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**North Bolivar Consolidated School District**

Audited Financial Statements  
For the Year Ended June 30, 2017

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**North Bolivar Consolidated School District  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North Bolivar Consolidated School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the North Bolivar Consolidated School District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District, as of June 30, 2017, 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.

## **Emphasis of Matter**

The figures from 2016 found throughout this report were based on a disclaimed opinion.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 8 to 19 and 55 to 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North 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, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, on our consideration of the North 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 North 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 North Bolivar Consolidated School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
April 22, 2019

Certified Public Accountants



## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **North Bolivar Consolidated School District**

### **Management's Discussion and Analysis**

**For the Year Ended June 30, 2017**

The following discussion and analysis of North Bolivar Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2017. 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.

The figures from 2016 found throughout this report were based on a disclaimed opinion.

### **FINANCIAL HIGHLIGHTS**

- Total net position for 2017 decreased \$1,828,687, including a prior period adjustment of (\$220,659), which represents an 18% decrease from fiscal year 2016.
- General revenues amounted to \$8,379,724 or 73% of all revenues for fiscal years 2017. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,122,530, or 27% of total revenues for 2017.
- The District had \$13,110,282 in expenses for fiscal years 2017; only \$3,122,530 for 2017 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$8,379,724 for 2017 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$7,749,031 in revenues and \$8,376,749 in expenditures for 2017. The General Fund's fund balance decreased by \$681,440, which includes a prior period adjustment of \$139,154, from 2016 to 2017.
- Capital assets, net of accumulated depreciation, decreased by \$247,262, including a prior period adjustment of (\$74,306), for 2017. The decrease for 2017 was primarily due to the recording of accumulated depreciation and adjustments made to correct prior year figures.
- Long-term debt decreased by \$437,370, including a prior period adjustment of (\$217,685), for 2017. The decrease for 2017 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$19,525 for 2017.

### **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.

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

**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 outflow of resources, liabilities, and deferred inflows of resources with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

wide financial statements. By doing so, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

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

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

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

**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, and Schedule of District Contributions as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,901,516 as of June 30, 2017.

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, 2017 and June 30, 2016.

**North Bolivar Consolidated School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Current assets	\$ 2,408,950	4,260,512	(43)%
Restricted assets	93,623	90,915	3%
Capital assets, net	<u>2,654,580</u>	<u>2,901,842</u>	(9)%
<b>Total assets</b>	<u>5,157,153</u>	<u>7,253,269</u>	(29)%
 <b>Deferred outflows of resources</b>	 <u>4,074,428</u>	 <u>1,699,304</u>	 140%
 Current liabilities	 195,367	 1,981,640	 (90)%
Long-term debt outstanding	748,784	1,166,629	(36)%
Net pension liability	<u>19,918,826</u>	<u>13,867,008</u>	44%
<b>Total liabilities</b>	<u>20,862,977</u>	<u>17,015,277</u>	23%
 <b>Deferred inflows of resources</b>	 <u>270,120</u>	 <u>2,010,125</u>	 (87)%
 <b>Net position:</b>			
Net investment in capital assets	1,964,177	1,778,639	10%
Restricted	960,221	472,675	103%
Unrestricted	<u>(14,825,914)</u>	<u>(12,324,143)</u>	(20)%
<b>Total net position (deficit)</b>	<u>\$ (11,901,516)</u>	<u>(10,072,829)</u>	(18)%

Additional information on unrestricted net position:

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

Total unrestricted net position	\$ (14,825,914)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions.	<u>16,116,803</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 1,290,889</u>

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2017 were \$11,502,254. The total cost of all programs and services was \$13,110,282 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

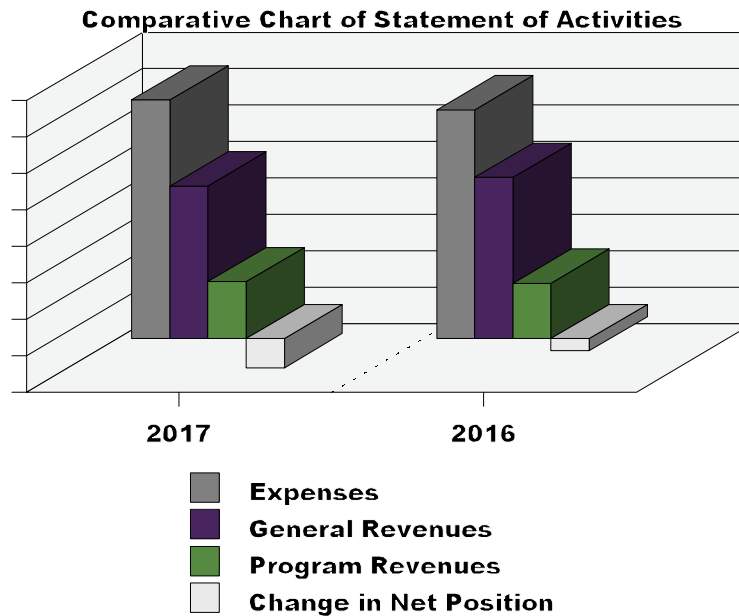
**North Bolivar Consolidated School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**Table 2**  
**Changes in Net Position**

	<b>Year Ended June 30, 2017</b>	<b>Year Ended June 30, 2016</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 159,820	282,720	(43)%
Operating grants and contributions	2,962,710	2,747,329	8%
Total program revenues	3,122,530	3,030,049	3%
General Revenues:			
Property taxes	1,488,063	1,440,050	3%
Grants and contributions not restricted	6,386,889	6,620,100	(4)%
Unrestricted investment earnings	1,070	1,248	(14)%
Sixteenth section sources	314,932	660,154	(52)%
Other	188,770	120,682	56%
Total general revenues	8,379,724	8,842,234	(5)%
<b>Total revenues</b>	11,502,254	11,872,283	(3)%
<b>Expenses:</b>			
Instruction	5,727,627	6,770,846	(15)%
Support services	3,990,821	4,575,819	(13)%
Non-instructional	856,281	936,559	(9)%
Sixteenth section	27,110	20	135,450%
Pension expense	2,487,880	24,595	10,015%
Interest on long-term liabilities	20,563	245,788	(92)%
<b>Total expenses</b>	13,110,282	12,553,627	4%
<b>Increase (Decrease) in net position</b>	(1,608,028)	(681,344)	(136)%
<b>Net Position (Deficit), July 1, as previously reported</b>	(10,072,829)	(9,082,146)	(11)%
<b>Prior period adjustment</b>	(220,659)	(309,339)	29%
<b>Net position (Deficit), July 1, as restated</b>	(10,293,488)	(9,391,485)	(10)%
<b>Net Position (Deficit), June 30</b>	\$ (11,901,516)	(10,072,829)	(18)%



**North Bolivar Consolidated School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**



**Governmental activities**

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

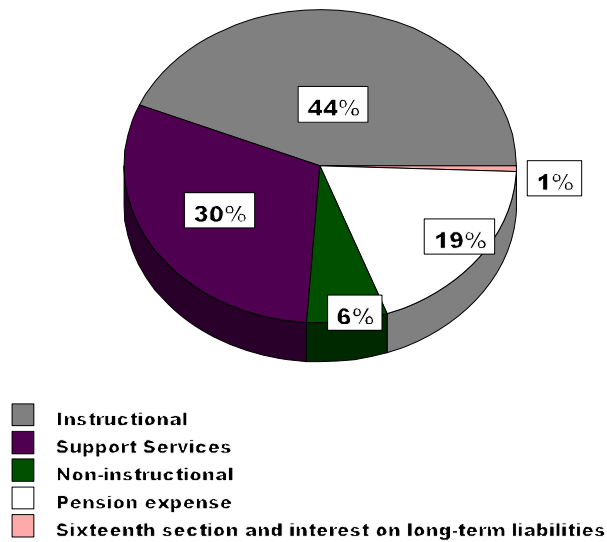
**Table 3**  
**Net Cost of Governmental Activities**

