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NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2019

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
North Bolivar Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the North Bolivar Consolidated School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General Fund	Unmodified
Food Service Fund	Unmodified
Title I A Basic Fund	Unmodified
Twenty-first Century Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Governmental Activities

The North Bolivar Consolidated School District did not properly record entries relating to the Capital assets that have a material effect on assets for governmental activities. Due to the significance of this matter with the North Bolivar Consolidated School District's records, we were unable to satisfy ourselves as to the fair presentation of the capital assets.

Adverse Opinion

In our opinion, because of the significance and pervasiveness of the matter discussed in the "Basis for Adverse Opinion on the Governmental Activities" paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the Governmental activities and capital asset information of the North Bolivar Consolidated School District, as of June 30, 2019, 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.

Unmodified Opinions

In our opinion, except the items noted in "Basis for Adverse Opinion on the Governmental Activities", the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 5-13 and 43-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Bolivar Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial

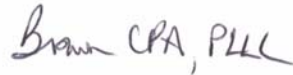
statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the North Bolivar Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Bolivar Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Bolivar Consolidated School District's internal control over financial reporting and compliance.

Brown CPA, PLLC
Ridgeland, Mississippi
June 29, 2020

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

The following discussion and analysis of North Bolivar Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. 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 2019 increased \$1,953,288, including a prior period adjustment of \$63,340, which represents a 14% increase from fiscal year 2018. Total net position for 2018 decreased \$2,313,159, including a prior period adjustment of (\$1,504,722), which represents a 19% decrease from fiscal year 2017.
- General revenues amounted to \$8,195,262 and \$8,056,065, or 72% and 74% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,204,915, or 28% of total revenues for 2019, and \$2,758,530, or 26% of total revenues for 2018.
- The District had \$9,510,229 and \$11,623,032 in expenses for fiscal years 2019 and 2018; only \$3,204,915 for 2019 and \$2,758,530 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$8,195,262 for 2019 were adequate to provide for these programs. General revenues of \$8,056,065 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$7,829,907 in revenues and \$6,518,619 in expenditures for 2019, and \$7,730,791 in revenues and \$7,676,287 in expenditures in 2018. The General Fund's fund balance increased by \$1,443,940, including a prior period adjustment of \$138,056, from 2018 to 2019, and decreased by \$265,371 from 2017 to 2018.
- Capital assets, net of accumulated depreciation, decreased by \$199,724 for 2019 and decreased by \$324,415 for 2018. The decrease for 2019 was due primarily to the disposal of capital assets.
- Long-term debt decreased by \$62,949 for 2019 and decreased by \$356,688 for 2018. The decrease for 2019 was due primarily to the payment of principal. The liability for compensated absences increased by \$1,051 for 2019 and increased by \$478 for 2018.

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 \$12,261,387 as of June 30, 2019.

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Table 1 presents a summary of the District's net position at June 30, 2019 and June 30, 2018.

Table 1
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Percentage Change
Current assets	\$ 3,816,750	\$ 2,859,612	33.47 %
Restricted assets	5,324	51,714	(89.70) %
Capital assets, net	2,130,441	2,330,165	(8.57) %
Total assets	5,952,515	5,241,491	13.57 %
 Deferred outflows of resources	 974,659	 2,181,780	 (55.33) %
Current liabilities	99,652	728,425	(86.32) %
Long-term debt outstanding	329,625	392,574	(16.03) %
Net OPEB liability	1,162,361	1,272,584	(8.66) %
Net pension liability	14,316,830	17,385,076	(17.65) %
Total liabilities	15,908,468	19,778,659	(19.57) %
 Deferred inflows of resources	 3,280,093	 1,859,287	 76.42 %
 Net position:			
Net investment in capital assets	1,858,441	1,994,165	(6.81) %
Restricted	1,198,868	1,101,287	8.86 %
Unrestricted	(15,318,696)	(17,310,127)	11.50 %
Total net position	\$ (12,261,387)	\$ (14,214,675)	13.74 %

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)	\$ (15,318,696)
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	17,784,625
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 2,465,929</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 \$199,724.
- The principal retirement of \$64,000 of long-term debt.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$11,400,177 and \$10,814,595, respectively. The total cost of all programs and services was \$9,510,229 for 2019 and \$11,623,032 for 2018.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and June 30, 2018.

Table 2
Changes in Net Position

	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 167,279	\$ 101,754	64.40 %
Operating grants and contributions	3,037,636	2,656,776	14.34 %
General revenues:			
Property taxes	1,778,184	1,599,833	11.15 %
Grants and contributions not restricted	5,885,698	5,933,807	(0.81) %
Investment earnings	1,417	1,254	13.00 %
Sixteenth section sources	298,184	316,049	(5.65) %
Other	231,779	205,122	13.00 %
Total revenues	11,400,177	10,814,595	5.41 %
Expenses:			
Instruction	4,467,000	5,078,324	(12.04) %
Support services	3,986,445	3,791,641	5.14 %
Non-instructional	754,507	841,490	(10.34) %
Sixteenth section	105	800	(86.88) %
Pension expense	246,245	1,826,447	(86.52) %
OPEB expense	47,165	67,647	(30.28) %
Interest on long-term liabilities	8,762	16,683	(47.48) %
Total expenses	9,510,229	11,623,032	(18.18) %
Increase (Decrease) in net position	1,889,948	(808,437)	333.78 %
Net Position, July 1, as previously reported	(14,214,675)	(11,901,516)	(19.44) %
Prior Period Adjustment	63,340	(1,504,722)	104.21 %
Net Position, July 1, as restated	(14,151,335)	(13,406,238)	(5.56) %
Net Position, June 30	\$ (12,261,387)	\$ (14,214,675)	13.74 %

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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
	2019	2018	
Instruction	\$ 4,467,000	\$ 5,078,324	(12.04) %
Support services	3,986,445	3,791,641	5.14 %
Non-instructional	754,507	841,490	(10.34) %
Sixteenth section	105	800	(86.88) %
Pension Expense	246,245	1,826,447	(86.52) %
OPEB Expense	47,165	67,647	(30.28) %
Interest on long-term liabilities	8,762	16,683	(47.48) %
Total expenses	\$ 9,510,229	\$ 11,623,032	(18.18) %

	Net (Expense) Revenue		Percentage Change
	2019	2018	
Instruction	\$ (3,196,118)	\$ (4,082,682)	21.72 %
Support services	(2,978,810)	(3,079,621)	3.27 %
Non-instructional	171,891	209,378	(17.90) %
Sixteenth section	(105)	(800)	86.88 %
Pension Expense	(246,245)	(1,826,447)	86.52 %
OPEB Expense	(47,165)	(67,647)	30.28 %
Interest on long-term liabilities	(8,762)	(16,683)	47.48 %
Total net (expense) revenue	\$ (6,305,314)	\$ (8,864,502)	28.87 %

- Net cost of governmental activities (\$6,305,314 for 2019 and \$8,864,502 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$1,778,184 for 2019 and \$1,599,833 for 2018) and state and federal revenues (\$5,885,698 for 2019 and \$5,933,807 for 2018). In addition, there was \$298,184 and \$316,049 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$1,417 for 2019 and \$1,254 for 2018.

