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COAHOMA COUNTY SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2018**

**Charles L. Shivers, CPA, LLC
Ridgeland, MS**

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Coahoma County School District

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Coahoma County 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Coahoma County School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability, schedule of district contributions (PERS), schedule of the district's proportionate share of the net OPEB liability and schedule of district contributions (OPEB) 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coahoma County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 my 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 28, 2019, on my consideration of the Coahoma County School District's internal control over financial reporting and on my 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 my 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 Coahoma County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma County School District's internal control over financial reporting and compliance.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
June 29, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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COAHOMA COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018

The following discussion and analysis of Coahoma County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2018 decreased \$1,775,739, including a prior period adjustment of (\$1,682,292), which represents a 30% decrease from fiscal year 2017. Total net position for 2017 increased \$409,013, including a prior period adjustment of (\$60,471), which represents a 6% increase from fiscal year 2016.
- General revenues amounted to \$12,994,364 and \$14,591,093, or 77% and 78% of all revenues for fiscal years 2018 and 2017, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,809,099, or 23% of total revenues for 2018, and \$4,045,146, or 22% of total revenues for 2017.
- The District had \$16,896,910 and \$18,166,755 in expenses for fiscal years 2018 and 2017; only \$3,809,099 for 2018 and \$4,045,146 for 2017 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,994,364 for 2018 were not adequate to provide for these programs. General revenues of \$14,591,093 for 2017 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,843,410 in revenues and \$11,183,036 in expenditures for 2018, and \$14,127,539 in revenues and \$12,290,931 in expenditures in 2017. The General Fund's fund balance increased by \$1,648,637 from 2017 to 2018, and increased by \$1,886,219 from 2016 to 2017, including a prior period adjustment of (\$60,472).
- Capital assets, net of accumulated depreciation, decreased by \$332,144 for 2018 and decreased by \$419,274 for 2017. The decrease for 2018 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$175,074 for 2018 and decreased by \$714,720 for 2017. This decrease for 2018 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$13,074 for 2018 and decreased by \$15,314 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.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,762,402 as of June 30, 2018.

The District's financial position is a product of several financial transactions including the net result of activities, the 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, 2018 and June 30, 2017.

Table 1
Condensed Statement of Net Position

	June 30, 2018	June 30, 2017	Percentage Change
Current assets	\$ 11,333,836	\$ 9,788,880	15.78 %
Restricted assets	1,968,137	445,381	341.90 %
Capital assets, net	4,421,466	4,753,610	(6.99) %
Total assets	17,723,439	14,987,871	18.25 %
 Deferred outflows of resources	 1,846,930	 5,124,200	 (63.96) %
 Current liabilities	 1,226,333	 320,917	 282.13 %
Long-term debt outstanding	72,163	247,237	(70.81) %
Net OPEB liability	1,694,275	0	N/A
Net pension liability	22,620,450	25,259,000	(10.45) %
Total liabilities	25,613,221	25,827,154	(0.83) %
 Deferred inflows of resources	 1,719,550	 271,580	 533.17 %
 Net position:			
Net investment in capital assets	4,421,466	4,591,610	(3.71) %
Restricted	1,641,690	1,776,742	(7.60) %
Unrestricted	(13,825,558)	(12,355,015)	(11.90) %
Total net position	\$ (7,762,402)	\$ (5,986,663)	(29.66) %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (13,825,558)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>23,565,586</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 9,740,028</u>

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

- Decrease in net capital assets in the amount of \$332,144.
- The principal retirement of \$162,000 of long-term debt.
- Implementation of GASB 75 which resulted in the recognition of a net OPEB liability in the amount of \$1,694,275.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2018 and June 30, 2017 were \$16,803,463 and \$18,636,239, respectively. The total cost of all programs and services was \$16,896,910 for 2018 and \$18,166,755 for 2017.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

Table 2
Changes in Net Position

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 164,953	\$ 181,548	(9.14) %
Operating grants and contributions	3,644,146	3,863,598	(5.68) %
General revenues:			
Property taxes	4,781,900	5,316,075	(10.05) %
Grants and contributions not restricted	7,136,681	8,030,168	(11.13) %
Investment earnings	157,051	25,438	517.39 %
Sixteenth section sources	917,591	1,068,732	(14.14) %
Other	1,141	150,680	(99.24) %
Total revenues	<u>16,803,463</u>	<u>18,636,239</u>	(9.83) %
Expenses:			
Instruction	6,039,784	6,943,588	(13.02) %
Support services	6,511,567	6,771,180	(3.83) %
Non-instructional	1,469,700	1,347,339	9.08 %
Sixteenth section	145,388	165,401	(12.10) %
Pension expense	2,643,462	2,920,966	(9.50) %
OPEB expense	84,443	0	N/A
Interest on long-term liabilities	2,566	18,281	(85.96) %
Total expenses	<u>16,896,910</u>	<u>18,166,755</u>	(6.99) %
Increase (Decrease) in net position	<u>(93,447)</u>	<u>469,484</u>	(119.90) %
Net Position, July 1, as previously reported	<u>(5,986,663)</u>	<u>(6,395,676)</u>	6.40 %
Prior Period Adjustment	<u>(1,682,292)</u>	<u>(60,471)</u>	(2,681.98) %
Net Position, July 1, as restated	<u>(7,668,955)</u>	<u>(6,456,147)</u>	(18.79) %
Net Position, June 30	<u>\$ (7,762,402)</u>	<u>\$ (5,986,663)</u>	(29.66) %

Governmental activities

The following table presents the cost of seven major District functional activities: instruction, support services, non-instructional, sixteenth section, pension expense, OPEB expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid

provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2018	2017	
Instruction	\$ 6,039,784	\$ 6,943,588	(13.02) %
Support services	6,511,567	6,771,180	(3.83) %
Non-instructional	1,469,700	1,347,339	9.08 %
Sixteenth section	145,388	165,401	(12.10) %
Pension Expense	2,643,462	2,920,966	(9.50) %
OPEB Expense	84,443	0	N/A
Interest on long-term liabilities	2,566	18,281	(85.96) %
Total expenses	\$ 16,896,910	\$ 18,166,755	(6.99) %

	Net (Expense) Revenue		Percentage Change
	2018	2017	
Instruction	\$ (4,667,687)	\$ (6,322,221)	(26.17) %
Support services	(5,644,222)	(4,840,915)	16.59 %
Non-instructional	99,957	145,232	(31.17) %
Sixteenth section	(145,388)	(164,458)	(11.60) %
Pension Expense	(2,643,462)	(2,920,966)	(9.50) %
OPEB Expense	(84,443)	0	N/A
Interest on long-term liabilities	(2,566)	(18,281)	(85.96) %
Total net (expense) revenue	\$ (13,087,811)	\$ (14,121,609)	(7.32) %

- Net cost of governmental activities (\$13,087,811 for 2018 and \$14,121,609 for 2017) was financed by general revenue, which is primarily made up of property taxes (\$4,781,900 for 2018 and \$5,316,075 for 2017) and state and federal revenues (\$7,136,681 for 2018 and \$8,030,168 for 2017). In addition, there was \$917,591 and \$1,068,732 in Sixteenth Section sources for 2018 and 2017, respectively.
- Investment earnings amounted to \$157,051 for 2018 and \$25,438 for 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 \$11,453,881, an increase of \$1,539,264, which includes an increase in inventory of \$4,688. \$9,740,301 or 85% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,713,580 or 15% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,648,637. The fund balance of Other Governmental Funds showed a decrease in the amount of \$109,373, which

includes an increase in reserve for inventory of \$4,688. The increase (decrease) in the fund balance for the other major fund was as follows:

Major Fund	Increase (Decrease)
EHA Part B Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2018, the District's total capital assets were \$13,177,554, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$8,408 from 2017. Total accumulated depreciation as of June 30, 2018, was \$8,756,088, and total depreciation expense for the year was \$365,495, resulting in total net capital assets of \$4,421,466.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2018	June 30, 2017	Percentage Change
Land	\$ 27,423	\$ 27,423	0.00 %
Buildings	2,274,392	2,342,782	(2.92) %
Building improvements	1,337,784	1,450,119	(7.75) %
Mobile equipment	694,660	818,284	(15.11) %
Furniture and equipment	87,207	115,002	(24.17) %
Total	\$ 4,421,466	\$ 4,753,610	(6.99) %

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

Debt Administration. At June 30, 2018, the District had \$72,163 in outstanding long-term debt, of which \$5,773 is due within one year. The liability for compensated absences decreased \$13,074 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2018	June 30, 2017	Percentage Change
Limited obligation bonds payable	0	162,000	(100.00) %
Compensated absences payable	72,163	85,237	(15.34) %
Total	\$ 72,163	\$ 247,237	(70.81) %

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

CURRENT ISSUES

The Coahoma County School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Coahoma County School District, P.O. Box 820, Clarksdale, Mississippi 38614.

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BASIC FINANCIAL STATEMENTS

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COAHOMA COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 10,647,265
Due from other governments	605,867
Inventories	33,027
Prepaid items	47,677
Restricted assets (Note 4)	1,968,137
Non-depreciable capital assets (Note 5)	27,423
Depreciable capital assets, net (Note 5)	4,394,043
Total Assets	<u>17,723,439</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 7)	1,772,715
Deferred outflow - OPEB (Note 8)	74,215
Total Deferred Outflows of Resources	<u>1,846,930</u>
Liabilities	
Accounts payable and accrued liabilities	964,297
Other payables (Note 13)	262,036
Long-term liabilities (Due within one year) (Note 6)	
Non-capital related liabilities	5,773
Net OPEB liability (Note 8)	72,229
Long-term liabilities (Due beyond one year) (Note 6)	
Non-capital related liabilities	66,390
Net OPEB liability (Note 8)	1,622,046
Net pension liability (Note 7)	22,620,450
Total Liabilities	<u>25,613,221</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 7)	1,011,519
Deferred inflows - OPEB (Note 8)	86,272
Deferred inflow - ad valorem taxes (Note 12)	621,759
Total Deferred Inflows of Resources	<u>1,719,550</u>
Net Position	
Net investment in capital assets	4,421,466
Restricted net position	
Expendable	
School-based activities	811,203
Debt service	311,662
Forestry improvements	40,142
Unemployment benefits	41,583
Non-expendable	
Sixteenth section	437,100
Unrestricted	<u>(13,825,558)</u>
Total Net Position	<u>\$ (7,762,402)</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<u>Governmental Activities</u>				
Instruction	\$ 6,039,784	104,324	1,267,773	(4,667,687)
Support services	6,511,567		867,345	(5,644,222)
Non-instructional	1,469,700	60,629	1,509,028	99,957
Sixteenth section	145,388			(145,388)
Pension expense	2,643,462			(2,643,462)
OPEB expense	84,443			(84,443)
Interest on long-term liabilities	2,566			(2,566)
Total Governmental Activities	<u>16,896,910</u>	<u>164,953</u>	<u>3,644,146</u>	<u>(13,087,811)</u>
General Revenues				
Taxes				
General purpose levies				4,766,665
Debt purpose levies				15,235
Unrestricted grants and contributions				
State				7,016,137
Federal				120,544
Unrestricted investment earnings				157,051
Sixteenth section sources				917,591
Other				1,141
Total General Revenues				<u>12,994,364</u>
Changes in Net Position				<u>(93,447)</u>
Net Position - Beginning, as previously reported				(5,986,663)
Prior Period Adjustments (Note 10)				(1,682,292)
Net Position - Beginning - as restated				<u>(7,668,955)</u>
Net Position - Ending				\$ (7,762,402)

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

COAHOMA COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2018

Exhibit C

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>EHA Part B</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets				
Cash and cash equivalents (Note 2)	\$ 10,647,265		1,939,478	12,586,743
Investments (Note 2)			28,659	28,659
Due from other governments	40,292	236,955	328,620	605,867
Due from other funds (Note 3)	444,128	350	17,236	461,714
Inventories			33,027	33,027
Prepaid items	47,677			47,677
Total Assets	<u>11,179,362</u>	<u>237,305</u>	<u>2,347,020</u>	<u>13,763,687</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable & accrued liabilities	687,923	43,548	232,826	964,297
Due to other funds (Note 3)	57,489	193,757	217,048	468,294
Unearned revenue (Note 12)	621,759			621,759
Other payables (Note 13)			255,456	255,456
Total Liabilities	<u>1,367,171</u>	<u>237,305</u>	<u>705,330</u>	<u>2,309,806</u>
Fund Balances				
Nonspendable				
Inventory			33,027	33,027
Permanent fund principal			437,100	437,100
Prepaid items	47,677			47,677
Restricted				
Debt service			311,662	311,662
Forestry improvements			40,142	40,142
Unemployment benefits			41,583	41,583
Grant activities			778,176	778,176
Assigned				
School activities	24,213			24,213
Unassigned	9,740,301			9,740,301
Total Fund Balances	<u>9,812,191</u>	<u>0</u>	<u>1,641,690</u>	<u>11,453,881</u>
Total Liabilities and Fund Balances	<u>\$ 11,179,362</u>	<u>237,305</u>	<u>2,347,020</u>	<u>13,763,687</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 11,453,881
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	27,423	
Buildings	5,359,618	
Building improvements	4,517,643	
Mobile equipment	2,396,419	
Furniture and equipment	876,451	
Accumulated depreciation	<u>(8,756,088)</u>	4,421,466
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(22,620,450)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	1,772,715	
Deferred inflows of resources related to pensions	<u>(1,011,519)</u>	761,196
Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(1,694,275)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	74,215	
Deferred inflows of resources related to OPEB	<u>(86,272)</u>	(12,057)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	<u>(72,163)</u>	<u>(72,163)</u>
Total Net Position - Governmental Activities		<u>\$ (7,762,402)</u>