	<u><b>Total Expenses</b></u>		<b>Percentage Change</b>
	<b>2017</b>	<b>2016</b>	
Instruction	\$ 5,727,627	6,770,846	(15)%
Support services	3,990,821	4,575,819	(13)%
Non-instructional	856,281	936,559	(9)%
Sixteenth section	27,110	20	135,450%
Pension expense	2,487,880	24,595	10,015%
Interest on long-term liabilities	20,563	245,788	(92)%
<b>Total expenses</b>	<b>\$ 13,110,282</b>	<b>12,553,627</b>	<b>4%</b>

**North Bolivar Consolidated School District**  
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	<b><u>Net (Expense) Revenue</u></b>		
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Percentage Change</u></b>
Instruction	\$ (4,717,565)	(5,521,475)	15%
Support services	(2,953,035)	(3,800,368)	22%
Non-instructional	218,401	68,668	218%
Sixteenth section	(27,110)	(20)	(135,450)%
Pension expense	(2,487,880)	(24,595)	(10,015)%
Interest on long-term liabilities	(20,563)	(245,788)	92%
<b>Total net (expense) revenue</b>	<b>\$ (9,987,752)</b>	<b>(9,523,578)</b>	<b>(5)%</b>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$9,987,752 for 2017) was financed by general revenue, which is primarily made up of property taxes (\$1,488,063 for 2017) and state and federal revenues (\$6,386,889 for 2017). In addition, there was \$314,932 in Sixteenth Section sources for 2017.
- Investment earnings amounted to \$1,070 for 2017.

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

**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 \$2,319,000, a decrease of \$67,967, which includes the prior period adjustment of \$139,154 and a decrease in inventory of \$6,990. \$1,338,846 or 58% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$980,154 or 42% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$681,440. The fund balance of Other Governmental Funds showed an increase in the amount of \$351,155. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
School Food Service Fund	\$	154,515
Title I A Basic Fund	\$	41,561
Improving Teacher Quality Fund	\$	(1,349)
Transportation Consortium Fund	\$	67,591

**BUDGETARY HIGHLIGHTS**

Over the course of 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 each major special revenue fund is provided in this report as required supplementary information.

**North Bolivar Consolidated School District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2017, the District's total capital assets were \$6,774,080, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. Total accumulated depreciation as of June 30, 2017, was \$4,119,500, and total depreciation expense for the year was \$172,956, resulting in total net capital assets of \$2,654,580.

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Land	\$ 37,690	37,690	0%
Buildings	1,458,256	1,524,989	(4)%
Building improvements	631,014	704,684	(10)%
Improvements other than buildings	67,882	72,128	(6)%
Mobile equipment	385,802	472,946	(18)%
Furniture and equipment	73,936	89,405	(17)%
<b>Total</b>	<u>\$ 2,654,580</u>	<u>2,901,842</u>	<u>(9)%</u>

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

**Debt Administration.** At June 30, 2017, the District had \$748,784 in outstanding long-term debt, of which \$356,688 is due within one year. The liability for compensated absences increased \$19,525 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 295,000	615,000	(52)%
Discounts	(312)	(942)	67%
Three mill notes payable	398,000	516,000	(23)%
Compensated absences payable	56,096	36,571	53%
<b>Total</b>	<u>\$ 748,784</u>	<u>1,166,629</u>	<u>(36)%</u>

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

**North Bolivar Consolidated School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2017

**CURRENT ISSUES**

The North 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 is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

Enrollment for the 2016 - 2017 year decreased by 2% to 1,018 students.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, is to be implemented in fiscal year 6/30/2018.

In accordance with House Bill 987, as passed by the Mississippi Legislature in the regular session of 2016, the Leflore County School District and the North Bolivar Consolidated School District will consolidate on July 1, 2017 to form the North Bolivar Consolidated - Leflore Consolidated School District. At such time the assets and liabilities of the two school districts will be consolidated and Leflore County School District will cease to exist.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the North Bolivar Consolidated School District, Post Office Box 28, Shelby, MS 38732.

## FINANCIAL STATEMENTS

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,883,509
Due from other governments	509,350
Inventories	16,091
Restricted assets	93,623
Capital assets, non-depreciable:	
Land	37,690
Capital assets, net of accumulated depreciation:	
Buildings	1,458,256
Building improvements	631,014
Improvements other than buildings	67,882
Mobile equipment	385,802
Furniture and equipment	73,936
Total Assets	<u>5,157,153</u>
<b>Deferred Outflows of Resources</b>	
Deferred charges on debt refunding	2,285
Deferred outflows - pensions	4,072,143
Total Deferred Outflows of Resources	<u>4,074,428</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	159,920
Unearned revenue	23,653
Interest payable on long-term liabilities	11,794
Long-term liabilities, due within one year:	
Capital related liabilities	356,688
Long-term liabilities, due beyond one year:	
Capital related liabilities	336,000
Non-capital related liabilities	56,096
Net pension liability	19,918,826
Total Liabilities	<u>20,862,977</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	270,120
Total Deferred Inflows of Resources	<u>270,120</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,964,177
Restricted For:	
Expendable:	
School-based activities	511,152
Debt service	324,642
Capital projects	73,687
Unemployment benefits	25,191
Forestry improvements	20,234
Nonexpendable:	
Sixteenth section	5,315
Unrestricted	(14,825,914)
Total Net Position (Deficit)	<u>\$ (11,901,516)</u>

The accompanying notes are an integral part of this statement.

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities:</b>				<b>Governmental Activities</b>
Instruction	\$ 5,727,627	\$ 97,670	\$ 912,392	\$ (4,717,565)
Support services	3,990,821	--	1,037,786	(2,953,035)
Noninstructional services	856,281	62,150	1,012,532	218,401
Sixteenth section	27,110	--	--	(27,110)
Pension expense	2,487,880	--	--	(2,487,880)
Interest on long-term liabilities	20,563	--	--	(20,563)
<b>Total Governmental Activities</b>	<b>\$ 13,110,282</b>	<b>\$ 159,820</b>	<b>\$ 2,962,710</b>	<b>(9,987,752)</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
General purpose levies				1,420,209
Debt purpose levies				67,854
<b>Unrestricted grants and contributions:</b>				
State				6,357,388
Federal				29,501
Unrestricted investment earnings				1,070
Sixteenth section sources				314,932
Other				188,770
<b>Total General Revenues</b>				<b>8,379,724</b>
<b>Change in Net Position</b>				<b>(1,608,028)</b>
<b>Net Position (Deficit) - Beginning, as previously reported</b>				<b>(10,072,829)</b>
<b>Prior Period Adjustment</b>				<b>(220,659)</b>
<b>Net Position (Deficit) - Beginning, as restated</b>				<b>(10,293,488)</b>
<b>Net Position (Deficit) - Ending</b>				<b>\$ (11,901,516)</b>

The accompanying notes are an integral part of this statement.