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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 \$3,728,854, an increase of \$1,538,035, which includes a decrease in inventory of \$2,960 and a prior period adjustment of \$17,247. \$2,501,081, or 67% 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 \$1,227,773, or 33% is either non-spendable, 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 \$1,443,940, which includes a prior period adjustment of \$138,056. The fund balance of Other Governmental Funds showed an increase in the amount of \$21,653, which includes a prior period adjustment of (\$1,596). The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
School Food Service Fund	\$ 72,442
Title I-A Basic Fund	no increase or decrease
Twenty-first Century 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 each major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the District's total capital assets were \$6,209,813, including land, school buildings, building improvements and other improvements, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$289,477 from 2018. Total accumulated depreciation as of June 30, 2019, was \$4,079,372, and total depreciation expense for the year was \$142,595, resulting in total net capital assets of \$2,130,441.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 37,690	\$ 37,690	0.00 %
Buildings	1,267,476	1,278,723	(0.88) %
Building improvements	471,887	594,179	(20.58) %
Improvements other than buildings	-	31,851	(100.00) %
Mobile equipment	340,107	384,867	(11.63) %
Furniture and equipment	13,281	2,855	365.18 %
Total	\$ 2,130,441	\$ 2,330,165	(8.57) %

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Debt Administration. At June 30, 2019, the District had \$329,625 in outstanding long-term debt, of which \$68,881 is due within one year. The District made principal payments totaling \$64,000 on outstanding long-term debt. The liability for compensated absences increased \$1,051 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Three Mill notes payable	\$ 272,000	\$ 336,000	(19.05) %
Compensated absences payable	57,625	56,574	1.86 %
Total	<u>\$ 329,625</u>	<u>\$ 392,574</u>	(16.03) %

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

CURRENT ISSUES

The North Bolivar Consolidated School District is financially stable. The District is proud of its community support of the public schools.

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

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

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 North Bolivar Consolidated School District, 204 North Edwards Street, Mound Bayou, MS 38762.

FINANCIAL STATEMENTS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Statement of Net Position
June 30, 2019

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,277,180
Due from other governments	527,542
Inventories	12,028
Restricted assets	5,324
Capital assets, non-depreciable:	
Land	37,690
Capital assets, net of accumulated depreciation:	
Buildings	1,267,476
Building improvements	471,887
Mobile equipment	340,107
Furniture and equipment	13,281
Total Assets	<u>5,952,515</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	909,585
Deferred outflows - OPEB	65,074
Total Deferred Outflows of Resources	<u>974,659</u>
Liabilities	
Accounts payable and accrued liabilities	87,868
Unearned revenue	5,352
Interest payable on long-term liabilities	6,432
Long-term liabilities, due within one year:	
Capital related liabilities	66,000
Non-capital related liabilities	2,881
Net OPEB liability	47,328
Long-term liabilities, due beyond one year:	
Capital related liabilities	206,000
Non-capital related liabilities	54,744
Net pension liability	14,316,830
Net OPEB liability	1,115,033
Total Liabilities	<u>15,908,468</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	3,114,271
Deferred inflows - OPEB	165,822
Total Deferred Inflows of Resources	<u>3,280,093</u>
Net Position	
Net investment in capital assets	1,858,441
Restricted for:	
Expendable:	
School-based activities	772,447
Debt service	296,478
Capital improvements	73,687
Forestry improvements	19,363
Unemployment benefits	31,569
Non-expendable:	
Sixteenth section	5,324
Unrestricted	(15,318,696)
Total Net Position (deficit)	<u>\$ (12,261,387)</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2019**

Exhibit B

						Net (Expense)
						Revenue and Changes in Net Position
						</

General Revenues:

Taxes:

General purpose levies 1,710,383

Debt purpose levies 67,801

Unrestricted grants and contributions:

State 5,885,320

Federal 378

Unrestricted investment earnings 1,417

Sixteenth section sources 298,184

Other 231,779

Total General Revenues 8,195,262

Change in Net Position 1,889,948

Net Position - Beginning, as previously reported (14,214,675)

Prior Period Adjustments 63,340

Net Position - Beginning, as restated (14,151,335)

Net Position (deficit) - Ending \$ (12,261,387)

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2019

Exhibit C

	Major Funds						
	General Fund	School Food Service Fund	Title I A Basic Fund	Twenty-first Century Fund	Other Governmental Funds	Total Governmental Funds	
Assets							
Cash and cash equivalents	\$ 2,152,249	\$ 577,777	\$ -	\$	\$ 552,478	\$ 3,282,504	
Due from other governments	56,402	-	156,126	105,425	206,230	524,183	
Due from other funds	396,118	10,403			25,000	431,521	
Advance to other funds	2,000		-		-	2,000	
Inventories		12,028			-	12,028	
Total assets	\$ 2,606,769	\$ 600,208	\$ 156,126	\$ 105,425	\$ 783,708	\$ 4,252,236	
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 56,215	\$ 12,395	\$	\$	\$ 19,258	\$ 87,868	
Due to other funds	25,000		156,126	105,425	143,611	430,162	
Unavailable revenue - federal programs					5,352	5,352	
Total Liabilities	81,215	12,395	156,126	105,425	168,221	523,382	
Fund Balances:							
Nonspendable:							
Inventory		12,028			-	12,028	
Permanent fund principal			-		5,324	5,324	
Advances	2,000		-			2,000	
Restricted:							
Debt service					302,910	302,910	
Capital projects		-			73,687	73,687	
Forestry improvement purposes					19,363	19,363	
Grant activities			-	-	182,634	182,634	
Unemployment benefits					31,569	31,569	
Food service		575,785				575,785	
Assigned:							
Activity funds	22,473					22,473	
Unassigned	2,501,081					2,501,081	
Total Fund Balances	2,525,554	587,813	-	-	615,487	3,728,854	
Total Liabilities and Fund Balances	\$ 2,606,769	\$ 600,208	\$ 156,126	\$ 105,425	\$ 783,708	\$ 4,252,236	

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

Exhibit C-1

Total fund balances for governmental funds **\$ 3,728,854**

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

1.	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
	Land	\$ 37,690	
	Buildings	3,382,809	
	Building improvements	787,349	
	Mobile equipment	1,689,826	
	Furniture and equipment	312,139	
	Accumulated depreciation	<u>(4,079,372)</u>	2,130,441
2.	Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
	Net pension liability	(14,316,830)	
	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	909,585	
	Deferred inflows of resources related to pensions	<u>(3,114,271)</u>	(16,521,516)
3.	Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
	Net OPEB liability	(1,162,361)	
	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	65,074	
	Deferred inflows of resources related to OPEB	<u>(165,822)</u>	(1,263,109)
4.	Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
	Three mill notes payable	(272,000)	
	Compensated absences	(57,625)	
	Accrued interest payable	<u>(6,432)</u>	(336,057)
Net Position of governmental activities			<u>\$ (12,261,387)</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019