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

COAHOMA COUNTY SCHOOL DISTRICT

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	Major Funds		Other	Total
	General	EHA Part B	Governmental	Governmental
	Fund	Fund	Funds	Funds
Revenues				
Local sources	\$ 5,013,895		122,409	5,136,304
State sources	6,791,378		611,551	7,402,929
Federal sources	120,545	481,563	2,743,389	3,345,497
Sixteenth section sources	917,592			917,592
Total Revenues	12,843,410	481,563	3,477,349	16,802,322
Expenditures				
Instruction	5,843,842	247,087	713,221	6,804,150
Support services	5,168,317	234,035	1,171,164	6,573,516
Noninstructional services	7,729	441	1,404,012	1,412,182
Sixteenth section	145,388			145,388
Facilities acquisition and construction	17,760			17,760
Debt service				
Principal (Note 6)			162,000	162,000
Interest			3,839	3,839
Total Expenditures	11,183,036	481,563	3,454,236	15,118,835
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,660,374	0	23,113	1,683,487
Other Financing Sources (Uses)				
Insurance loss recoveries	1,141			1,141
Operating transfers in (Note 3)	11,792		24,670	36,462
Operating transfers out (Note 3)	(24,670)		(11,792)	(36,462)
Other financing uses			(150,052)	(150,052)
Total Other Financing Sources (Uses)	(11,737)	0	(137,174)	(148,911)
Net Change in Fund Balances	1,648,637	0	(114,061)	1,534,576
Fund Balances				
July 1, 2017	8,163,554	0	1,751,063	9,914,617
Increase in reserve for inventory			4,688	4,688
June 30, 2018	\$ 9,812,191	0	1,641,690	11,453,881

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

COAHOMA COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2018

Exhibit D-1

	<u>Amount</u>	
Net Change in Fund Balance - Governmental Funds		\$ 1,534,576
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay	21,610	
Depreciation expense	<u>(365,495)</u>	(343,885)
In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(85)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Accrued interest payable	1,273	
Payments of debt principal	<u>162,000</u>	163,273
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(2,643,462)	
Contributions made subsequent to the measurement date	<u>1,190,588</u>	(1,452,874)
Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	(84,443)	
Contributions made subsequent to the measurement date	<u>72,229</u>	(12,214)
Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Change in compensated absences	13,074	
Change in inventory reserve	<u>4,688</u>	<u>17,762</u>
Changes in Net Position of Governmental Activities		<u>\$ (93,447)</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Net Position - Fiduciary Funds
June 30, 2018

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 2)	\$ 1,000	
Due from other funds (Note 3)		39,903
Total Assets	1,000	39,903
Liabilities		
Accounts payable and accrued liabilities		1,739
Due to other funds (Note 3)		33,323
Due to student clubs		4,640
Other payables		201
Total Liabilities	0	39,903
Net Position		
Reserved for endowments	1,000	
Total Net Position	\$ 1,000	

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

COAHOMA COUNTY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Total Additions	<u>\$ 0</u>
Deductions	
Total Deductions	<u> 0</u>
Changes in Net Position	<u> 0</u>
Net Position	
July 1, 2017	<u> 1,000</u>
June 30, 2018	<u><u>\$ 1,000</u></u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2018

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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:

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2018

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.

EHA Part B Fund - This special revenue fund is financed with federal funds and is used to account for the activities associated with providing special education students with appropriate services.

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

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

Accounts Payable Clearing - This fund is used as a clearing account for non-payroll transactions.

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

McTeer Scholarship Fund - This fund accounts for funds available for scholarships.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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,

COAHOMA COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2018

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2018

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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:

COAHOMA COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2018

	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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows are directly related to pension reporting and OPEB reporting.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows are directly related to pension reporting, OBEP reporting and ad valorem taxes received in advance of entitlement.

8. Compensated Absences

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

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

9. Long-term Liabilities

In the government-wide financial statements, outstanding debt is reported as liabilities.

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. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. Fiduciary net position was zero as of the measurement date of June 30, 2017. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For Year Ended June 30, 2018

12. Fund Balances

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

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

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

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

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 of education and/or the business manager pursuant to authorization established by the school board.

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

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

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

Note 2 – Cash and Cash Equivalents and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities

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of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$12,586,743 and \$1,000, 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.

Investments

As of June 30, 2018, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Federated Cash Reserves	AAAM	Less than 1	\$ 28,659

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

The district has the following recurring fair value measurements as of June 30, 2018: investments of \$28,659 are valued using quoted market prices (Level 1 inputs).

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT
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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	Major fund - EHA Part B Fund	\$ 193,757
	Other governmental funds	217,048
	Fiduciary funds	33,323
Major fund - EHA Part B Fund	General Fund	350
Other governmental funds	General Fund	17,236
Fiduciary funds	General Fund	39,903
Total		<u>\$ 501,617</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 24,670
Other governmental funds	General Fund	11,792
Total		<u>\$ 36,462</u>

The transfer out of the General Fund was for the purpose of funding the vocational program in the Other Governmental Funds. The transfers from the Other Governmental Funds to the General Fund were for indirect costs.

Note 4 – Restricted Assets

The restricted assets represent the cash balance (\$1,939,478) of various special revenue and debt service funds and the investment balance (\$28,659) of debt service funds which are legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

COAHOMA COUNTY SCHOOL DISTRICT
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	Balance 7/1/2017	Increases	Decreases	Adjustments	Balance 6/30/2018
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 27,423				27,423
Total non-depreciable capital assets	27,423	0	0	0	27,423
Depreciable capital assets:					
Buildings	5,359,618				5,359,618
Building improvements	4,499,883	17,760			4,517,643
Mobile equipment	2,396,758			(339)	2,396,419
Furniture and equipment	885,464	3,850	(8,475)	(4,388)	876,451
Total depreciable capital assets	13,141,723	21,610	(8,475)	(4,727)	13,150,131
Less accumulated depreciation for:					
Buildings	3,016,836	68,390			3,085,226
Building improvements	3,049,764	130,095			3,179,859
Mobile equipment	1,578,474	123,590		(305)	1,701,759
Furniture and equipment	770,462	43,420	(8,390)	(16,248)	789,244
Total accumulated depreciation	8,415,536	365,495	(8,390)	(16,553)	8,756,088
Total depreciable capital assets, net	4,726,187	(343,885)	(85)	11,826	4,394,043
Governmental activities capital assets, net	\$ 4,753,610	(343,885)	(85)	11,826	4,421,466

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 1,739
Support services	323,346
Non-instructional	40,410
Total depreciation expense - Governmental activities	\$ 365,495

Note 6 – Long-term Liabilities

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

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018	Amounts due within one year
A. Limited obligation refunding bonds payable	\$ 162,000		162,000	0	
B. Compensated absences payable	85,237		13,074	72,163	5,773
Total	\$ 247,237	0	175,074	72,163	5,773

A. Limited obligation refunding bonds payable

The limited obligation refunding bonds were paid in full during the fiscal year.