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**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General Fund	School Food Service Fund	Title I A Basic Fund
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,070,951	\$ 322,432	\$ --
Cash with fiscal agents	--	--	--
Due from other governments	63,578	--	92,067
Due from other funds	341,341	9,302	--
Inventories	--	16,091	--
Total Assets	<u>\$ 1,475,870</u>	<u>\$ 347,825</u>	<u>\$ 92,067</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 128,885	\$ 600	\$ 2,896
Due to other funds	--	--	89,171
Unearned revenue	--	--	--
Total Liabilities	<u>128,885</u>	<u>600</u>	<u>92,067</u>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Permanent fund principal	--	--	--
Inventory	--	16,091	--
<b>Restricted:</b>			
Unemployment benefits	--	--	--
Forestry improvements	--	--	--
Capital improvements	--	--	--
Debt service	--	--	--
Grant activities	--	--	--
Food service	--	331,134	--
<b>Assigned:</b>			
Activity funds	8,139	--	--
<b>Unassigned</b>	<u>1,338,846</u>	<u>--</u>	<u>--</u>
Total Fund Balances	<u>1,346,985</u>	<u>347,225</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 1,475,870</u>	<u>\$ 347,825</u>	<u>\$ 92,067</u>

The accompanying notes are an integral part of this statement.

Improving Teacher Quality Fund	Transportation Consortium Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 66,374	\$ 429,067	\$ 1,888,824
--	--	88,308	88,308
42,873	67,591	115,646	381,755
--	--	--	350,643
--	--	--	16,091
<u>\$ 42,873</u>	<u>\$ 133,965</u>	<u>\$ 633,021</u>	<u>\$ 2,725,621</u>
\$ --	\$ --	\$ 27,539	\$ 159,920
42,873	66,374	24,630	223,048
--	--	23,653	23,653
<u>42,873</u>	<u>66,374</u>	<u>75,822</u>	<u>406,621</u>
--	--	5,315	5,315
--	--	--	16,091
--	--	25,191	25,191
--	--	20,234	20,234
--	--	73,687	73,687
--	--	336,436	336,436
--	67,591	96,336	163,927
--	--	--	331,134
--	--	--	8,139
--	--	--	1,338,846
<u>--</u>	<u>67,591</u>	<u>557,199</u>	<u>2,319,000</u>
<u>\$ 42,873</u>	<u>\$ 133,965</u>	<u>\$ 633,021</u>	<u>\$ 2,725,621</u>

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT***RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET POSITION**JUNE 30, 2017*

Total fund balances for governmental funds	\$ 2,319,000
--	--------------

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

Capital assets used in governmental activities are not reported in the funds.	2,654,580
Liabilities due in one year are not recognized in the funds.	(356,688)
Payables for bond interest which are not due in the current period are not reported in the funds.	(11,794)
Payables for notes which are not due in the current period are not reported in the funds.	(336,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(56,096)
Deferred amount on refunding is accounted for in SNP as a Deferred Outflows of Resources but not in the funds.	2,285
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(19,918,826)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(270,120)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	4,072,143

Net position of governmental activities	\$ <u>(11,901,516)</u>
---	------------------------

The accompanying notes are an integral part of this statement.

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# **NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

### **IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	School Food Service Fund	Title I A Basic Fund
<b>Revenues:</b>			
Local sources	\$ 1,651,607	\$ 57,330	\$ --
Intermediate sources	--	10,358	--
State sources	5,752,375	8,242	--
Federal sources	29,501	969,258	1,083,067
Sixteenth section sources	315,548	--	--
Total Revenues	<u>7,749,031</u>	<u>1,045,188</u>	<u>1,083,067</u>
<b>Expenditures:</b>			
Instruction	4,991,428	--	425,745
Support services	3,379,331	61,568	542,491
Noninstructional services	5,990	776,614	73,270
Sixteenth section	--	--	--
Debt service:			
Principal	--	--	--
Interest	--	--	--
Other	--	--	--
Total Expenditures	<u>8,376,749</u>	<u>838,182</u>	<u>1,041,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(627,718)</u>	<u>207,006</u>	<u>41,561</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in	69,330	13,499	--
Operating transfers out	(262,206)	(59,000)	--
Total Other Financing Sources (Uses)	<u>(192,876)</u>	<u>(45,501)</u>	<u>--</u>
Net change in fund balances	<u>(820,594)</u>	<u>161,505</u>	<u>41,561</u>
<b>Fund Balances:</b>			
July 1, 2016, as previously reported	2,028,425	192,710	(41,561)
Prior period adjustments	139,154	--	--
July 1, 2016, as restated	<u>2,167,579</u>	<u>192,710</u>	<u>(41,561)</u>
Increase (Decrease) in inventory	--	(6,990)	--
June 30, 2017	<u>\$ 1,346,985</u>	<u>\$ 347,225</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Improving Teacher Quality Fund	Transportation Consortium Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 45,352	\$ 72,455	\$ 1,826,744
--	--	--	10,358
--	--	773,218	6,533,835
72,108	--	661,830	2,815,764
--	--	5	315,553
<u>72,108</u>	<u>45,352</u>	<u>1,507,508</u>	<u>11,502,254</u>
108,879	--	732,707	6,258,759
64,870	5,238	251,107	4,304,605
--	--	12,688	868,562
--	--	27,110	27,110
--	--	220,000	220,000
--	--	21,469	21,469
--	--	1,880	1,880
<u>173,749</u>	<u>5,238</u>	<u>1,266,961</u>	<u>11,702,385</u>
<u>(101,641)</u>	<u>40,114</u>	<u>240,547</u>	<u>(200,131)</u>
100,292	27,477	120,939	331,537
--	--	(10,331)	(331,537)
<u>100,292</u>	<u>27,477</u>	<u>110,608</u>	<u>--</u>
<u>(1,349)</u>	<u>67,591</u>	<u>351,155</u>	<u>(200,131)</u>
1,349	--	206,044	2,386,967
--	--	--	139,154
<u>1,349</u>	<u>--</u>	<u>206,044</u>	<u>2,526,121</u>
--	--	--	(6,990)
<u>\$ --</u>	<u>\$ 67,591</u>	<u>\$ 557,199</u>	<u>\$ 2,319,000</u>

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017*

Net change in fund balances - total governmental funds	\$ (200,131)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(172,956)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	160,000
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	60,000
(Increase) decrease in accrued interest from beginning of period to end of period.	5,386
Change in inventory affects fund balance in the funds but affects expense in the SOA.	(6,990)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(19,525)
Bond discounts are reported in the funds, capitalized and amortized in the SOA.	(315)
Deferred Outflows or Resources related to refunding of debt is amortized in the SOA but not in the funds.	(2,285)
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	1,056,668
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(2,487,880)
Change in net position of governmental activities	\$ <u>(1,608,028)</u>

The accompanying notes are an integral part of this statement.



**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

## FIDUCIARY FUNDS

JUNE 30, 2017

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 615,856
Total Assets	<u>\$ 615,856</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 478,158
Due to student clubs	10,103
Due to other funds	127,595
Total Liabilities	<u>\$ 615,856</u>

The accompanying notes are an integral part of this statement.

**North Bolivar Consolidated School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2017

## **North Bolivar Consolidated School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2017

### **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 "primary government." The school district is governed by a five member board to which each member board is elected by the citizens of each defined county district.

For financial reporting purposes, North 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,

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

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.

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

The school district reports the following major governmental funds:

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

School Food Service Fund - This special revenue fund is used to account for the financial resources associated with the federal grants in the Child Nutrition Cluster, which provides nutritious breakfasts and lunches to the district's students.