Exhibit D

	Major Funds						
	General Fund	School Food Service Fund	Title I A Basic Fund	Twenty-first Century Fund	Other Governmental Funds	Total Governmental Funds	
Revenues:							
Local sources	\$ 1,782,700	\$ 20,901	\$ -	\$ -	\$ 284,051	\$ 2,087,652	
State sources	5,748,344	6,897			331,891	6,087,132	
Federal sources	378	863,126	1,045,091	105,425	822,183	2,836,203	
Sixteenth section sources	298,485		-		28	298,513	
Total Revenues	7,829,907	890,924	1,045,091	105,425	1,438,153	11,309,500	
Expenditures:							
Instruction	3,434,741	-	547,543	105,425	905,833	4,993,542	
Support services	3,082,666	77,516	298,560	-	555,815	4,014,557	
Noninstructional services	1,212	697,774	79,775		13,949	792,710	
Sixteenth section			-		105	105	
Debt service:							
Principal					64,000	64,000	
Interest					10,248	10,248	
Total Expenditures	6,518,619	775,290	925,878	105,425	1,549,950	9,875,162	
Excess (Deficiency) of Revenues over (under) Expenditures	1,311,288	115,634	119,213	-	(111,797)	1,434,338	
Other Financing Sources (Uses):							
Insurance recovery	90,677				-	90,677	
Operating transfers in	116,651	-	-		211,494	328,145	
Operating transfers out	(211,465)	(40,232)	-		(76,448)	(328,145)	
Other financing uses	(1,267)				-	(1,267)	
Total Other Financing Sources (Uses)	(5,404)	(40,232)	-	-	135,046	89,410	
Net Change in Fund Balances	1,305,884	75,402	119,213	-	23,249	1,523,748	
Fund Balances:							
July 1, 2018, as previously reported	1,081,614	515,371	-	-	593,834	2,190,819	
Prior period adjustments	138,056		(119,213)		(1,596)	17,247	
July 1, 2018, as restated	1,219,670	515,371	(119,213)	-	592,238	2,208,066	
Increase (Decrease) in inventory	-	(2,960)			-	(2,960)	
June 30, 2019	\$ 2,525,554	\$ 587,813	\$ -	\$ -	\$ 615,487	\$ 3,728,854	

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2019**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 1,523,748**

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 16,197	
Depreciation expense	<u>(142,595)</u>	(126,398)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		
		(119,419)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	64,000	
Accrued interest payable	1,486	
Deferred issuance costs and charges on refunding	<u>-</u>	65,486
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(246,245)	
Contributions subsequent to the measurement date	<u>802,303</u>	556,058
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	(47,165)	
Contributions subsequent to the measurement date	<u>41,649</u>	(5,516)
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(1,051)	
Change in inventory	<u>(2,960)</u>	(4,011)
Change in Net Position of governmental activities		<u>\$ 1,889,948</u>

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

**NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities
June 30, 2019**

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	160,584
Total Assets	<u>\$ 160,584</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 157,225
Due to other funds	1,359
Advances to other funds	2,000
Total Liabilities	<u>\$ 160,584</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

The school district reports the following major governmental funds:

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

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

Title I-A Basic Fund - This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

Twenty-first Century Fund - This is a special revenue fund that is used to account for the resources related to the education of children with the use of learning centers.

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

The school district also reports fiduciary funds (agency funds) which focus on assets and liabilities only. The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing fund for payroll type transactions.

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

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

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.

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

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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

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

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

See Note 13 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

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

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

When an expenditure/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.

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Note 2 – Cash and Cash Equivalents

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$3,282,504 and \$160,584, respectively. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$3,277,180 and the restricted assets in the amount of \$5,324 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2019, none of the district's bank balance of \$3,913,637 was exposed to custodial credit risk.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I A Basic Fund	\$ 156,126
	Twenty-first Century Fund	105,425
	Other governmental funds	133,246
	Fiduciary funds	1,321
School Food Service Fund	Other governmental funds	10,365
	Fiduciary funds	38
Other governmental funds	General Fund	25,000
Total		<u>\$ 431,521</u>

The primary purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end and to reflect amounts due from agency funds.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary funds	\$ 2,000
Total		<u>\$ 2,000</u>

The primary purpose of the advance to/From other funds is to loan funds to the fiduciary fund.

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 211,465
School Food Service Fund	General Fund	40,203
	Other governmental funds	29
Other governmental funds	General Fund	<u>76,448</u>
Total		<u>\$ 328,145</u>

The primary purpose of the transfers was to provide funds for general operating activities and to report indirect costs. All transfers were routine and consistent with the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$5,324 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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Note 5 – Capital Assets

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

	Balance 7/1/2018	Increases	Decreases	Adjustments	Balance 6/30/2019
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 37,690	\$	\$	\$	\$ 37,690
Total non-depreciable capital assets	37,690	-	-	-	37,690
<u>Depreciable capital assets:</u>					
Buildings	3,295,287			87,522	3,382,809
Building improvements	920,876		133,527		787,349
Improvements other than buildings	53,084		53,084		-
Mobile equipment	1,669,949	9,877		10,000	1,689,826
Furniture and equipment	522,404	6,320	211,119	(5,466)	312,139
Total depreciable capital assets	6,461,600	16,197	397,730	92,056	6,172,123
<u>Less accumulated depreciation for:</u>					
Buildings	2,016,564	28,751		70,018	2,115,333
Building improvements	326,697	36,835	48,070		315,462
Improvements other than buildings	21,233	-	21,233		-
Mobile equipment	1,285,082	64,213		424	1,349,719
Furniture and equipment	519,549	12,796	209,008	(24,479)	298,858
Total accumulated depreciation	4,169,125	142,595	278,311	45,963	4,079,372
Total depreciable capital assets, net	2,292,475	(126,398)	119,419	46,093	2,092,751
Governmental activities capital assets, net	\$ 2,330,165	\$ (126,398)	\$ 119,419	\$ 46,093	\$ 2,130,441

Adjustments were needed to correct cost and accumulated depreciation for mobile equipment disposed of in prior year and to correct accumulated depreciation for various asset groups.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 68,541
Support services	73,071
Non-instructional	983
Total depreciation expense - Governmental activities	<u>\$ 142,595</u>

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 6 – Long-term Liabilities

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. Three Mill notes payable	\$ 336,000	\$	64,000	\$ 272,000	\$ 66,000
B. Compensated absences payable	56,574	1,051		57,625	2,881
Total	\$ 392,574	\$ 1,051	\$ 64,000	\$ 329,625	\$ 68,881

A. Three Mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax notes	3.05%	9/21/2012	9/21/2022	\$ 627,000	\$ 272,000
Total				\$ 627,000	\$ 272,000

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 66,000	\$ 8,296	\$ 74,296
2021	67,000	6,283	73,283
2022	69,000	4,240	73,240
2023	70,000	2,135	72,135
Total	\$ 272,000	\$ 20,954	\$ 292,954

This debt will be retired from the Three Mill Note Retirement Fund (Debt Service Fund).

B. Compensated absences payable

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

NORTH BOLIVAR CONSOLIDATED 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 is available at www.pers.ms.gov.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 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, 2019, 2018 and 2017 were \$802,303, \$865,676 and \$1,056,668, 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, 2019, the school district reported a liability of \$14,316,830 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2019 net pension liability was 0.086075 percent, which was based on a measurement date of June 30, 2018. This was a decrease of 0.018507 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$246,245. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,271	\$ 73,329
Net difference between projected and actual earnings on pension plan investments		2,523,763
Changes of assumptions	10,263	10,245
Changes in proportion and differences between District contributions and proportionate share of contributions	19,748	506,934
District contributions subsequent to the measurement date	802,303	
Total	\$ <u>909,585</u>	\$ <u>3,114,271</u>

\$802,303 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, 2020. 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:	
2020	\$ (886,702)
2021	(947,514)
2022	(1,108,387)
2023	(64,386)

Actuarial assumptions. The total pension liability in the June 30, 2018 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 for males with adjustments.