B. Compensated absences payable

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

COAHOMA COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

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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.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2018 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, 2018, 2017 and 2016 were \$1,190,588, \$1,374,870 and \$1,424,784, 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, 2018, the school district reported a liability of \$22,620,450 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2018 net pension liability was .136076 percent, which was based on a measurement date of June 30, 2017. This was a decrease of .005332 percent from its proportionate share used to calculate the June 30, 2017 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$2,643,462. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

COAHOMA COUNTY SCHOOL DISTRICT
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 228,549	\$ 116,077
Net difference between projected and actual earnings on pension plan investments	0	232,344
Changes of assumptions	353,578	27,107
Changes in proportion and differences between District contributions and proportionate share of contributions	0	635,991
District contributions subsequent to the measurement date	1,190,588	0
Total	<u>\$ 1,772,715</u>	<u>\$ 1,011,519</u>

\$1,190,588 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2019	\$ (129,326)
2020	(129,326)
2021	(112,654)
2022	(58,086)

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25-18.50 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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	27.00 %	4.60 %
International Equity	18.00	4.50

COAHOMA COUNTY SCHOOL DISTRICT

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100 %</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 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 table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 29,668,230	\$ 22,620,450	\$ 16,769,261

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 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. A trust was created June 28, 2018 for the OPEB Plan and, while no trust was in place for the June 30, 2017 plan year-end, for purposes of comparability for future periods, terminology used herein is based on the plan being a cost-sharing multiple-employer defined benefit OPEB plan. The plan does not issue a stand-alone financial report.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code

COAHOMA COUNTY SCHOOL DISTRICT

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Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$72,229 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$1,694,275 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2017, the District's proportion was .21593883 percent. This was an increase of .00028582 percent from the proportionate share as of the measurement date of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$84,443. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual Experience	\$ 0	\$ 0
Changes of assumptions	0	86,272
Net difference between projected and actual earnings on OPEB plan investments	0	0
Changes in proportion and differences between District contributions and proportionate share of contributions	1,986	0
District contributions subsequent to the measurement date	72,229	0
Total	\$ <u>74,215</u>	\$ <u>86,272</u>

\$72,229 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30:</u>	
2019	\$ (14,787)
2020	(14,787)
2021	(14,787)
2022	(14,787)
2023	(14,787)
Thereafter	(10,351)

COAHOMA COUNTY SCHOOL DISTRICT
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Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	N/A
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Year FNP is projected to be depleted	
Measurement Date	2017
Prior Measurement Date	2016
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.56 percent
Prior Measurement Date	3.01 percent
Health Care Cost Trends	
Medicare Supplement Claims	7.75 percent for 2017 decreasing to an ultimate
Pre-Medicare	rate of 5.00 percent by 2023

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The plan had no assets as of the measurement date of 2017.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.56 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.01% to 3.56%.

Since no trust was set up as of June 30, 2017, there was no projection of cash flows for the Plan and the Plan was projected to be depleted in 2017.

The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by the Bond Buyer.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

COAHOMA COUNTY SCHOOL DISTRICT

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	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$ 1,739,020	\$ 1,694,275	\$ 1,660,954

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,564,777	\$ 1,694,275	\$ 1,842,112

OPEB plan fiduciary net position. The fiduciary net position for the OPEB plan was zero as of June 30, 2017, the measurement date. Therefore, no separately issued financials were prepared. Detailed information about the OPEB plan's fiduciary net position for June 30, 2018 and going forward will be available in separately issued financial reports available on the Mississippi Department of Finance and Administration's website.

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2019	\$ 941,234
2020	895,736
2021	673,061
2022	588,060
2023	294,360
2024 – 2028	56,690
2029 – 2033	56,315
2034 – 2038	53,679
Thereafter	273,240
Total	<u>\$ 3,832,375</u>

COAHOMA COUNTY SCHOOL DISTRICT
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Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 75 - Net OPEB Liability	\$ (1,694,118)
2. Adjustments to capital assets	11,826
Total	<u>\$ (1,682,292)</u>

Note 11 – Contingencies

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

Note 12 – Unearned Revenue/Deferred Inflows

For the 2017-18 fiscal year the school district collected ad valorem taxes for operations of \$621,759 for which the school district was not legally entitled. The excess collections were not placed in escrow for the purpose of reducing the ad valorem request for operations in the subsequent fiscal year as required by state law. The school district intends to reduce the ad valorem request for operations during the 2019-20 fiscal year. The financial statements were adjusted accordingly to reflect the liability since this was a matter of material noncompliance and had a direct effect on the financial statements. For more details see the Schedule of Findings and Questioned Costs.

Note 13 – Other Payables

The annual financial and compliance audit of the school district for the 2017-18 FY resulted in questioned cost related to the federal program Child Nutrition Cluster (\$150,052) and the Supporting Effective Instruction - State Grants (\$104,887). The school district has been informed by the pass through grant agency (Mississippi Department of Education) that these reported amounts will be repaid to the Mississippi Department of Education. The financial statements were adjusted accordingly to reflect the liability since the questioned cost was a matter of material noncompliance and had a direct effect on the financial statements. For more details see the Schedule of Findings and Questioned Costs.

Other Payables	Exhibit A	Exhibit C
Child Nutrition Cluster	\$ 150,052	150,052
Supporting Effective Instruction - State Grants	104,887	104,887
Other miscellaneous payables	7,097	517
Total	<u>\$ 262,036</u>	<u>255,456</u>

Note 14 – Risk Management

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

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$13,825,558) includes the effect of deferring the recognition of expenses and revenue associated with the net pension liability and related accounts, the net OPEB liability and related accounts and the ad valorem tax received for which the district was not entitled.

COAHOMA COUNTY SCHOOL DISTRICT
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Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through June 28, 2019, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

On May 20, 2019 the school board approved a resolution for the issuance of \$4,950,000 in Three Mill Ten Year Notes at an interest rate of 3.71%. As of the date of the auditor's report, the notes have not been issued. The proceeds of the notes are for construction, repairs and renovations of school district facilities. The notes will be repaid with a debt service tax levy not to exceed three mills.

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REQUIRED SUPPLEMENTARY INFORMATION

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COAHOMA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 5,762,108	5,635,654	5,013,895	(126,454)	(621,759)
State sources	6,864,985	6,791,378	6,791,378	(73,607)	0
Federal sources	500	5,218	120,545	4,718	115,327
Sixteenth section sources	1,300,100	917,592	917,592	(382,508)	0
Total Revenues	13,927,693	13,349,842	12,843,410	(577,851)	(506,432)
Expenditures					
Instruction	6,539,326	5,741,208	5,843,842	798,118	(102,634)
Support services	6,031,379	5,130,947	5,168,317	900,432	(37,370)
Noninstructional services	14,279	7,719	7,729	6,560	(10)
Sixteenth section	75,900	145,388	145,388	(69,488)	0
Facilities acquisition and construction	0	49,515	17,760	(49,515)	31,755
Total Expenditures	12,660,884	11,074,777	11,183,036	1,586,107	(108,259)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,266,809	2,275,065	1,660,374	1,008,256	(614,691)
Other Financing Sources (Uses)					
Insurance loss recoveries	0	1,141	1,141	1,141	0
Operating transfers in	464,313	188,367	11,792	(275,946)	(176,575)
Operating transfers out	(310,075)	(201,245)	(24,670)	108,830	176,575
Other financing uses	(42,000)	(62,611)	0	(20,611)	62,611
Total Other Financing Sources (Uses)	112,238	(74,348)	(11,737)	(186,586)	62,611
Net Change in Fund Balances			1,648,637		
Fund Balances					
July 1, 2017			8,163,554		
June 30, 2018			\$ 9,812,191		

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

COAHOMA COUNTY SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - EHA Part B Fund