Title I A Basic Fund - This is a special revenue fund that accounts for the federal revenue received and expenditures incurred related to the Title I grants to local educational agencies program.

Improving Teacher Quality Fund - This is a special revenue fund that accounts for the federal revenue received through Title II grants to local educational agencies and related expenditures incurred for improving teacher quality.

## **North Bolivar Consolidated School District**

### Notes to the Financial Statements For the Year Ended June 30, 2017

Transportation Consortium Fund - This is a special revenue fund used to account for revenue and expenditures associated with the operation of transportation for the students within each school district associated with the interlocal agreement.

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

The District's fiduciary funds include the following:

Student Club Funds - These funds are used to account for the transaction of student clubs.

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing Fund - This fund serves as a clearing fund for accounts payable type transactions.

Scholarship Funds - These funds are used to account for the contributions to and scholarships awarded from the district's scholarship funds.

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 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.

## North Bolivar Consolidated School District

Notes to the Financial Statements  
For the Year Ended June 30, 2017

### FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the 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

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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

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

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

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

#### **D. Encumbrances**

An encumbrance system is 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.

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

#### 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.



## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

#### 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 governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

	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 under capital leases	*	*

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

#### 7. Deferred outflows/inflows of resources

In addition to assets, the statement financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has a deferred outflow which is presented as a deferred outflow for deferred charges on debt refunding and pension.

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 and so will not be recognized as an inflow of resources (revenue) until then. The school district has a deferred inflow which is presented as a deferred inflow for pension.

See Note 11 for further details.

#### 8. Compensated Absences

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

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

#### 9. Long-term Liabilities and Bond Discounts/ Premiums

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

Issuance costs are reported as expenditures. See Note 6 for details.

#### 10. Pensions

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

#### 11. 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.

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

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. Currently there is no committed fund balance for this school district.

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

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

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

## **North Bolivar Consolidated School District**

Notes to the Financial Statements  
For the Year Ended June 30, 2017

policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

### **Note 2 - Cash and Cash Equivalents and Cash with Fiscal Agents**

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 districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

#### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$1,888,824 and \$615,856, respectively.

*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, 2017, none of the district's bank balance of \$2,757,941 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$88,308.

### Note 3 - Inter-fund Receivables, Payables and Transfers

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

#### A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I A Basic Fund	\$ 89,171
	Transportation Consortium Fund	66,374
	Improving Teacher Quality	42,873
	Fiduciary Funds	127,595
	Other Governmental Funds	15,328
School Food Service Fund	Other Governmental Funds	9,302
Total		<u>\$ 350,643</u>

The primary purpose of the inter-fund receivables and payables is to close out federal program funds at year end. All inter-fund receivables and payables are expected to be repaid within one year.

## North Bolivar Consolidated School District

Notes to the Financial Statements  
For the Year Ended June 30, 2017

### B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	School Food Service Fund	\$ 59,000
	Other Governmental Funds	10,330
School Food Service Fund	General Fund	13,499
Improving Teacher Quality Fund	General Fund	100,292
Transportation Consortium Fund	General Fund	27,477
Other Governmental Funds	General Fund	120,938
	Other Governmental Funds	1
Total		\$ <u><u>331,537</u></u>

The primary purpose of the inter-fund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. These transfers were consistent with the activities of the fund making the transfer.

### Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$5,315, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agents balance, totaling \$88,308, of the MAEP Debt Retirement Fund.

### Note 5- Capital Assets

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

	Balance 7-1-2016	Additions	Adjustments	Balance 6-30-2017
<u>Non-depreciable capital assets:</u>				
Land	\$ 37,690			37,690
Total non-depreciable capital assets	<u>37,690</u>	<u>0</u>	<u>0</u>	<u>37,690</u>
<u>Depreciable capital assets:</u>				
Buildings	3,295,287			3,295,287
Building improvements	920,876			920,876
Improvements other than buildings	109,597			109,597
Mobile equipment	1,717,004		84,375	1,801,379
Furniture and equipment	577,641		31,610	609,251
Total depreciable capital assets	<u>6,620,405</u>	<u>0</u>	<u>115,985</u>	<u>6,736,390</u>
<u>Less accumulated depreciation for:</u>				
Buildings	1,770,298	32,779	33,954	1,837,031
Building improvements	216,192	36,835	36,835	289,862
Improvements other than buildings	37,469	2,123	2,123	41,715
Mobile equipment	1,244,058	87,675	83,844	1,415,577
Furniture and equipment	488,236	13,544	33,535	535,315
Total accumulated depreciation	<u>3,756,253</u>	<u>172,956</u>	<u>190,291</u>	<u>4,119,500</u>

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

Total depreciable capital assets, net		2,864,152	(172,956)	(74,306)	2,616,890
Governmental activities capital assets, net	\$	<u>2,901,842</u>	<u>(172,956)</u>	<u>(74,306)</u>	<u>2,654,580</u>

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

Depreciation expense was charged to the following governmental functions:

		Amount
Instructional	\$	121,069
Support services		34,591
Non-instructional		17,296
Total depreciation expense	\$	<u>172,956</u>

### Note 6 - Long-term liabilities

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

		Balance 7-1-2016	Additions	Deletions	Adjustments	Balance 6-30-2017	Amounts due within one year
A. Limited obligation bonds payable	\$	615,000		160,000	(160,000)	295,000	295,000
Discounts		(942)		(315)	315	(312)	(312)
B. Three mill notes payable		516,000		60,000	(58,000)	398,000	62,000
C. Compensated absences payable		<u>36,571</u>	<u>19,525</u>			<u>56,096</u>	
Total	\$	<u>1,166,629</u>	<u>19,525</u>	<u>219,685</u>	<u>(217,685)</u>	<u>748,784</u>	<u>356,688</u>

Adjustments were made to properly present long-term debt at year end.

#### A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement					
Refunding Bonds - Series 2011	2.00%	12-05-11	02-01-18	\$ <u>1,020,000</u>	<u>295,000</u>

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



## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

Year Ending June 30		Principal	Interest	Total
2018	\$	295,000	4,250	299,250

This debt will be retired from the MAEP Debt Service Fund.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

#### **B. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes	3.05%	09-21-12	09-21-22	\$ 627,000	398,000

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

Year Ending June 30		Principal	Interest	Total
2018	\$	62,000	12,139	74,139
2019		64,000	10,248	74,248
2020		66,000	8,296	74,296
2021		67,000	6,283	73,283
2022		69,000	4,240	73,240
2023		70,000	2,135	72,135
Total	\$	398,000	43,341	441,341

This debt will be retired from the Three Mill Note Retirement Fund.

#### **C. Compensated absences payable**

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

## North Bolivar Consolidated School District

Notes to the Financial Statements  
For the Year Ended June 30, 2017

### Note 7 - 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 may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*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.

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

The employer's rate as of June 30, 2017 was 15.75% 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, 2017, 2016 and 2015, were \$1,056,668, \$1,123,555, and \$1,087,156, 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, 2017, the school district reported a liability of \$19,918,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017 net pension liability was 0.111512 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.001025 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$2,487,880. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 807,757	\$
Net difference between projected and actual earnings on pension plan investments	1,568,252	
Changes in assumptions		52,931
Changes in proportion and differences between District contributions and proportionate share of contributions	639,466	217,189
District contributions subsequent to the measurement date	1,056,668	
Total	<u>\$ 4,072,143</u>	<u>\$ 270,120</u>

\$1,056,668 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

Year ending June 30:		
2018	\$	974,206
2019		661,217
2020		716,431
2021		393,501
Total	\$	<u><u>2,745,355</u></u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34%	5.20%
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	<u><u>100%</u></u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

contributions will be made at the current contribution rate and that Employer contributions will be made at the current employer contribution rate. 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 presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 25,540,403	\$ 19,918,826	\$ 15,254,742

*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 8 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 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 71 school districts and covers risks of loss arising from injuries to the member's 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 up 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 school districts would be required

## **North Bolivar Consolidated School District**

### **Notes to the Financial Statements For the Year Ended June 30, 2017**

to pay for the deficiencies. This district has not had an additional assessment for excess losses incurred by the pool.