The actuarial assumptions used in the June 30, 2018 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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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	
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>	<u>%</u>		

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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	\$ 18,851,157	\$ 14,316,830	\$ 10,548,205

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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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. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$41,649 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$1,162,361 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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

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of June 30, 2018, the District's proportion was 0.15026319 percent. This was a decrease of 0.01193021 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$47,165. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,367	\$
Changes of assumptions		82,821
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions	21,058	83,001
District contributions subsequent to the measurement date	41,649	
Total	\$ <u>65,074</u>	\$ <u>165,822</u>

\$41,649 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (27,154)
2021	(27,154)
2022	(27,154)
2023	(27,154)
2024	(25,341)
Thereafter	(8,440)

Actuarial assumptions. The total OPEB liability in the June 30, 2018 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	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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Prior Measurement Date	2017
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Health Care Cost Trends	
Medicare Supplement Claims	7.25 percent for 2018 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

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, 2018 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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an 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 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 1,288,448	\$ 1,162,361	\$ 1,053,922

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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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	\$ 1,076,730	\$ 1,162,361	\$ 1,259,613

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

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
2020	\$ 193,524
2021	120,000
2022	120,000
2023	60,000
Total	<u>\$ 493,524</u>

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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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
To correct cost and accumulated depreciation of capital assets	\$ 46,093
Increase or decrease in a prior period revenue or expenditure	17,247
Total	<u>\$ 63,340</u>

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

Fund	Explanation	Amount
General Fund	Increase or decrease in a prior period revenue or expenditure	\$ 138,056
Title I A Basic Fund	Increase or decrease in a prior period revenue or expenditure	(119,213)
Other governmental funds	Increase or decrease in a prior period revenue or expenditure	(1,596)
Total		<u>\$ 17,247</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.

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

Note 12 – Risk Management

The 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$15,318,696) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$802,303 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$107,282 balance of deferred outflow of resources related to pensions at June 30, 2019, will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$15,318,696) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,114,271 balance of deferred inflow of resources related to pensions at June 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$15,318,696) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$41,649 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$23,425 balance of deferred outflow of resources related to OPEB at June 30, 2019, will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$15,318,696) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$165,822 balance of deferred inflow of resources related to OPEB at June 30, 2019, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Note 14 – Washington County Juvenile Detention Center Consortium

The North Bolivar Consolidated School District entered into a Juvenile Detention Center Agreement dated August 16, 2018 creating the Washington County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states sponsoring school district must provide educational services to youths detained in juvenile centers. It was approved by the Mississippi Department of Education and includes the Greenville Public School District, Cleveland School District, Grenada School District, Hollandale School District, Leland School District, Quitman County School District, West Bolivar Consolidated School District, Western Line School District, and the Washington County Youth Court. The Greenville Public School District has been designated as the lead school district for the Washington County Juvenile Detention Center and the operations of the program are included in its financial statements.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the North Bolivar Consolidated School District evaluated the activity of the district through June 29, 2020, (the date the financial statements were available to be issued), and determined that there were the following subsequent events that have occurred requiring disclosure in the notes to the financial statements:

On August 30, 2019, North Bolivar Consolidated School District issued a \$57,757 shortfall promissory note.

On August 1, 2019, North Bolivar Consolidated School District issued additional new debt in the amount of \$1,100,000.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,787,293	\$ 1,920,034	\$ 1,782,700	\$ 132,741	\$ (137,334)
State sources	5,630,372	5,748,344	5,748,344	117,972	-
Federal sources	11,000	378	378	(10,622)	-
Sixteenth section sources	263,874	298,485	298,485	34,611	-
Total Revenues	7,692,539	7,967,241	7,829,907	274,702	(137,334)
Expenditures:					
Instruction	4,641,437	3,434,734	3,434,741	1,206,703	(7)
Support services	3,798,035	3,082,665	3,082,666	715,370	(1)
Noninstructional services	3,550	1,212	1,212	2,338	-
Total Expenditures	8,443,022	6,518,611	6,518,619	1,924,411	(8)
Excess (Deficiency) of Revenues over (under) Expenditures	(750,483)	1,448,630	1,311,288	2,199,113	(137,342)
Other Financing Sources (Uses):					
Insurance recovery		90,677	90,677	90,677	-
Proceeds of loans	57,758			(57,758)	-
Operating transfers in	1,475,188	782,068	116,651	(693,120)	(665,417)
Operating transfers out	(1,523,835)	(916,353)	(211,465)	607,482	704,888
Other financing uses		(1,267)	(1,267)	(1,267)	-
Total Other Financing Sources (Uses)	9,111	(44,875)	(5,404)	(53,986)	39,471
Net Change in Fund Balances	(741,372)	1,403,755	1,305,884	2,145,127	(97,871)
Fund Balances:					
July 1, 2018, as previously reported	1,081,614	1,081,614	1,081,614	-	-
Prior Period adjustments		(87,390)	138,056	(87,390)	225,446
July 1, 2018, as restated	1,081,614	994,224	1,219,670	(87,390)	225,446
June 30, 2019	\$ 340,242	\$ 2,397,979	\$ 2,525,554	\$ 2,057,737	\$ 127,575

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
School Food Service Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 18,265	\$ 20,901	\$ 20,901	\$ 2,636	\$ -
State sources	7,100	6,897	6,897	(203)	-
Federal sources	1,009,000	863,126	863,126	(145,874)	-
Total Revenues	1,034,365	890,924	890,924	(143,441)	-
Expenditures:					
Support services	66,534	77,516	77,516	(10,982)	-
Noninstructional services	800,705	697,773	697,774	102,932	(1)
Total Expenditures	867,239	775,289	775,290	91,950	(1)
Excess (Deficiency) of Revenues over (under) Expenditures	167,126	115,635	115,634	(51,491)	(1)
Other Financing Sources (Uses):					
Operating transfers out	(52,000)	(40,232)	(40,232)	11,768	-
Total Other Financing Sources (Uses)	(52,000)	(40,232)	(40,232)	11,768	-
Net Change in Fund Balances	115,126	75,403	75,402	(39,723)	(1)
Fund Balances:					
July 1, 2018	515,371	515,371	515,371	-	-
Increase (Decrease) in inventory	-	-	(2,960)	-	(2,960)
June 30, 2019	\$ 630,497	\$ 590,774	\$ 587,813	\$ (39,723)	\$ (2,961)