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 488,458	488,458	481,563	0	(6,895)
Total Revenues	<u>488,458</u>	<u>488,458</u>	<u>481,563</u>	<u>0</u>	<u>(6,895)</u>
Expenditures					
Instruction	275,911	289,626	247,087	(13,715)	42,539
Support services	159,641	279,526	234,035	(119,885)	45,491
Noninstructional services	0	0	441	0	(441)
Total Expenditures	<u>435,552</u>	<u>569,152</u>	<u>481,563</u>	<u>(133,600)</u>	<u>87,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,906</u>	<u>(80,694)</u>	<u>0</u>	<u>(133,600)</u>	<u>80,694</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2017			<u>0</u>		
June 30, 2018			<u>\$ 0</u>		

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

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.136076%	0.141408%	0.140926%	0.139128%
District's proportionate share of the net pension liability (asset)	\$ 22,620,450	25,259,000	21,784,379	16,887,591
District's covered payroll	\$ 8,729,333	9,046,248	8,804,222	8,501,416
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the 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.

abc SCHOOL DISTRICT
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2018	2017	2016	2015
Contractually required contribution	\$ 1,190,588	\$ 1,374,870	1,424,784	1,386,665
Contributions in relation to the contractually required contribution	1,190,588	1,374,870	1,424,784	1,386,665
Contribution deficiency (excess)	0	0	0	0
District's covered payroll	\$ 7,559,289	8,729,333	9,046,248	8,804,222
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in the 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.

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years

	2018
District's proportion of the net OPEB liability	0.21593883%
District's proportionate share of the net OPEB liability	\$ 1,694,275
Covered employee payroll	\$ 8,729,333
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	19.41%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2018
Contractually required contribution	\$ 72,229
Contributions in relation to the contractually required contribution	72,229
Contribution deficiency (excess)	0
Covered employee payroll	\$ 7,559,289
Contributions as a percentage of covered employee payroll	0.96%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of assumptions

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

(2) Changes in benefit provisions

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

(2) *Changes in benefit provisions*

2017: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	7.75 percent
Pre-Medicare	

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2018

Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00 percent
Pre-Medicare	

Year of ultimate trend rates	
Medicare Supplement Claims	2022
Pre-Medicare	

Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56 percent
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SUPPLEMENTARY INFORMATION

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COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	185MS326N1099	\$ 417,006
National school lunch program	10.555	185MS326N1099	803,582
Summer food service program for children	10.559	185MS326N1099	210,299
Total child nutrition cluster			<u>1,430,887</u>
Fresh fruits and vegetable program	10.582	185MS326L1603	70,323
Total passed-through Mississippi Department of Education			<u>1,501,210</u>
Total U.S. Department of Agriculture			<u>1,501,210</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	ES010A170024	1,083,444
Rural education	84.358	ES358B170024	25,598
Supporting effective instruction - state grants	84.367	ES367A170023	102,396
Student support and academic enrichment program	84.424	ES424A170025	4,953
Total			<u>1,216,391</u>
Special education cluster:			
Special education - grants to states	84.027	H027A170108	481,563
Special education - preschool grants	84.173	H173A170113	17,692
Total special education cluster			<u>499,255</u>
Total passed-through Mississippi Department of Education			<u>1,715,646</u>
Total U.S. Department of Education			<u>1,715,646</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	1805MS5ADM	5,218
Total passed-through Mississippi Department of Education			<u>5,218</u>
Total U.S. Department of Health and Human Services			<u>5,218</u>
Total for All Federal Awards			<u>\$ 3,222,074</u>

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

COAHOMA COUNTY SCHOOL DISTRICT
Notes to the Supplementary Information
For the Year Ended June 30, 2018

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

(3) Indirect Cost Rate

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

(4) For each federal grant passed through the Mississippi Department of Education, the school district has elected to use the pass-through entity identifying number as provided by the Mississippi Department of Education for the most recent and significant grant year.

COAHOMA COUNTY SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2018

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 11,388,646	7,913,674	716,911	813,950	1,944,111
Other	3,730,189	1,216,014	386,173	21,576	2,106,426
Total	<u>15,118,835</u>	<u>9,129,688</u>	<u>1,103,084</u>	<u>835,526</u>	<u>4,050,537</u>
Total number of students	<u>1,209</u>				
Cost per student	<u>\$ 12,504</u>	<u>7,551</u>	<u>912</u>	<u>691</u>	<u>3,350</u>

Notes to the schedule.

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

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

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

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

Total number of students - the ADA report submission for month 9, which is the final submission for the fiscal year.

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OTHER INFORMATION

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COAHOMA COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

UNAUDITED

	2018	2017*	2016*	2015*
Revenues				
Local sources	\$ 5,013,895	5,334,783	4,958,497	4,749,864
State sources	6,791,378	7,748,347	7,303,684	6,812,930
Federal sources	120,545	24,837	27,772	35,746
Sixteenth section sources	917,592	1,019,572	988,256	951,317
Total Revenues	12,843,410	14,127,539	13,278,209	12,549,857
Expenditures				
Instruction	5,843,842	6,723,871	7,406,550	6,598,129
Support services	5,168,317	5,332,925	5,704,465	5,071,061
Noninstructional services	7,729	3,635	11,418	5,843
Sixteenth section	145,388	153,017	152,548	155,659
Facilities acquisition and construction	17,760	0	0	0
Debt service				
Principal	0	74,406	94,448	113,548
Interest	0	3,077	7,392	12,649
Total Expenditures	11,183,036	12,290,931	13,376,821	11,956,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,660,374	1,836,608	(98,612)	592,968
Other Financing Sources (Uses)				
Insurance loss recoveries	1,141	9,332	0	210,363
Operating transfers in	11,792	206,647	70,404	70,245
Other financing sources	0	0	0	23,794
Operating transfers out	(24,670)	(47,167)	(36,725)	0
Other financing uses	0	(58,729)	(39,592)	(40,088)
Total Other Financing Sources (Uses)	(11,737)	110,083	(5,913)	264,314
Net Change in Fund Balances	1,648,637	1,946,691	(104,525)	857,282
Fund Balances				
Beginning of period, as previously reported	8,163,554	6,277,335	6,358,934	1,428,040
Prior period adjustments	0	0	22,926	4,073,612
Fund reclassification	0	(60,472)	0	0
Beginning of period, as restated	8,163,554	6,216,863	6,381,860	5,501,652
End of period	\$ 9,812,191	8,163,554	6,277,335	6,358,934

*

Source - Prior year audit reports.

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

	UNAUDITED			
	2018	2017*	2016*	2015*
Revenues				
Local sources	\$ 5,136,304	5,735,578	5,610,506	5,561,499
State sources	7,402,929	8,195,083	7,987,305	7,366,118
Federal sources	3,345,497	3,667,135	3,152,049	3,899,946
Sixteenth section sources	917,592	1,029,111	999,311	961,952
Total Revenues	16,802,322	18,626,907	17,749,171	17,789,515
Expenditures				
Instruction	6,804,150	7,668,511	8,241,647	7,930,429
Support services	6,573,516	6,908,132	7,110,999	6,758,474
Noninstructional services	1,412,182	1,401,834	1,421,408	1,363,757
Sixteenth section	145,388	165,401	172,566	175,457
Facilities acquisition and construction	17,760			
Debt service				
Principal	162,000	699,406	703,448	699,548
Interest	3,839	23,808	50,463	77,847
Other	0	3,040	3,040	1,940
Total Expenditures	15,118,835	16,870,132	17,703,571	17,007,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,683,487	1,756,775	45,600	782,063
Other Financing Sources (Uses)				
Insurance loss recoveries	1,141	9,332	0	210,363
Operating transfers in	36,462	276,246	173,955	70,245
Other financing sources	0	0	0	23,794
Operating transfers out	(36,462)	(276,246)	(173,955)	(70,245)
Other financing uses	(150,052)	(58,729)	(39,592)	(40,088)
Total Other Financing Sources (Uses)	(148,911)	(49,397)	(39,592)	194,069
Net Change in Fund Balances	1,534,576	1,707,378	6,008	976,132
Fund Balances				
Beginning of period, as previously reported	9,914,617	8,263,522	8,194,687	7,215,042
Prior period adjustments	0	(60,472)	59,925	0
Beginning of period, as restated	9,914,617	8,203,050	8,254,612	7,215,042
Increase (Decrease) in reserve for inventory	4,688	4,189	2,902	3,513
End of period	\$ 11,453,881	9,914,617	8,263,522	8,194,687

