				
Instruction	7,400,186	6,761,793	6,723,912	7,135,460
Support services	6,853,310	7,112,721	10,766,317	6,446,508
Noninstructional services	939,730	771,773	772,878	977,113
Sixteenth section	87,005	74,116	86,912	102,260
Facilities acquisition and construction	4,678,734	489,660	-	-
Debt service:				
Principal	227,000	275,189	881,713	214,353
Interest	22,579	26,904	5,104	30,150
Total Expenditures	20,208,544	15,512,156	19,236,836	14,905,844
Excess (Deficiency) of Revenues over (under) Expenditures	1,980,456	2,409,371	(2,030,708)	1,326,078
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	1,469,950	-
Insurance recovery	-	65,578	19,605	642,333
Operating transfers in	349,485	295,535	1,271,922	161,170
Other financing sources	-	4,473	-	-
Operating transfers out	(349,485)	(295,535)	(1,271,922)	(161,170)
Other financing uses	-	(4,324)	-	-
Total Other Financing Sources (Uses)	-	65,727	1,489,555	642,333
Net Change in Fund Balances	1,980,456	2,475,098	(541,153)	1,968,411
Fund Balances:				
Beginning of period, as previously reported	10,116,651	7,638,573	8,200,870	6,257,040
Fund reclassification	-	-	(18,111)	-
Prior period adjustments	-	-	-	(25,377)
Beginning of period, as restated	10,116,651	7,638,573	8,182,759	6,231,663
Increase (Decrease) in reserve for inventory	4,185	2,980	(3,033)	796
End of Period	\$ 12,101,292	\$ 10,116,651	\$ 7,638,573	\$ 8,200,870

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

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

Superintendent and School Board
West Bolivar Consolidated 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 West Bolivar Consolidated School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise West Bolivar Consolidated School District's basic financial statements, and have issued our report thereon dated April 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Bolivar Consolidated School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Bolivar Consolidated School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Bolivar Consolidated 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Bolivar Consolidated School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be

reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

West Bolivar Consolidated School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the West Bolivar Consolidated School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. West Bolivar Consolidated School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive style.

Cunningham CPAs, PLLC

Belzoni, MS

April 9, 2024

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

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

Superintendent and School Board
West Bolivar Consolidated School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, West Bolivar Consolidated School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Bolivar Consolidated School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Bolivar Consolidated School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on West Bolivar Consolidated School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. West Bolivar Consolidated School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance

described in the accompanying schedule of findings and questioned costs as item 2023-002 to be significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on West Bolivar Consolidated School District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. West Bolivar Consolidated School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC
Belzoni, MS
April 9, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified? Yes

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified? Yes

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

7. Identification of major programs:

<u>ALNs</u>	<u>Name of Federal Program or Cluster</u>
84.425D	COVID-19 – Elementary and Secondary School Emergency Relief I & II (ESSER)
84.425U	COVID-19 – Elementary and Secondary School Emergency Relief ARP III (ESSER)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? No

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

10. Prior fiscal year audit findings(s) and questioned costs which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). Yes

Section II: Financial Statement Findings

Significant Deficiency and Immaterial Non-Compliance:

Finding 2023-001:

CRITERIA: Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. This includes maintenance of accurate accounting records and following the proper purchasing procedures.

CONDITION:

- (1) During our testing of 65 invoices, we noted 2 instances where the district was unable to provide evidence that a required, second quote was obtained prior to approval of the purchase order. In addition, we noted 4 instances where the district was unable to locate the invoices and related documentation.
- (2) During our testing of capital assets, the District was unable to provide evidence that physical inventory counts are being performed on an annual basis and being reconciled to the underlying subsidiary records.

CAUSE OF CONDITION: The cause is a result of not properly implementing a designed system of accounting and internal controls.

EFFECT OF CONDITION: The effect of this condition could result in the financial statements being materially misstated and an increased the risk of misappropriation of assets.

RECOMMENDATION: It is recommended that the district implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

VIEWS OF RESPONSIBLE OFFICIALS: Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

Section III: Federal Award Findings and Questioned Costs

Finding 2023-002:

Significant Deficiency and Immaterial Non-Compliance:

Accounts payable testing and internal controls.

U.S. Department of Education
Passed-through Mississippi Department of Education
Program Name: Elementary and Secondary School Emergency Relief I, II & ARP (ESSER)

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Program CFDA: 84.425D & 84.425U

Compliance Requirement: Allowable Costs/Cost Principles; Procurement

CRITERIA: Recipients of federal funds must follow the same State requirements for procurement of goods and services that apply to non-federal funds.

CONDITION: During our testing of 30 invoices, we noted 3 instances where the district was unable to locate the invoice and related supporting documentation.

CONTEXT: The school district did not follow requirements related to procurement of goods and services.

CAUSE: The cause is a result of not properly implementing a designed system of accounting and internal controls.

EFFECT: Noncompliance with state and federal purchasing laws.

IDENTIFICATION OF REPEAT FINDING: Yes

QUESTIONED COSTS: None

RECOMMENDATION: The school district should implement policies and procedures to ensure all applicable compliance requirements are being met.

VIEWS OF RESPONSIBLE OFFICIALS: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, including compliance with state and federal purchasing requirements.



West Bolivar Consolidated School District
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AUDITEE’S CORRECTIVE ACTION PLAN

As required by 2 CFR 200.511, the West Bolivar Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2023:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2023-001	<ul style="list-style-type: none"> a. Name of Contact Person Responsible for Corrective Action: Wandra Wade – Business Manager b. Corrective Action Planned: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability and to ensure compliance with all state and federal purchasing requirements. c. Anticipated Completion Date: Immediately.
2023-002	<ul style="list-style-type: none"> a. Name of Contact Person Responsible for Corrective Action: Wandra Wade – Business Manager b. Corrective Action Planned: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability and to ensure compliance with all state and federal purchasing requirements. c. Anticipated Completion Date: Immediately.

SUMMARY OF PRIOR AUDIT FINDINGS

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 West Bolivar Consolidated School District has prepared and hereby submits the following summary of prior audit findings for the year ended June 30, 2023:

<u>Finding</u>	<u>Status</u>
2022-001	Repeated as 2023-001
2022-002	Repeated as 2023-002