#### **Note 9 - 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 10 - Sixteenth Section Lands**

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases. Because renewed leases were not submitted to the Secretary of State 30 days after the renewal, a schedule could not be prepared. See state compliance Finding 2.

#### **Note 11 - Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$1,964,177 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of school district debt. The \$2,285, balance of the deferred outflow of resources at June 30, 2017 will be recognized as an expense and decrease the net investment in capital assets net position.

The unrestricted net position amount of (\$14,825,914) 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 \$1,056,668 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The \$3,015,475

## North Bolivar Consolidated School District

### Notes to the Financial Statements For the Year Ended June 30, 2017

balance of deferred outflow of resources, at June 30, 2017 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$14,825,914) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$270,120 balance of deferred inflow of resources, at June 30, 2017 will be recognized as a revenue and will increase the unrestricted net position over the next 3 years.

#### Note 12 - Prior Period Adjustments

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

##### Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
1. Adjustments were made to properly present capital assets at year end.	\$ (74,306)
2. Adjustments were made to properly present long-term debt at year end.	217,685
3. Adjustments were made to properly present net pension liability and its components at year end.	(500,907)
4. Adjustments were made to properly present deferred amount on refunding at year end.	(2,285)
5. Adjustments were made to properly present accounts payable.	139,154
Total	\$ <u>(220,659)</u>

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

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
General Fund	Adjustments were made to properly present accounts payable.	\$ <u>139,154</u>

#### Note 13 - 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 North Bolivar Consolidated School District evaluated the activity of the district through 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 statement.

## REQUIRED SUPPLEMENTARY INFORMATION



**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2017

**Exhibit 1**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 1,696,124	1,651,610	1,651,607	(44,514)	(3)
State sources	5,908,125	5,752,374	5,752,375	(155,751)	1
Federal sources	70,800	29,501	29,501	(41,299)	-
Sixteenth section sources	485,000	315,547	315,548	(169,453)	1
Total Revenues	<u>8,160,049</u>	<u>7,749,032</u>	<u>7,749,031</u>	<u>(411,017)</u>	<u>(1)</u>
<b>Expenditures:</b>					
Instruction	5,603,731	4,992,177	4,991,428	611,554	749
Support services	3,579,202	3,330,881	3,379,331	248,321	(48,450)
Noninstructional services	9,250	5,990	5,990	3,260	-
Sixteenth section	55,884	-	-	55,884	-
Facilities acquisition and construction	145,000	48,750	-	96,250	48,750
Total Expenditures	<u>9,393,067</u>	<u>8,377,798</u>	<u>8,376,749</u>	<u>1,015,269</u>	<u>1,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,233,018)</u>	<u>(628,766)</u>	<u>(627,718)</u>	<u>604,252</u>	<u>1,048</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	191,390	971,403	69,330	780,013	(902,073)
Operating transfers out	(286,762)	(1,063,986)	(262,206)	(777,224)	801,780
Total Other Financing Sources (Uses)	<u>(95,372)</u>	<u>(92,583)</u>	<u>(192,876)</u>	<u>2,789</u>	<u>(100,293)</u>
Net Change in Fund Balances	<u>(1,328,390)</u>	<u>(721,349)</u>	<u>(820,594)</u>	<u>607,041</u>	<u>(99,245)</u>
<b>Fund Balances:</b>					
July 1, 2016, as previously reported	3,474,694	2,047,734	2,028,425	(1,426,960)	(19,309)
Prior period adjustment		(2,221)	139,154	(2,221)	141,375
July 1, 2016, as restated	<u>3,474,694</u>	<u>2,045,513</u>	<u>2,167,579</u>	<u>(1,429,181)</u>	<u>122,066</u>
June 30, 2017	<u>\$ 2,146,304</u>	<u>1,324,164</u>	<u>1,346,985</u>	<u>(822,140)</u>	<u>22,821</u>

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

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Budgetary Comparison Schedule

School Food Service Fund

For the Year Ended June 30, 2017

**Exhibit 2**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 24,035	77,058	57,330	53,023	(19,728)
Intermediate sources	-	-	10,358	-	10,358
State sources	8,956	8,243	8,242	(713)	(1)
Federal sources	700,000	979,615	969,258	279,615	(10,357)
Total Revenues	732,991	1,064,916	1,045,188	331,925	(19,728)
<b>Expenditures:</b>					
Support services	68,946	61,569	61,568	7,377	1
Noninstructional services	784,780	776,614	776,614	8,166	-
Total Expenditures	853,726	838,183	838,182	15,543	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,735)	226,733	207,006	347,468	(19,727)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	30,499	13,499	30,499	(17,000)
Operating transfers out	(30,000)	(59,000)	(59,000)	(29,000)	-
Total Other Financing Sources (Uses)	(30,000)	(28,501)	(45,501)	1,499	(17,000)
Net Change in Fund Balances	(150,735)	198,232	161,505	348,967	(36,727)
<b>Fund Balances:</b>					
July 1, 2016, as previously reported	716,571	185,720	192,710	(530,851)	6,990
Prior period adjustment	-	(36,727)		(36,727)	36,727
July 1, 2016, as restated	716,571	148,993	192,710	(567,578)	43,717
Increase (decrease) in inventory	-	-	(6,990)	-	(6,990)
June 30, 2017	\$ 565,836	347,225	347,225	(218,611)	-

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

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Budgetary Comparison Schedule

Title I A Basic Fund

For the Year Ended June 30, 2017

**Exhibit 3**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,238,569	1,264,876	1,083,067	26,307	(181,809)
Total Revenues	<u>1,238,569</u>	<u>1,264,876</u>	<u>1,083,067</u>	<u>26,307</u>	<u>(181,809)</u>
<b>Expenditures:</b>					
Instruction	494,228	545,596	425,745	(51,368)	119,851
Support services	595,368	599,654	542,491	(4,286)	57,163
Noninstructional services	71,813	81,717	73,270	(9,904)	8,447
Total Expenditures	<u>1,161,409</u>	<u>1,226,967</u>	<u>1,041,506</u>	<u>(65,558)</u>	<u>185,461</u>
 Net Change in Fund Balances	 <u>77,160</u>	 <u>37,909</u>	 <u>41,561</u>	 <u>(39,251)</u>	 <u>3,652</u>
<b>Fund Balances:</b>					
July 1, 2016	<u>(189,753)</u>	<u>(41,561)</u>	<u>(41,561)</u>	<u>148,192</u>	<u>-</u>
June 30, 2017	<u>\$ (112,593)</u>	<u>(3,652)</u>	<u>-</u>	<u>108,941</u>	<u>3,652</u>

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

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Budgetary Comparison Schedule  
Improving Teacher Quality Fund  
For the Year Ended June 30, 2017