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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

Independent Auditor's Report

Superintendent and School Board
Coahoma County School District

I 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 Coahoma County School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Coahoma County School District's basic financial statements, and have issued my report thereon dated June 29, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Coahoma County 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coahoma County School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Coahoma County School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. [2018-008, 2018-009, 2018-010, 2018-011, 2018-012, 2018-013, 2018-014].

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. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. [2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006 and 2018-007].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coahoma County School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other

matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying Schedule of Findings and Questioned Costs as items [2018-011, 2018-015, 2018-016 and 2018-017].

Coahoma County School District's Response to Findings

Coahoma County School District's response to the findings identified in my audit are is described in the accompanying Auditee's Corrective Action Plan. Coahoma County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
June 29, 2019

CHARLES L. SHIVERS, CPA, LLC

Certified Public Accountant

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

Independent Auditor's Report

Superintendent and School Board
Coahoma County School District

Report on Compliance for Each Major Federal Program

I have audited Coahoma County 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 each of Coahoma County School District's major federal programs for the year ended June 30, 2018. Coahoma County School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Coahoma County School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Coahoma County School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Coahoma County School District's compliance.

Basis for Adverse Opinion on Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the Coahoma County School District did not comply with requirements regarding CFDA 10.553, 10.555 and 10.559 Child Nutrition Cluster as described in findings numbers 2018-015 and 2018-016 for Cash Management and Reporting. Compliance with such requirements is necessary, in my opinion, for the Coahoma County School District to comply with the requirements applicable to that program.

Adverse Opinion on Child Nutrition Cluster

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the Coahoma County School District did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Coahoma County 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 my audit of compliance, I considered Coahoma County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Coahoma County School District's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2018-014] to be material weaknesses.

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. I did not identify any deficiencies internal control that I consider to be a significant deficiency.

Coahoma County School District's response to the internal control over compliance findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. Coahoma County School District's response were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
June 29, 2019

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

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CHARLES L. SHIVERS, CPA, LLC

Certified Public Accountant

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Ridgeland, MS 39158

Phone: 601.941.6649
Email: clscpa@bellsouth.net

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

Superintendent and School Board
Coahoma County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2018, which collectively comprise Coahoma County School District's basic financial statements and have issued my report thereon dated June 29, 2019. I conducted my 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 insure 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, I 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 my audit and, accordingly, I do not express such an opinion.

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

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

The results of my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed instances of immaterial and material noncompliance described in the Schedule of Findings and Questioned Costs. Those matters are listed as:

Immaterial Finding: 2018-007

Material Finding: 2018-011 and 2018-012

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

The Coahoma County School District's responses to the findings were not audited and, accordingly, I 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, 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC

Ridgeland, MS

June 29, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unmodified |
| 2. | Noncompliance material to the basic financial statements noted? | Yes |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Adverse |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Federal program identified as major program: | |
| | Child nutrition cluster | |
| | CFDA #: 10.553 | |
| | CFDA #: 10.555 | |
| | CFDA #: 10.559 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

Section II: Financial Statement Findings

Significant deficiencies identified that are not considered to be material weaknesses.

2018-001

CONDITION: During the course of documenting and testing the system controls, it was noted there is an absence of accountability over blank checks.

CRITERIA: The district needs a system of accountability over blank checks (both used and unused) that provides a high degree of assurance that all checks are secure, accounted for and intact.

CAUSE OF CONDITION: The cause of the condition is an absence of controls over the security and accountability of blank checks.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that all blank checks be kept in a secure and locked location with limited access by district staff. A check log is needed to account for all checks that are issued to accounts payable, payroll and perhaps others that notes the beginning and ending check numbers of checks issued and the initial and date of both employees.

2018-002

CONDITION: The school district operates with a dual system of reporting and accounting for employee's time. The manual system is used as the official time reporting system, but staff are also required to clock in and out using the

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

automated system. Upon comparing the documented time for both systems discrepancies were noted for the documented hours worked.

CRITERIA: Only one system of reporting and accounting for employee's time should be utilized. The system should provide a high degree of assurance of accuracy regarding the time reported.

CAUSE OF CONDITION: The cause of the condition is an inadequately designed system of accounting controls.

POTENTIAL EFFECT OF CONDITION: The effect of the condition could result in errors in the calculation of payroll and accounting for sick or personal leave.

RECOMMENDATION: It is recommended that the district begin using the automated time system as the official time reporting system.

2018-003

CONDITION: Upon inspection of two high school gate receipt transactions, it was noted that neither of the school event forms were approved by the principal as required by signature on the form.

CRITERIA: The district policy requires the signature of the high school principal as noted on the school event form.

CAUSE OF CONDITION: The cause of the conditions is an absence of controls surrounding the approval of school event forms.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that the high school principal review and approve school event receipt forms as required by signature on the form.

2018-004

CONDITION: During the course of documenting and testing system controls for taking year-end inventory at the high school, it was noted that all required signatures for asset forms were not acquired in a significant number of instances.

CRITERIA: Inventory asset forms require the signature of both the employee with custody of the asset and the high school principal.

CAUSE OF CONDITION: The cause of the condition is a failure of controls over the year-end inventory process at the high school.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that the year-end inventory at all locations be completed and approved by signature of the employee charged with custody of the asset and the principal or department head.

2018-005

CONDITION: As part of testing expenditures, it was noted that on two occasions the purchase order was dated after the date of the invoice.

CRITERIA: Proper accounting controls for the expenditure of district funds would have the purchase order dated prior to the date of the invoice. The purchase order is the document that initiates the transaction for goods or services for which you are invoiced at a later date.

CAUSE OF CONDITION: The cause of the condition is a failure of accounting controls.

POTENTIAL EFFECT OF CONDITION: The effect of the condition could result in financial obligations to the district that were never proposed and approved by management.

RECOMMENDATION: It is recommended that the purchase order be approved prior to the acquisition of the good or service and subsequent invoicing by the vendor.

2018-006

CONDITION: Ad valorem taxes of \$7,789 that was collected for the purpose of servicing debt was deposited to the credit of the district maintenance fund rather than to the credit of the debt service funds.

CRITERIA: Ad valorem taxes collected for the purpose of servicing debt must be deposited and credited to the debt service fund.

CAUSE OF CONDITION: The cause of the condition was a failure of controls in the receipt of ad valorem taxes for servicing debt.