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I A Basic Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,031,548	\$ 1,596,857	\$ 1,045,091	\$ 565,309	\$ (551,766)
Total Revenues	1,031,548	1,596,857	1,045,091	565,309	(551,766)
Expenditures:					
Instruction	560,307	832,774	547,543	(272,467)	285,231
Support services	387,379	372,949	298,560	14,430	74,389
Noninstructional services	83,862	98,118	79,775	(14,256)	18,343
Total Expenditures	1,031,548	1,303,841	925,878	(272,293)	377,963
Excess (Deficiency) of Revenues over (under) Expenditures	-	293,016	119,213	293,016	(173,803)
Other Financing Sources (Uses):					
Operating transfers out		(173,803)		(173,803)	173,803
Total Other Financing Sources (Uses)	-	(173,803)	-	(173,803)	173,803
Net Change in Fund Balances	-	119,213	119,213	119,213	-
Fund Balances:					
July 1, 2018, as previously reported	-	-	-	-	-
Prior period adjustments		(119,213)	(119,213)	(119,213)	-
July 1, 2018, as restated	-	(119,213)	(119,213)	(119,213)	-
June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Twenty-first Century Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$	\$ 200,294	\$ 105,425	\$ 200,294	\$ (94,869)
Total Revenues	-	200,294	105,425	200,294	(94,869)
Expenditures:					
Instruction		200,294	105,425	(200,294)	94,869
Total Expenditures	-	200,294	105,425	(200,294)	94,869
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers in				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2018				-	-
June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

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

North Bolivar Consolidated School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
District's proportion of the net pension liability	0.086075%		0.104582%		0.111512%		0.110487%		0.114243%
District's proportionate share of the net pension liability	\$ 14,316,830	\$	17,385,076	\$	19,918,826	\$	17,079,111	\$	13,867,008
District's covered payroll	\$ 5,496,356	\$	6,709,003	\$	7,133,683	\$	6,902,578	\$	6,980,825
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.4786%		259.1305%		279.2222%		247.4309%		198.6443%
Plan fiduciary net position as a percentage of the total pension liability	63%		61%		57%		62%		67%

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

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

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

**North Bolivar Consolidated School District
Required Supplementary Information**

**Schedule of District Contributions
PERS
Last 10 Fiscal Years**

		<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$	802,303	\$ 865,676	\$ 1,056,668	1,123,555	1,087,156
Contributions in relation to the contractually required contribution		802,303	865,676	1,056,668	1,123,555	1,087,156
Contribution deficiency (excess)	\$	<u> - </u>	<u> - </u>	<u> - </u>	<u> - </u>	<u> - </u>
District's covered payroll		5,093,987	5,496,356	6,709,003	7,133,683	6,902,578
Contributions as a percentage of covered payroll		15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**North Bolivar Consolidated School District
Required Supplementary Information**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OPEB
Last 10 Fiscal Years***

	2019	2018
District's proportion of the net OPEB liability	0.15026319%	0.16219340%
District's proportionate share of the net OPEB liability	\$ 1,162,361	\$ 1,272,584
District's covered-employee payroll	6,796,302	7,286,903
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

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

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

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

**North Bolivar Consolidated School District
Required Supplementary Information**

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2019	2018
Actuarially determined contribution	\$ 41,649	\$ 54,252
Contributions in relation to the actuarially determined contribution	41,649	54,252
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	5,093,987	6,819,649
Contributions as a percentage of covered-employee payroll	0.82%	0.80%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

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%.

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

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%.

(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, 2016 valuation for the June 30, 2018 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	36.6 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

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

OPEB Schedules

(1) *Changes of assumptions*

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

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

(2) *Changes in benefit provisions*

2017: None

2018: 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, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

SUPPLEMENTARY INFORMATION

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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	195MS326N1099	\$ 263,320
National school lunch program	10.555	195MS326N1099	527,744
Summer Food Service Program for Children	10.559	195MS326N1099	10,375
Total child nutrition cluster			<u>801,439</u>
Total passed-through Mississippi Department of Education			<u>801,439</u>
Total U.S. Department of Agriculture			<u><u>801,439</u></u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A180024	1,338,779
Career and technical education - basic grants to states	84.048	V048A180024	23,372
Twenty-First Century Community Learning Centers	84.287	ES287C180024	105,425
Rural Education	84.358	ES358B180024	18,164
Supporting Effective Instruction state grants	84.367	ES367A180023	53,747
Student Support and Academic Enrichment program	84.424	ES424A180025	38,459
Subtotal			<u>1,577,946</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	320,919
Special education - preschool grants	84.173	H173A180113	33,323
Total special education cluster			<u>354,242</u>
Total passed-through Mississippi Department of Education			<u>1,932,188</u>
Total U.S. Department of Education			<u><u>1,932,188</u></u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical assistance program	93.778	1805MS5ADM	378
Total passed-through Mississippi Department of Education			<u>378</u>
Total U.S. Department of Health and Human Services			<u><u>378</u></u>
Total for All Federal Awards			<u><u>\$ 2,734,005</u></u>

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

North Bolivar Consolidated School District
Notes to the Supplementary Information
For the Year Ended June 30, 2019

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the North Bolivar Consolidated School District under programs of the federal government for the year ended June 30, 2019. 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 North Bolivar Consolidated School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the North Bolivar Consolidated School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

**North Bolivar Consolidated School District
Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2019**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 7,273,141	5,169,938	562,358	489,670	1,051,175
Other	2,602,021	716,366	238,642	0	1,647,013
Total	<u>\$ 9,875,162</u>	<u>5,886,304</u>	<u>801,000</u>	<u>489,670</u>	<u>2,698,188</u>
Total number of students *	<u>960</u>				
Cost per student	<u>\$ 10,287</u>	<u>6,132</u>	<u>834</u>	<u>510</u>	<u>2,811</u>

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

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

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

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

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

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

OTHER INFORMATION

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 1,782,700	\$ 1,818,873	\$ 1,651,607	\$ 1,660,931
State sources	5,748,344	5,571,460	5,752,375	6,334,921
Federal sources	378	24,085	29,501	10,352
Sixteenth Section sources	298,485	316,373	315,548	613,716
Total Revenues	7,829,907	7,730,791	7,749,031	8,619,920
Expenditures:				
Instruction	3,434,741	4,294,019	4,991,428	5,388,804
Support services	3,082,666	3,375,949	3,379,331	3,556,509
Noninstructional services	1,212	6,319	5,990	18,737
Sixteenth Section				20
Facilities acquisition and construction				24,595
Total Expenditures	6,518,619	7,676,287	8,376,749	8,988,665
Excess (Deficiency) of Revenues over (under) Expenditures	1,311,288	54,504	(627,718)	(368,745)
Other Financing Sources (Uses):				
Insurance recovery	90,677			
Operating transfers in	116,651	36,657	69,330	637,256
Operating transfers out	(211,465)	(356,532)	(262,206)	(534,587)
Other financing uses	(1,267)			
Total Other Financing Sources (Uses)	(5,404)	(319,875)	(192,876)	102,669
Net Change in Fund Balances	1,305,884	(265,371)	(820,594)	(266,076)
Fund Balances:				
Beginning of period , as previously reported	1,081,614	1,346,985	2,028,425	2,603,840
Prior period adjustments	138,056		139,154	(309,339)
Beginning of period, restated	1,219,670	1,346,985	2,167,579	2,294,501
End of Period	\$ 2,525,554	\$ 1,081,614	\$ 1,346,985	\$ 2,028,425