**Exhibit 4**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 176,834	281,660	72,108	104,826	(209,552)
Total Revenues	<u>176,834</u>	<u>281,660</u>	<u>72,108</u>	<u>104,826</u>	<u>(209,552)</u>
<b>Expenditures:</b>					
Instruction	110,666	108,878	108,879	1,788	(1)
Support services	43,000	65,394	64,870	(22,394)	524
Noninstructional services				-	-
Total Expenditures	<u>153,666</u>	<u>174,272</u>	<u>173,749</u>	<u>(20,606)</u>	<u>523</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,168</u>	<u>107,388</u>	<u>(101,641)</u>	<u>84,220</u>	<u>(209,029)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	100,292	-	100,292
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>100,292</u>	<u>-</u>	<u>100,292</u>
Net Change in Fund Balances	<u>23,168</u>	<u>107,388</u>	<u>(1,349)</u>	<u>84,220</u>	<u>(108,737)</u>
Fund Balances:					
July 1, 2016	(41,676)	1,348	1,349	43,024	1
June 30, 2017	<u>\$ (18,508)</u>	<u>108,736</u>	<u>-</u>	<u>127,244</u>	<u>(108,736)</u>

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

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Budgetary Comparison Schedule  
Transportation Consortium Fund  
For the Year Ended June 30, 2017

**Exhibit 5**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 160,000	-	45,352	(160,000)	45,352
Total Revenues	<u>160,000</u>	<u>-</u>	<u>45,352</u>	<u>(160,000)</u>	<u>45,352</u>
<b>Expenditures:</b>					
Instruction				-	-
Support services	145,152	73,048	5,238	72,104	67,810
Total Expenditures	<u>145,152</u>	<u>73,048</u>	<u>5,238</u>	<u>72,104</u>	<u>67,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,848</u>	<u>(73,048)</u>	<u>40,114</u>	<u>(87,896)</u>	<u>113,162</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	27,477	-	27,477
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>27,477</u>	<u>-</u>	<u>27,477</u>
Net Change in Fund Balances	<u>14,848</u>	<u>(73,048)</u>	<u>67,591</u>	<u>(87,896)</u>	<u>140,639</u>
Fund Balances:					
July 1, 2016	59,522	(67,591)	-	(127,113)	67,591
June 30, 2017	<u>\$ 74,370</u>	<u>(140,639)</u>	<u>67,591</u>	<u>(215,009)</u>	<u>208,230</u>

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

**North Bolivar Consolidated School District**

## Schedule of the District's Proportionate Share of the Net Pension Liability

## PERS

## Last 10 Fiscal Years\*

	2017	2016	2015
District's proportionate share of the net pension liability (asset) \$	19,918,826	17,079,111	13,867,008
District's proportion of the net pension liability (asset)	0.111512%	0.110487%	0.114243%
District's covered payroll	7,133,683	6,902,578	6,980,825
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

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

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

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

**North Bolivar Consolidated School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years\*

	2017	2016	2015
Contractually required contribution	\$ 1,056,668	1,123,555	1,087,156
Contributions in relation to the contractually required contribution	1,056,668	1,123,555	1,087,156
Contribution deficiency (excess)	\$ -	-	-
District's covered payroll	6,709,003	7,133,683	6,902,578
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

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

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

## North Bolivar Consolidated School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2017

#### Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedules present 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 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.

(2) 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%.



## SUPPLEMENTARY INFORMATION

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title/	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 366,628
National School Lunch Program	10.555	602,629
Summer Food Service Program for Children	10.559	28,427
Total Child Nutrition Cluster		<u>997,684</u>
Total passed-through the Mississippi Department of Education		<u>997,684</u>
<b>Total U.S. Department of Agriculture</b>		<u><u>997,684</u></u>
<b><u>U. S. Department of Education</u></b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,078,661
Career and Technical Education - Basic Grants to States	84.048	11,239
Rural Education	84.358	830
Supporting Effective Instruction State Grants	84.367	173,749
Subtotal		<u>1,264,479</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	339,455
Special Education - Preschool Grants	84.173	8,159
Total Special Education Cluster		<u>347,614</u>
Total passed-through the Mississippi Department of Education		<u>1,612,093</u>
<b>Total U.S. Department of Education</b>		<u><u>1,612,093</u></u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through the Mississippi Department of Education:		
Medical Assistance Program	93.778	29,501
Total passed-through Mississippi Department of Education		<u>29,501</u>
<b>Total U.S. Department of Health and Human Services</b>		<u><u>29,501</u></u>
Total for All Federal Awards		\$ <u><u>2,639,278</u></u>

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

## North Bolivar Consolidated School District

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

#### (1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

#### (2) Summary of Significant Accounting Policies

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

#### (3) Indirect Cost Rate

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

#### (4) Other Items

The pass-through entities did not assign identifying numbers to the school district.

Donated commodities of \$74,608 are included in the National School Lunch Program.

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2017

		Instruction and Other Student			
Expenditures	Total	Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	9,286,991	6,869,147	713,207	627,047	1,077,590
Other	2,415,394	656,018	183,465	50	1,575,861
Total	\$ 11,702,385	7,525,165	896,672	627,097	2,653,451
Total number of students *	1,018				
Cost per student	\$ 11,495	7,392	881	616	2,606

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

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

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

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

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

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

## OTHER INFORMATION

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

"UNAUDITED"

	2017	2016*	2015*	2014*
<b>Revenues:</b>				
Local sources	\$ 1,651,607	1,660,931	1,859,144	1,672,976
State sources	5,752,375	6,334,921	6,368,799	6,125,467
Federal sources	29,501	10,352	12,496	169,536
Sixteenth section sources	315,548	613,716	286,774	-
Total Revenues	<u>7,749,031</u>	<u>8,619,920</u>	<u>8,527,213</u>	<u>7,967,979</u>
<b>Expenditures:</b>				
Instruction	4,991,428	5,388,804	4,710,583	5,115,990
Support services	3,379,331	3,556,509	3,707,298	3,912,086
Noninstructional services	5,990	18,737	9,108	21,289
Sixteenth section	-	20	-	-
Facilities acquisition and construction	-	24,595	-	8,943
Total Expenditures	<u>8,376,749</u>	<u>8,988,665</u>	<u>8,426,989</u>	<u>9,058,308</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(627,718)</u>	<u>(368,745)</u>	<u>100,224</u>	<u>(1,090,329)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	69,330	637,256	93,254	199,880
Other financing sources	-	-	27,841	-
Operating transfers out	(262,206)	(534,587)	(285,553)	(176,174)
Total Other Financing Sources (Uses)	<u>(192,876)</u>	<u>102,669</u>	<u>(164,458)</u>	<u>23,706</u>
Net Change in Fund Balances	<u>(820,594)</u>	<u>(266,076)</u>	<u>(64,234)</u>	<u>(1,066,623)</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,028,425	2,603,840	-	2,360,721
**Statutory Consolidation - North Bolivar School District, June 30,	-	-	406,891	-
**Statutory Consolidation - Mound Bayou School District, June 30,	-	-	839,339	-
July 1, 2014, after Statutory Consolidations	<u>2,028,425</u>	<u>2,603,840</u>	<u>1,246,230</u>	<u>2,360,721</u>
Prior Period Adjustments	139,154	(309,339)	76,337	(47,868)
Fund Reclassification	-	-	1,345,507	-
Beginning of period, as restated	<u>2,167,579</u>	<u>2,294,501</u>	<u>2,668,074</u>	<u>2,312,853</u>
End of period	<u>\$ 1,346,985</u>	<u>2,028,425</u>	<u>2,603,840</u>	<u>1,246,230</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

\*\* As a result of the Regular Session Senate Bill No. 2760 passed by the Mississippi Legislature, on July 1, 2014, the North Bolivar School District and Mound Bayou School District were consolidated and formed North Bolivar Consolidated School District. The prior year comparison amounts represent both school districts.