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

POTENTIAL EFFECT OF CONDITION: The effect of the condition resulted in the inappropriate use of the intended purpose of the ad valorem taxes collected.

RECOMMENDATION: It is recommended that ad valorem taxes collected for the purpose of servicing debt be deposited and credited to the debt service fund.

2018-007

CONDITION: There was no documentation to support the school board advertised and approved school depositories in accordance with state law.

CRITERIA: The school board must advertise and approve school depositories in accordance with state law (Section 37-7-333).

CAUSE OF CONDITION: The cause of the condition is an absence of controls to provide assurance the school board complies with state law in selecting school depositories.

POTENTIAL EFFECT OF CONDITION: The effect of the condition could result in noncompliance with state law.

RECOMMENDATION: It is also recommended that controls be established to provide a high degree of assurances that school depositories are advertised and selected by the school board in accordance with state law.

Deficiencies identified that are considered to be material weaknesses.

2018-008

CONDITION: For the 2017-2018 fiscal year the business manager also carried out the duties and responsibilities of the payroll clerk. The duties and responsibilities of these two positions being performed by one employee creates a situation of the performance of too many incompatible functions (lack of segregation of duties).

CRITERIA: A suitably designed system of accounting controls would be such that the duties and responsibilities of the business manager and payroll clerk be performed by two individuals.

CAUSE OF CONDITION: The cause of the condition was the absence of employment of a payroll clerk.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that the school district employ a payroll clerk with suitable skills and knowledge for the performance of that position.

2018-009

CONDITION: The business manager is listed as a signature authority on school bank accounts. This authority creates a situation of the performance of too many incompatible functions (lack of segregation of duties).

CRITERIA: A system of adequate accounting controls would not have the business manager as a signature authority.

CAUSE OF CONDITION: The cause of the condition is a system of ineffective accounting controls.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that the business manager not be permitted to have signature authority on district bank accounts.

2018-010

CONDITION: Both the business manager and the accounts payable clerk have access to the general journal and are making entries into the accounting system independently with no involvement, oversight or review.

CRITERIA: Access to the general journal should be limited and there should be review and oversight procedures to provide a high degree of assurance that the journal entry is necessary, proper and posted correctly.

CAUSE OF CONDITION: The cause of the condition is an absence of controls surrounding access to the general journal.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in the occurrence of errors or misappropriation of assets that would not be prevented or detected during the normal course of business.

RECOMMENDATION: It is recommended that the business manager prepare the journal entry, the accounts payable clerk post the entry and the business manager review the posted entry for correctness and accuracy.

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-011

CONDITION: The school district made an error in calculating ad valorem taxes for operations for the 2017-18 fiscal year that resulted in an escrow of \$621,759. The subsequent fiscal year's ad valorem tax request for operations was not reduced by the amount of the escrow.

CRITERIA: Ad valorem taxes collected which exceed the limitations set by state law must be escrowed and the subsequent year's ad valorem tax request for operations must be reduced by the amount of the escrow (Section 37-57-107).

CAUSE OF CONDITION: The cause of the condition is a failure of controls in calculating the ad valorem tax escrow and subsequently reducing the subsequent year's tax request by the escrow.

POTENTIAL EFFECT OF CONDITION: The effect of the condition resulted in the school district collecting ad valorem taxes in excess of limitations for the 2018-19 fiscal year.

RECOMMENDATION: It is recommended that the school district reduce the ad valorem tax request for operations for the 2019-20 fiscal year by \$621,759.

2018-012

CONDITION: State law requires that certain school officials be bonded at specific amounts. During the course of testing it was noted that three principals were not bonded, the superintendent was not bonded and the purchase agent (superintendent) was not bonded.

CRITERIA: State law requires that principals, the superintendent and the purchase agent be bonded (Section 37-6-15, 37-9-27 and 37-39-21).

CAUSE OF CONDITION: The cause of the condition is an absence of controls to monitor and properly bond school officials as required by state law.

POTENTIAL EFFECT OF CONDITION: The effect of this condition could result in misappropriation of assets (should it occur) and the school district not being in a position to seek restitution due to an absence of surety bonds.

RECOMMENDATION: It is recommended that school officials who are required by state law to have surety bonds be properly bonded. It is also recommended that controls be established to provide a high degree of assurances that surety bonds be monitored and acquired as necessary in accordance with state law.

2018-013

A material control deficiency existed with the federal program Supporting Effective Instruction. See finding 2018-017 for more details.

2018-014

A material control deficiency existed with the federal programs School Breakfast Program and National School Lunch Program. See findings 2018-015 and 2018-016 for more details.

Section III: Federal Award Findings and Questioned Costs

Deficiencies identified that are considered to be material weaknesses and material noncompliance.

2018-015

Program CFDA No.: 10.553, 10.555, 10.559

CFDA program title: Child Nutrition Cluster
Passed through the Mississippi Department of Education

Compliance Requirement: Cash Management and Reporting

CRITERIA: Uniform Guidance Section 200.300 requires that reimbursement of funds be supported by accurate documentation. The monthly claim forms filed with the Mississippi Department of Education (MDE) for reimbursement of funds should be documented and supported by the district's child nutrition software.

CONDITION: Upon testing the supporting documentation of the monthly claim forms filed with the MDE, it was noted that four months data was significantly different than the data produced by the child nutrition software.

COAHOMA COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

CAUSE OF CONDITION: The cause of the condition is due to the failure of controls to insure that data submitted to the MDE is supported by the district's child nutrition software.

EFFECT OF CONDITION: The effect of this condition results in material questioned cost and noncompliance with program requirements.

QUESTIONED COST: Questioned cost of \$83,004 was determined by calculating an over claim for reimbursement using the difference between the data submitted to the MDE and the data on the monthly summary forms produced by the district's child nutrition software.

PERSPECTIVE OF FINDING: The condition occurred four times out of 10 claims submitted to the MDE.

REPEAT FROM PRIOR YEAR: This is not a repeat finding from the prior year.

RECOMMENDATION: It is recommended that controls be established to insure that the monthly claims submitted to the MDE be documented and supported by the district's child nutrition software.

2018-016

Program CFDA No.: 10.553, 10.555, 10.559

CFDA program title: Child Nutrition Cluster
Passed through the Mississippi Department of Educa

Compliance Requirement: Allowable Cost/Cost Principles

CRITERIA: Uniform Guidance 200.430 requires that salaries allocated between federal and nonfederal funds be support by time records that support the allocation of the salary.

CONDITION: Upon testing salaries of the program it was noted that two staff members' salaries were allocated between program fund and local funds. There were no time records to support the allocation of the salaries.

CAUSE OF CONDITION: The cause of the condition is an absence of controls to provide assurance that allocated salaries are supported by time records.

EFFECT OF CONDITION: The effect of the condition results in questioned cost and noncompliance with program requirements.

QUESTIONED COST: The questioned cost of \$67,048 was determined by identifying that portion of the salaries paid from program funds plus the fringe benefits paid on the salaries.

PERSPECTIVE OF FINDING: This seems to be an isolated matter.

REPEAT FROM PRIOR YEAR: This is not a repeat finding from the prior year.

RECOMMENDATION: It is recommended that allocated salaries be documented by time records that support the allocation as required by Uniform Guidance 200.430.