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 2,087,652	\$ 1,907,623	\$ 1,826,744	\$ 1,849,878
Intermediate sources			10,358	
State sources	6,087,132	6,112,717	6,533,835	6,824,736
Federal sources	2,836,203	2,477,866	2,815,764	2,542,693
Sixteenth section sources	298,513	316,389	315,553	660,955
Total Revenues	11,309,500	10,814,595	11,502,254	11,878,262
Expenditures:				
Instruction	4,993,542	5,538,342	6,258,759	6,770,846
Support services	4,014,557	4,087,656	4,304,605	4,575,819
Noninstructional services	792,710	872,322	868,562	943,724
Sixteenth section	105	800	27,110	20
Facilities acquisition and construction				24,595
Debt service:				
Principal	64,000	357,000	220,000	233,738
Interest	10,248	16,387	21,469	10,700
Other		1,575	1,880	1,350
Total Expenditures	9,875,162	10,874,082	11,702,385	12,560,792
Excess (Deficiency) of Revenues over (under) Expenditures	1,434,338	(59,487)	(200,131)	(682,530)
Other Financing Sources (Uses):				
Insurance recovery	90,677			
Operating transfers in	328,145	473,223	331,537	659,788
Operating transfers out	(328,145)	(473,223)	(331,537)	(665,767)
Other financing uses	(1,267)			
Total Other Financing Sources (Uses)	89,410	0	0	(5,979)
Net Change in Fund Balances	1,523,748	(59,487)	(200,131)	(688,509)
Fund Balances:				
Beginning of period, as originally reported	2,190,819	2,319,000	2,386,967	3,377,650
Prior period adjustments	17,247	(67,591)	139,154	(309,339)
Beginning of period, restated	2,208,066	2,251,409	2,526,121	3,068,311
Increase (Decrease) in reserve for inventory	(2,960)	(1,103)	(6,990)	7,165
End of Period	\$ 3,728,854	\$ 2,190,819	\$ 2,319,000	\$ 2,386,967

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL 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*

Superintendent and School Board
North Bolivar Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Bolivar Consolidated School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise North Bolivar Consolidated School District's basic financial statements, and have issued our report thereon dated June 29, 2020. As noted in our independent auditor's report an adverse opinion was issued on governmental activities, due to the improper recording of entries related to capital assets that have a material effect on assets for governmental activities.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs and Responses, we identified certain deficiencies in internal control that we 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. 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as finding **2019-001, 2019-002 and 2019-003** to be a material weakness. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as **Finding, 2019-004, 2019-005, 2019-006 and 2019-007** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Bolivar Consolidated School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* that are described in the accompanying Schedule of Findings and Questioned Cost. We consider finding **2019-001** to be an instance of material non-compliance. We consider findings **2019-002, 2019-003, 2019-004, 2019-005, 2019-006 and 2019-007** to be instances of immaterial non-compliance.

North Bolivar Consolidated School District's Responses to Findings

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

Purpose of this Report

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

Brown CPA, PLLC
Ridgeland, Mississippi
June 29, 2020



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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Superintendent and School Board
North Bolivar Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited North Bolivar Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Bolivar Consolidated School District's major federal programs for the year ended June 30, 2019. North Bolivar Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Bolivar Consolidated School District's compliance.

Opinion on Each Major Federal Program

In our opinion, North Bolivar Consolidated School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of North Bolivar Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Bolivar Consolidated School District's internal control over compliance with the types of requirements that could have a direct and

material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Bolivar Consolidated School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as finding **2019-008** that we consider to be a material weakness and finding **2019-009** that we consider to be a significant deficiency.

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

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

Purpose of this Report

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

Brown CPA, PLLC
Ridgeland, Mississippi
June 29, 2020



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

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

Superintendent and School Board
North Bolivar Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2019, which collectively comprise North Bolivar Consolidated School District's basic financial statements and have issued our report thereon dated June 29, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

State Legal Finding 01:

Criteria

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

Condition

During our test of sixteenth section leases we noted that the Secretary of State's website did not reflect the lease agreements on file at the school district.

Cause

The district did not have the proper controls in place to ensure compliance with the state requirements.

Effect

The information submitted to the Secretary of State was not accurate and did not agree with the current leases held by the district.

Recommendation

The district should implement controls to ensure all leases are updated timely with the Secretary of State to reflect accurate lease information.

Response

The district will ensure that all leases will be filed timely with the Office of Secretary of State according to the MS Code Section 29-1-3(3)

State Legal Finding 02:

Criteria:

Section 37-61-21, Miss. Code Ann. (1972) requires that original and amended budgets must be submitted to the board for approval in a timely manner.

Condition:

During our test of budgetary compliance, we found that the district was not able provide a signed original combining budget at the time of the audit. It could not be determined if the district properly presented a copy of the original combining budget to the board for approval.

Cause:

The district did not have the proper controls in place to ensure compliance with the state requirements and did not keep the proper records to show board approval.

Effect:

The school board may not be seeing proper documentation to approve budgets for the fiscal year.

Recommendation:

We recommend that an original budget be prepared timely and submitted to the board for approval. This should then be followed by an amended budget that should also be submitted timely to the board for approval.

Response:

The district will implement procedures to ensure original and amended budgets are prepared timely and submitted to the board for approval and properly recorded in the minutes.

State Legal Finding 03:

Criteria:

Section 25-11-127, Miss. Code Ann. (1972) addresses reemployment of PERS retirees by a school district under the PERS system. The district must verify the employee is a current retiree of the Public Employees' Retirement System (PERS) receiving benefits. If the employee is a retiree of PERS the district should file with PERS the PERS form 4B "Certification/Acknowledgment of Reemployment of Retiree." The employee should not be paid more than allowed by law as noted on the Form 4B.

Condition:

During our test of PERS Form 4Bs it was noted that the superintendent's board approved position salary was \$115,000. The superintendent hired by the school board is a retiree of PERS. According to the law and noted on PERS Form 4B the employee should only receive 50% or \$57,500 of the approved position amount. The district reported to PERS a position amount of \$230,000 and the actual payroll amount paid to the superintendent was \$115,000. This was according to the PERS Form 4B filed by the district and the payroll records provided by the district.

Due to the board approved salary amount of \$115,000 for the superintendent position, this results in a questioned cost of \$57,500 that should be reconciled with PERS or returned to the district.

Cause:

The district did not have the proper controls in place to ensure compliance with the state requirements of rehiring PERS retirees and properly reporting information on the PERS form 4B

Effect:

This could result on the overpayment of any PERS retirees hired by the district.

Recommendation:

We recommend the district follow Section 25-11-127 of the MS code and ensure that all PERS retirees who are hired are properly reported with PERS Form 4B to PERS. The district should also ensure that the hired retiree is not paid more than allowed by law as noted on the Form 4B.

Response:

The district will implement procedures to ensure all hired PERS retirees will be properly reported to PERS and paid according to their position amount and percent allocated on Form 4B.

State Legal Finding 04:

Criteria:

According to the purchasing requirements by the state of MS the district should receive at least two competitive written bids for any purchases over \$50,000 and should receive a minimum of two quotes for any purchases over \$5,000.

Condition:

During our internal control test on accounts payable it was noted that the district did not follow purchasing laws on 4 out of 30 invoices in our sample. The district could not provide quotes at the time of the audit.

Cause:

The district lacked internal controls with regard to purchasing and meeting the requirements or receiving two quotes for all purchases above the \$5,000 threshold determined by the state of MS.

Effect:

This could result in the district overpaying for high priced (over \$5,000) purchases by not taking the time to get multiple quotes to ensure the lowest price.

Recommendation:

The district should implement the proper controls to ensure quotes will be received for all purchases above \$5,000 and bids will be received for all purchases above \$50,000.

Response:

The district will implement the controls to ensure all purchases will have the proper quotes or bids when applicable.