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

"UNAUDITED"

	2017	2016*	2015*	2014*
<b>Revenues:</b>				
Local sources	\$ 1,826,744	1,849,878	1,953,162	1,884,895
Intermediate sources	10,358	-	-	-
State sources	6,533,835	6,824,736	6,754,235	6,641,910
Federal sources	2,815,764	2,542,693	3,299,725	3,525,986
Sixteenth section sources	315,553	660,955	286,774	344,627
Total Revenues	<u>11,502,254</u>	<u>11,878,262</u>	<u>12,293,896</u>	<u>12,397,418</u>
<b>Expenditures:</b>				
Instruction	6,258,759	6,770,846	6,399,172	6,732,953
Support services	4,304,605	4,575,819	4,664,049	5,277,188
Noninstructional services	868,562	943,724	1,037,207	991,127
Sixteenth section	27,110	20	-	66,820
Facilities acquisition and construction	-	24,595	-	-
Debt service:				
Principal	220,000	233,738	206,000	205,000
Interest	21,469	10,700	31,246	35,605
Other	1,880	1,350	1,000	998
Total Expenditures	<u>11,702,385</u>	<u>12,560,792</u>	<u>12,338,674</u>	<u>13,309,691</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(200,131)</u>	<u>(682,530)</u>	<u>(44,778)</u>	<u>(912,273)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	331,537	659,788	402,003	376,054
Other financing sources	-	-	27,841	-
Operating transfers out	(331,537)	(665,767)	(402,003)	(376,054)
Other financing uses	-	-	(30,289)	(1,729)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,979)</u>	<u>(2,448)</u>	<u>(1,729)</u>
Net Change in Fund Balances	(200,131)	(688,509)	(47,226)	(914,002)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,386,967	3,377,650	-	4,469,663
**Statutory Consolidation - North Bolivar School District, June 30,	-	-	1,596,111	-
**Statutory Consolidation - Mound Bayou School District, June 30,	-	-	1,917,365	-
July 1, 2014, after Statutory Consolidations	<u>2,386,967</u>	<u>3,377,650</u>	<u>3,513,476</u>	<u>4,469,663</u>
Prior Period Adjustments	139,154	(309,339)	(81,435)	(47,868)
Beginning of period, as restated	<u>2,526,121</u>	<u>3,068,311</u>	<u>3,432,041</u>	<u>4,421,795</u>
Increase (Decrease) in inventory	<u>(6,990)</u>	<u>7,165</u>	<u>(7,165)</u>	<u>5,683</u>
End of period	<u>\$ 2,319,000</u>	<u>2,386,967</u>	<u>3,377,650</u>	<u>3,513,476</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

\*\* As a result of the Regular Session Senate Bill No. 2760 passed by the Mississippi Legislature, on July 1, 2014, the North Bolivar School District and Mound Bayou School District were consolidated and formed North Bolivar Consolidated School District. The prior year comparison amounts represent both school districts.

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North 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 North Bolivar Consolidated School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the North Bolivar Consolidated School District's basic financial statements, and have issued our report thereon dated April 22, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as Finding 2017-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the North 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **North Bolivar Consolidated School District's Response to Finding**

The North Bolivar Consolidated School District's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. The North Bolivar Consolidated School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
April 22, 2019

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North Bolivar Consolidated School District

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

We have audited North Bolivar Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Bolivar Consolidated School District's major federal programs for the year ended June 30, 2017. The North Bolivar Consolidated School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## **Opinion on Each Major Federal Program**

In our opinion, the North Bolivar Consolidated School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal programs for the year ended June 30, 2017.

## **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 2017-002 and 2017-003. Our opinion on each federal program is not modified with respect to these matters.

North Bolivar Consolidated School District's responses to the noncompliance findings identified in our audit are described in the accompanying auditee's corrective action plan. North Bolivar Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## **Report on Internal Control Over Compliance**

Management of the North Bolivar Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Bolivar Consolidated School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We

did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2017-002 and 2017-003, that we consider to be significant deficiencies.

North Bolivar Consolidated School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying auditee's corrective action plan. North Bolivar Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
April 22, 2019

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North Bolivar Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2017, which collectively comprise North Bolivar Consolidated School District's basic financial statements and have issued our report thereon dated April 22, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed the following instance of noncompliance. The noncompliance is reported in finding number 3 below.

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

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

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

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

## **Finding 1**

### Criteria:

Section 27-105-5, Miss. Code Ann. (1972) requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number and provide a list of all bank accounts that held by that depositor within 30 days of fiscal year end. The public depositor is also required to review the information on quarterly reports received by the public depositor from the State Treasurer to ensure that the information regarding accounts held by the public depositor are being correctly reported to the State Treasurer Office.

### Condition:

Per the audit procedures performed we noted the annual report was not submitted to the State Treasurer's Office until August 29, 2017.

### Cause:

The cause of the above condition is primarily due to management not prioritizing adherence with state compliance.

### Effect:

The district was not in compliance with the Section 27-105-5, Miss. Code Ann. (1972).

### Recommendation:

We recommend the district comply with Section 27-105-5, Miss. Code Ann. (1972) which requires a public depositor to file an annual report with the State Treasurer that contains the name of the public depositor, its tax identification number and provide a list of all bank accounts that are held by that depositor within 30 days of fiscal year end. District personnel should also review the information on quarterly reports received by the public depositor from the State Treasurer to ensure that the information regarding accounts held by the public depositor are being correctly reported to the State Treasurer Office.

### Response:

The district will implement procedures to ensure the public depositor report is filed on a timely basis and in compliance with Mississippi Code Section 27-105-5.

## **Finding 2**

### Criteria:

Section 29-1-3(3), Miss Code Ann (1972) requires MS School Districts to file with the Secretary of State the new sixteenth section lease agreements.

### Condition:

During our audit procedures we noted that the Secretary of State website did not reflect the lease agreements on file at the school district.

### Cause:

The cause of the above condition is primarily due to lack of controls in place to ensure compliance with state requirements.



Effect:

The information submitted to the Secretary of State did not match the true rental amounts.

Recommendation:

The district should update the information on file with the Secretary of State to reflect accurate lease information. Changes in leases and new leases should be captured and forwarded to the Secretary of State on a regular basis.

Response:

The district will establish procedures in compliance with the Mississippi Code Section 29-1-3(3). All correspondence will be updated and filed with the Office of Secretary State.

**Finding 3**

Criteria:

Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), requires the Mississippi School Districts to have on file a teacher cardholder agreement signed by each eligible teacher.

Condition:

During our audit procedures it was noted that the school district issued EEF cards to thirteen (13) federally funded teachers.

Cause:

Procedures were not in place to be followed and ensure compliance with state laws.

Effect:

The district was not in compliance with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972).

Recommendation:

The district should implement and follow procedures to ensure compliance with state laws.

Response:

The district will establish procedures to ensure all eligible teachers cardholder agreements are signed and in compliance with the Mississippi Code Section 37-61-33(3)(a)(iii).

**Finding 4**

Criteria:

Section 37-7-13, Miss. Code Ann. (1972), requires evidence to show bids or quotes were obtained during the purchasing process.

Condition:

Out of a population of sixty-five (65) expenditures, we noted eight (8) instances where there was no evidence of a quote or bid for purchases exceeding bid and quote threshold.