Deficiency identified that is considered to a be material weakness.

2018-017

Program CFDA No.: 84.367

CFDA program title: Supporting Effective Instruction – State Grants
Passed through the Mississippi Department of Education

Compliance Requirement: Cash Management

CRITERIA: When complying with Uniform Guidance Section 200.300(b)(3), a federal reimbursable programs should not have a cash balance.

CONDITION: The program had cash balance of \$104,877 at June 30, 2018.

CAUSE OF CONDITION: The cause of this condition is an apparent failure of controls related to requesting reimbursement of funds.

EFFECT OF CONDITION: This condition results in questioned cost to the district.

QUESTIONED COST: Questioned cost of \$104,877 was determined based on the fiscal year-end cash balance in the program.

PERSPECTIVE OF FINDING: This condition appears to be an ongoing matter since there was a material cash balance at the beginning of the fiscal year.

REPEAT FROM PRIOR YEAR: This is not a repeat finding from the prior year.

RECOMMENDATION: It is recommended that controls be established and implemented to ensure that requests for reimbursement be based on the previous month's expenditures which complies with Uniform Guidance Section 200.300(b)(3).

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AUDITEE'S CORRECTIVE ACTION PLAN

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COAHOMA COUNTY SCHOOL DISTRICT

Committed to Caring...Dedicated to Excellence

Dr. Ilean Richards, Interim Superintendent

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Clarksdale, MS 38614

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Phone: 662-624-5448
Fax: 662-624-5512

Corrective Action Plan

June 28, 2019

As required by 2 CFR 200.511 (c), the Coahoma County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2018.

Finding 2018-001

a. Contact person responsible for corrective action:

- Director of Finance

b. Description of correction action to be taken:

- All blank checks will be kept in a secure and locked location with limited access by district staff (Director of Finance and Superintendent). A check log ledger has been created and will be used to account for all checks that are issued to accounts payable, payroll, and others (cover checks) that notes the beginning and ending check numbers of checks issued and the initial and date of both employees.

c. Anticipated completion date of corrective action:

- Immediately (June, 2019)

Finding 2018-002

a. Contact person responsible for corrective action:

- Time Management Clerk with assistance from Technology Director and Payroll Clerk

b. Description of correction action to be taken:

- The district will use the automated time system as the official time reporting system.

c. Anticipated completion date of corrective action:

- July 1, 2019

Finding 2018-003

a. Contact person responsible for corrective action:

- Director of Finance and Principal

b. Description of correction action to be taken:

- The high school principal will review and approve all school event receipt forms as required by the signature on the form.

c. Anticipated completion date of corrective action:

- July 1, 2019

Finding 2018-004

a. Contact person responsible for corrective action:

- Fixed Assets Manager

b. Description of correction action to be taken:

- The year-end inventory at all locations will be completed and approved by signature of the employee charged with custody of the asset and the principal.

c. Anticipated completion date of corrective action:

- July 1, 2019

Finding 2018-005

a. Contact person responsible for corrective action:

- Director of Finance and Superintendent

b. Description of correction action to be taken:

- Purchase orders will be approved prior to the acquisition of the good or service and subsequent invoicing by the vendor.

c. Anticipated completion date of corrective action:

- Effective immediately (June, 2019)

Finding 2018-006

a. Contact person responsible for corrective action:

- Director of Finance

b. Description of correction action to be taken:

- Ad valorem taxes collected for the purpose of servicing debt will be deposited and credited to the debt service fund.

c. Anticipated completion date of corrective action:

- Effective immediately through journal entries.

Finding 2018-007

a. Contact person responsible for corrective action:

- Director of Finance

b. Description of correction action to be taken:

- School depositories will be advertised and selected by the school board in accordance to state law.

c. Anticipated completion date of corrective action:

- Correction was made August 14, 2018.

Finding 2018-008

a. Contact person responsible for corrective action:

- Superintendent

b. Description of correction action to be taken:

- The school district has employed a payroll clerk with suitable skills and knowledge for the performance of that position.

c. Anticipated completion date of corrective action:

- Correction was completed July 1, 2018

Finding 2018-009

a. Contact person responsible for corrective action:

- Superintendent

b. Description of correction action to be taken:

- The Finance Director will not be permitted to have signature authority on district bank accounts; instead the signatures will be that of the superintendent and the assistant superintendent.

c. Anticipated completion date of corrective action:

- July 1, 2019

Finding 2018-010

a. Contact person responsible for corrective action:

- Director of Finance

b. Description of correction action to be taken:

- The director of finance will prepare the journal entry. The accounts payable clerk will post the entry and the finance director will review the posted entry for correctness and accuracy. If the accounts payable clerk prepares the journal

entry, the finance director will post the entry and the accounts payable clerk will review the posted entry for correctness and accuracy.

c. Anticipated completion date of corrective action:

- July 1, 2019

Finding 2018-011

a. Contact person responsible for corrective action:

- Director of Finance

b. Description of correction action to be taken:

- The school district will reduce the ad valorem tax request for operations for the 2019-20 fiscal year by \$621,759 which also correct the request for 2018-2019.

c. Anticipated completion date of corrective action:

- July , 2019

Finding 2018-012

a. Contact person responsible for corrective action:

- Director of Finance and Superintendent

b. Description of correction action to be taken:

- All school officials who are required by state law to have surety bonds will be properly bonded. Controls will be established to provide a high degree of assurances that surety bonds be monitored and acquired as necessary in accordance with state law.

c. Anticipated completion date of corrective action:

- Immediately. (All bonds have been purchased for the current school officials that are required to have bonds.)

Finding 2018-013

a. Contact person responsible for corrective action:

- Federal Program Director and Director of Finance

b. Description of correction action to be taken:

- Controls will be established and implemented to ensure that requests for reimbursement will be based on the previous month's expenditures (which complies with Uniform Guidance).

c. Anticipated completion date of corrective action:

- Immediately, June, 2019

Finding 2018-014

a. Contact person responsible for corrective action:

- Food Services Director and Director of Finance

b. Description of correction action to be taken:

- Controls will be established and implemented to ensure that requests for reimbursement be based on the previous month's expenditures (which complies with Uniform Guidance).

c. Anticipated completion date of corrective action:

- August, 2019

Finding 2018-015

a. Contact person responsible for corrective action:

- Food Service Director

b. Description of correction action to be taken:

- Although there were findings for FY18, the finding did not appear in FY17. However, controls will be established and implemented going forward to insure that monthly claims submitted to the MDE be documented and supported by the district's child nutrition software.

c. Anticipated completion date of corrective action:

- August, 2019

Finding 2018-016

a. Contact person responsible for corrective action:

- Director of Finance and Payroll Clerk

b. Description of correction action to be taken:

- Allocated salaries will be documented by time records that support the allocations as required by Uniform Guidance 200.430

c. Anticipated completion date of corrective action:

- Immediately

Finding 2018-017

a. Contact person responsible for corrective action:

- Federal Programs Director and Director of Finance

b. Description of correction action to be taken:

- Controls will be established and implemented to ensure that requests for reimbursement be based on the previous month's expenditures (which complies with Uniform Guidance).

c. Anticipated completion date of corrective action:

- Immediately

Sincerely,

A handwritten signature in black ink, appearing to read "Sean Richard". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Superintendent of Education