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

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

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

Brown CPA, PLLC
Ridgeland, Mississippi
June 29, 2020

Brown CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:

Governmental Activities	Adverse
General Fund	Unmodified
School Food Service Fund	Unmodified
Title I A Basic Fund	Unmodified
Twenty-first Century Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes

3. Noncompliance material to financial statements noted? Yes

Federal Awards:

4. Internal control over major programs:

a. Material weakness identified?	Yes
b. Significant deficiency identified?	Yes

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I grants to local educational agencies
10.553; 10.555; 10.559	Child Nutrition Cluster

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

9. Auditee qualified as low-risk auditee? No

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

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II: Financial Statement Findings

Material Weakness/Material Non-Compliance

2019-001 Finding

Repeat Finding from 2018-001

Capital assets were not properly recorded and disposed.

Criteria:

The Financial Accounting Manual for Mississippi Public School Districts requires that all assets to be properly recorded. Improper recording of capital assets affects related depreciation under the requirements of GASB Statement 34.

Condition:

1. The district failed to enter values for many of the assets listed on the capital asset report from the accounting software. District stated that the assets were not entered correctly in the system when originally purchased and it was later difficult to trace the asset back to the PO/invoice to support the value. The paperwork could not be found at the time of the audit to provide accurate purchase amounts for the assets. Estimates were needed to provide values and it was unknown if some of the assets would have been above the capitalized thresholds, therefore effecting the financials.
2. The district did not complete disposal forms for each asset being disposed. The district also disposed of some of the assets that were originally listed with no value, some of which were marked depreciable, but never accounted for on the financial statements.
3. Two assets purchased in FY19 were on the acquisitions report but did not appear on the depreciation schedule.
4. A building listed on the capital asset schedule did not have a depreciation expense due to being listed with an incorrect purchase date.
5. Several assets listed did not have adequate descriptions, and some of the same assets were entered twice, for example two tag numbers for the same asset.
6. District is not maintaining subsidiary ledger accurately.

Cause:

District did not have the proper controls in place to ensure that all assets are being properly recorded when purchased and disposed.

Effect:

This could cause capital assets to be understated on the financials and could lead to assets being easily misplaced or stolen.

Recommendation:

The district should implement the proper procedures and controls with regard to the purchase, disposal, and transfer of fixed assets by reconciling them monthly to current month additions and board approved disposals of equipment. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Material Weaknesses/Immaterial Non-Compliance

2019-002 Finding

District does not have proper segregation of duties.

Criteria:

Management is responsible for ensuring that the proper resources are available to meet the requirements of the district. Segregation of duties is a key internal control intended to minimize the occurrence of errors or fraud by ensuring no employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. When duties cannot be sufficiently segregated due to the small size of the district, it is important that mitigating controls, such as a detailed supervisory review of the activities, be put in place to reduce risk.

Condition:

The district did not have the proper detailed supervisory review in place to reduce the risk of errors or misstatements. One employee had the ability to do the following procedures:

1. Receipt Cash
2. Deposit Cash
3. Posted receipts into the financial accounting system
4. Responsible for the performance of reconciling the bank balances to the general ledger system
5. Performed all functions relating to journal entries within the accounting software without review.

Cause:

The district did not have the proper segregation of duties for good internal controls in place within these procedures.

Effect:

Good internal controls require duties to be properly segregated to prevent both the initiation and the authorization of an entire transaction by one individual. Failure to adequately segregate duties increases the risk that unauthorized or inappropriate transactions could be processed and not be detected in a timely manner. The noted activities did not get the proper review which could lead to a greater risk of errors or fraud.

Recommendation:

We recommend the district implement procedures and controls to prevent both the initiation and the authorization of an entire transaction by one individual. We also recommend a supervisory review be done of the monthly activities. Adequate staff appear to be available to segregate these responsibilities.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

2019-003 Finding

Repeat Finding from 2018-002

Accounts payable testing and internal controls.

Criteria:

An effective system of internal control is the responsibility of management. Management should establish an internal control system that ensures strong financial accountability and safeguarding of assets. This includes maintenance of accurate accounting records and following the proper purchasing procedures.

Condition:

During our testing of invoices we noted the following items:

1. Invoices were not initialed and dated received by the employee.
2. Seven invoices tested were paid more than 45 days after the invoice date.
3. Seventeen instances where the purchase order was dated after the invoice date.
4. There was not supporting documents for one travel reimbursement tested.
5. Three expenditures were not properly coded
6. Eleven instances where AP Clerk keyed in a PO directly with no requisitions.
7. Two instances where we could not trace capital assets to where it was booked to the capital asset listing/software.

Cause:

The district did not properly implement an effective internal control system for accounts payable and did not follow the purchasing procedures required by the state.

Effect:

Without a proper internal control system being in place to ensure accurate accounting records, there is an increase risk that the financial statements could be materially misstated.

Recommendation:

District should implement policies and procedures to establish an internal control system that will require accountability with regard to accounts payable and purchasing. This will ensure the proper safeguarding of assets and accurate accounting records.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Significant Deficiency/Non-Compliance

2019-004 Finding

Payroll testing and internal controls

Criteria:

Management is responsible for ensuring that all payroll expenditures made by the district are adequately documented and properly calculated.

Condition:

We noted the following items while testing payroll expenditures:

1. One employee was paid over their board approved amount due to a software error allowing an additional amount to be carried over from the prior year. The amount overpaid was \$1,145.84.
2. Several employee files did not contain all forms, such as direct deposit forms, payroll withholding forms, and cafeteria plan forms signed by the employee.
3. One contract was not signed by the Superintendent for approval

Cause:

The district did not have the proper controls in place to ensure all employees are paid the amount approved by the board, and all employee files contain all forms, including signed contracts if applicable.

Effect:

Miscalculation or not verifying an employee's pay in the software could result in underpaying or overpaying an employee according to their contract and board approval. Not ensuring that all employee files are complete and contracts are properly signed could result in errors entering employee information in the software resulting in improper payments to employees or tax withholding calculations.

Recommendation:

We recommend the district implement internal controls to ensure employee pay is verified according to board approved amounts. We recommend that the employee overpaid by \$1,145.84 return the overpayment to the district. Additionally, the district should periodically review employee files to ensure they contain all the proper forms and signed contracts.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

2019-005 Finding

Payroll - Retired employee reporting

Criteria:

Management is responsible for the reporting requirements and timely submission to PERS for all retiring employees during the fiscal year.

Condition:

During out testing of retired employees it was noted that the district did not fill out the 9A "lump sum calculation" forms required by PERS for all retiring employees during the year. The district could not provide the forms at the time of the audit.

Cause:

The district did not have the proper controls in place to ensure that all paperwork for retired employees were being completed and submitted to PERS.

Effect:

This could result in retired employees not receiving the correct retirement payments by the district. This could also result in PERS miscalculating the employee's retirement account by including or not including the employee's accumulated "leave pay" with the total retirement account value.

Recommendation:

We recommend the district implement the proper internal controls to ensure all forms required by PERS are being completed and timely filed.

2019-006 Finding

Claims payable reporting

Criteria:

Management is responsible for ensuring that all items are reported correctly on the school district's financial statements. Accounts payables and accruals should be reconciled and adjusted at year end to accurately reflect the proper balances.