Cause:

The District failed to comply with Section 37-7-13, Miss. Code Ann. (1972) due to lack of controls in place to ensure compliance with state requirements.

Effect:

Purchases were made that exceeded the bid and quote threshold without evidence of competition in the purchase process.

Recommendation:

We recommend the district obtain bids and quotes to comply with state law.

Response:

The district will ensure procedures are in place to comply with Mississippi Code Section 37-7-13 when obtaining bids and quotes.

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

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

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
April 22, 2019

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## North Bolivar Consolidated School District

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017

#### Section I: Summary of Auditor's Results

##### Financial Statements:

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

##### Federal Awards:

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

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? No.

#### Section II: Financial Statements Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported by *Government Auditing Standards*.

## **Material Weakness**

### **Finding 2017-001**

#### Criteria:

An effective system of internal controls is the responsibility of management. Management should establish 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.

#### Condition:

During the course of our audit we found several discrepancies with the information provided on the accounting records and other internal control issues:

- (1) During the testwork of cash, we noted that payroll clearing and accounts payable clearing bank accounts had not been reconciled in a timely manner. Failure to prepare bank reconciliations in a timely manner could lead to misappropriation of assets and material misstatements that could go undetected by management.
- (2) During our test of invoices, the district was unable to locate one invoice, eleven invoices did not have a signature indicating receipt of goods, twelve instances did not have approval of program director, thirteen instances did not have approval of purchasing agent, eleven instances where the purchase orders were dated after the invoices, eight instances where there was no evidence of a quote or bid for purchases exceeding bid and quote threshold, one invoice did not agree with the general ledger, two instances where expenditure does not agree with the invoice, one instance where misclassifications of administrative cost, one invoice was not in compliance with Mississippi code, and six instances where the invoices were not paid within forty-five days.

#### Cause:

This is the result of the school district not properly implementing an effective internal control system and maintaining the system.

#### Effect:

Without a proper internal control system being in place to ensure accurate accounting records, the district increases the risk that the financial statements will contain materially misstated accounts.

#### Recommendation:

District should implement policies and 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:

The district will strengthen its procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets and accurate accounting records.

### Section III: Federal Awards Findings and Questioned Costs

The results of our tests disclosed the following findings and questioned costs related to the federal awards.

#### **Significant Deficiencies and Noncompliance**

##### **Finding 2017-002**

##### **U.S. Department of Education**

Passed through the Mississippi Department of Education

Program Name: Title I Grants to Local Educational Agencies

CFDA# 84.010

Compliance Requirement: Cash Management

##### Criteria:

Management is responsible for compliance with the cash management requirements of the Uniform Guidance. The requirements state that “When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.”

##### Condition:

During the course of the audit, Mississippi Department of Education release the results of monitoring visit for FY16 and FY17 grant program. The school district with the assistance of a consultant reached an agreement with Mississippi Department of Education for the amount of overdrawn funds for the FY16 grant program.

##### Context:

The district requested reimbursement over the amount of expenditures in the amount of \$20,660.08 for FY16 grant program.

##### Questioned Costs:

\$20,660.08

##### Whether sampling was statically valid:

No.

##### Identification of a repeat finding:

No.

##### Cause:

Lack of appropriate controls surrounding this control cycle.

##### Effect:

Inadequate internal controls over requesting federal funds and failing to provide accurate documentation could result in the district requesting federal funds before actual program expenditures are incurred.

Recommendation:

We recommend the district only request federal funds after the applicable program costs have been paid for the district and maintain accurate documentation.

Views of Responsible Officials:

The district will implement a procedure to request funds after the applicable program costs have been paid and maintain accurate documentation.

**Finding 2017-003**

**U.S. Department of Agriculture**

Passed through the Mississippi Department of Education

Program Name: Child Nutrition Cluster

CFDA# 10.553, 10.555, and 10.559

Compliance Requirement: Cash Management

Criteria:

7 CFR Part 210.8 states that in order for the school district to be entitled to reimbursement, they shall submit to the Office of Child Nutrition a monthly claim for reimbursement.

Condition:

During the course of our audit, we found that meals were not reported accurately for two months.

Context:

The Child Nutrition Director did not report the correct number of participants on the monthly claims for the months of February and March. The school district reported less meals than what was actually served.

Effect:

Lack of adequate controls concerning submission of the “Monthly Claim for Reimbursement - School Lunch and School Breakfast” reports resulted in the district not receiving the correct amount of federal reimbursement to cover the expenditures of the program.

Identification of a repeat finding:

No.

Whether sampling was statically valid:

No.

Cause:

The Child Nutrition Director failed to report the correct number of participants on the monthly claims.

Recommendation:

Procedures should be established and/or training be provided to facilitate the information being prepared for submission is accurate.

Views of Responsible Officials:

The district will strengthen its procedures to ensure the School Food Service is providing accurate information on monthly claims for reimbursement.



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

North Bolivar Consolidated School District  
204 N Edward Avenue  
Mound Bayou, Mississippi 38762

Maurice Smith, Superintendent  
Kenyatta McClain, Business Manager

**AUDITEE' S CORRECTIVE ACTION PLAN**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (UG), the North Bolivar Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Scheduled of Findings and Questioned Cost of the year ended June 30, 2017.

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2017-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Kenyatta McClain Title: Business Manager Phone Number: 662-339-3781</p> <p>b. Corrective Action Planned:</p> <p>(1) The business manager will ensure payroll clearing and accounts payable clearing bank accounts are reconciled on a monthly bases.</p> <p>(2) The accounts payable clerk will ensure all invoices are filed with the supporting documents. The purchasing agent will sign the invoice to ensure all goods are received. The program director and the business manager will ensure all purchases that require bids or quotes are administered, reviewed and approved before processing. The business manager will ensure a valid purchase order can only be created by entering a requisition on a budgeted account. The District has notified all vendors that no goods or services should be provided to North Bolivar Consolidated Schools District without a valid purchase order. The accounts payable clerk will ensure purchase orders correspond with the invoices. The business manager will ensure that all purchases are allowable and in compliance with the Mississippi Code. The accounts payable clerks will initial and date the invoices when received. All payments will be submitted within 45 days of receipt.</p> <p>c. Anticipated Completion Date: July 1, 2019</p>

<u>Finding</u>	<u>Corrective Action Plan Details</u>
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- 2017-002      a.      Name of Contact Person Responsible for Corrective Action
- Name: Kenyatta McClain  
Title: Business Manager  
Phone Number: 662-339-3781
- b.      Corrective Action Planned:
- The federal program director and business manager will ensure that all federal fund be requested after the applicable program costs have been paid for the district and maintain accurate documentation.
- c.      Anticipated Completion Date: July 1, 2019

Finding

Corrective Action Plan Details

- 2017-003      a.      Name of Contact Person Responsible for Corrective Action
- Name: Kenyatta McClain  
Title: Business Manager  
Phone Number: 662-339-3781
- b.      Corrective Action Planned:
- The food service director will establish procedures to ensure that the information for monthly claims reimbursement is accurate.
- c.      Anticipated Completion Date: July 1, 2019

North Bolivar Consolidated School District  
204 N Edward Avenue  
Mound Bayou, Mississippi 38762

Maurice Smith, Superintendent  
Kenyatta McClain, Business Manager

### **PRIOR YEAR AUDIT FINDINGS FOLLOW-UP**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, the North Bolivar Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Scheduled of Findings and Questioned Cost of the year ended June 30, 2017.

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2016-001	Partially Corrected (See Findings 2017-001)
2016-002	Corrected
2016-003	Corrected