Condition:

During out testing of claims payable it was noted that the district did not properly accrue all claims.

Cause:

The district did not properly reconcile and review all claims at year end, and the following couple of months, to ensure all payables are accrued according to invoices dates, or in the fiscal year of occurrence.

Effect:

This could result in claims payable on the financials being underreported.

Recommendation:

The district should strengthen controls over reconciliations of liability accounts and other accruals within the financial statements to ensure that the financial statements are properly stated.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

2019-007 Finding

Deferred revenue testing

Criteria:

Management is responsible for ensuring that all items are reported correctly on the school district's financial statements. Deferred revenues should be reconciled and adjusted at year end to accurately reflect the proper balances.

Condition:

During out testing of deferred revenues it was noted that fund 2311 Title V included a balance that was being carried over from a prior period. The district was unaware of the balance and the liability was no longer valid.

Cause:

The district did not have the proper controls in place to review and reconcile all liabilities including deferred revenue to ensure proper balances are being stated on the financials.

Effect:

This could result in the liabilities being misstated on the financial statements.

Recommendation:

The district should strengthen controls over reconciliations of liability accounts and other accruals within the financial statements to ensure that the financial statements are properly stated.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section III: Federal Award Findings and Questioned Costs

Material Weaknesses/Non-Compliance

2019-008 Finding

Repeat Finding 2018-003

Cash management review.

Programs:

Title I Grants to Local Educational Agencies, CFDA #84.010
Supporting Effective Instruction state grants, CFDA #84.367
Special Education – grants to states, CFDA #84.027
Special Education – preschool grants, CFDA #84.173
Twenty-First Century Community Learning Centers, CFDA #84.287
Enhancing Education through Technology grant, CFDA #84.318
Passed through the Mississippi Department of Education
Compliance Requirement: Cash Management
Questioned Cost: \$33,308.39

Criteria:

Management is responsible for complying with the requirements of the Mississippi Department of Education Special Education Policy and Procedures Manual, which recommends that expenditures should be expended before the reimbursements are requested.

Condition:

We noted the following items during our review of cash management:

1. The cash balance was excessive for Title I Fund by \$15,768.74 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district.
2. The cash balance was excessive for the Title II Supporting Effective Instruction State Grants by \$2,321.35 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district.
3. The cash balance was excessive for the E2T2 Formula Grant by \$5,532.40 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district.
4. The cash balance was excessive for the SPED Cluster by \$5,642.49 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district.
5. The cash balance was excessive for the 21st Century Grant by \$4,043.41 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district.

Cause:

Improper internal controls resulted in the district not requesting reimbursements accurately.

Effect:

By requiring more than one staff member to review the reimbursement request reduces the risk of fraud and errors occurring and not being detected within a timely period. Improper internal controls concerning these particular fund allocations could result in questioned cost by the federal agencies.

Recommendation:

The district should implement stronger internal controls to ensure that all reimbursements are requested accurately in each area when the expenditure is actually expended by the district.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Significant Deficiency/Non-Compliance

2019-009 Finding

Repeat Finding 2018-004

Child Nutrition Cluster reporting requirements.

Program:
Child Nutrition Cluster, CFDA #10.553, 10.555, and 10.559
Passed through the Mississippi Department of Education
Compliance Requirement: Reporting

Criteria:

Management is responsible for the compliance with Mississippi Department of Education's policies and procedures manual for child nutrition programs which require submissions of monthly claim reporting to the Mississippi Department of Education by the 10th of the following month.

Condition:

Three out of ten monthly claim reports submitted for reimbursement were not submitted to the Mississippi Department of Education by the deadline of the 10th following the reporting month.

Cause:

The monthly claim for reimbursement reports for school lunch and breakfast were not submitted timely on a consistent basis.

Effect:

The district's lack of internal controls regarding the timely submission of reports by the deadline could result in the district not receiving federal reimbursement in a timely manner to cover program expenditures.

Recommendation:

The district should implement policies and procedures to ensure compliance with the reporting requirements of the Child Nutrition Cluster.

AUDITEE'S CORRECTIVE ACTION PLAN/
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

**North Bolivar Consolidated School District
204 North Edwards Street
Mound Bayou, MS 38762
Maurice Smith, Superintendent
Kenyatta McClain, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The North Bolivar Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2019:

Finding	Corrective Action Plan Details
2019-001	<p>Capital assets were not properly recorded or disposed.</p> <p>A. Name of contact person responsible for corrective action: Name: Maurice Smith Title: Superintendent</p> <p>B. Corrective action planned:</p> <p>District will comply with The Financial Accounting Manual for Mississippi Public School Districts and properly record all assets, and follow the proper procedures when disposing of assets.</p> <p>C. Anticipated completion date:</p> <p>July 31, 2020.</p>
2019-002	<p>District does not have proper segregation of duties.</p> <p>A. Name of contact person responsible for corrective action: Name: Maurice Smith Title: Superintendent</p> <p>B. Corrective action planned:</p> <p>District will improve internal controls to mitigate the segregation of duties by including or adding an additional person within the receipting, deposits, general ledger entry, and bank reconciliations. A review of the monthly activities will also be implemented.</p> <p>C. Anticipated completion date:</p> <p>July 31, 2020</p>

2019-003

Accounts payable testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

District will implement policies and procedures to establish an internal control system that will require accountability with regard to accounts payable and purchasing. That will also ensure proper safeguarding of assets and accurate accounting records

C. Anticipated completion date:

July 31, 2020

2019-004

Payroll testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

The district will implement internal controls to ensure all employees are paid according to board approved amounts, and employees' files are up to date and contain all forms including signed contracts when applicable.

C. Anticipated completion date:

July 31, 2020

2019-005

Retired employee reporting

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

The district will implement better controls and procedures to ensure all forms required by PERS are being completed and timely filed.

C. Anticipated completion date:

July 31, 2020

2019-006

Claims payable reporting

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

The district will implement better internal controls over reconciling liability accounts and other accruals within the financial statements to ensure that the balances are accurate.

C. Anticipated completion date:

July 31, 2020

2019-007

Deferred revenue testing

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

The district will strengthen controls over all receivables and payable to ensure the financial statements have the correct balances.

C. Anticipated completion date:

July 31, 2020

2019-008

Cash management review

A. Name of contact person responsible for corrective action:

Name: Kenyatta McClain

Title: Business Manager

B. Corrective action planned:

The business manager will review monthly to ensure all reimbursements are requested accurately and properly reflects when the expenditures are actually expended by the district.

C. Anticipated completion date:

July 31, 2020

2019-009

Child nutrition cluster reporting requirements

A. Name of contact person responsible for corrective action:

Name: Kenyatta McClain

Title: Business Manager

B. Corrective action planned:

The business manager and the child nutrition director will implement procedures to ensure the district is in compliance with the reporting requirements of the Child Nutrition Cluster

C. Anticipated completion date:

July 31, 2020

**North Bolivar Consolidated School District
204 North Edwards Street
Mound Bayou, MS 38762
Maurice Smith, Superintendent
Kenyatta McClain, Business Manager**

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Uniformed Guidance, the North Bolivar Consolidated School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2019:

<u>Findings</u>	<u>Status</u>
2018-001	See 2019-001
2018-002	See 2019-003
2018-003	See 2019-008
2018-004	See 2019-009
2018-005	Corrected
2018-006	Corrected