



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

NOXUBEE COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2019

NOXUBEE COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	14
Exhibit B – Statement of Activities	15
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	16
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	18
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Assets and Liabilities	20
Notes to the Financial Statements	21
REQUIRED SUPPLEMENTARY INFORMATION	42
Budgetary Comparison Schedule – General Fund	43
Budgetary Comparison Schedule – School Lunch Fund	44
Budgetary Comparison Schedule – Title I A - Basic Fund	45
Schedule of the District's Proportionate Share of the Net Pension Liability	46
Schedule of the District Contributions (PERS)	47
Schedule of the District's Proportionate Share of the Net OPEB Liability	48
Schedule of the District Contributions (OPEB)	49
Notes to the Required Supplementary Information	50
SUPPLEMENTARY INFORMATION	53
Schedule of Expenditures of Federal Awards	54
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	56
OTHER INFORMATION	57
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	58
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	59
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	60
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 <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	63
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	65
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	67
AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS	76

INDEPENDENT AUDITOR'S REPORT



## McKENZIE CPA, PLLC

521 Chuck Wagon Drive  
Brandon, MS 39042  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpapllc.com](mailto:barrymckenzie@mckenziecpapllc.com)

### INDEPENDENT AUDITOR'S REPORT

Interim Superintendent  
Noxubee County 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 Noxubee County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Noxubee County School District's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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 audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Noxubee County 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 4-12 and 42-49 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 Noxubee County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 February 21, 2020, on our consideration of the Noxubee County 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 Noxubee County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noxubee County School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC  
Brandon, Mississippi  
February 21, 2020



## MANAGEMENT'S DISCUSSION AND ANALYSIS

NOXUBEE COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

The following discussion and analysis of Noxubee County 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 \$905,895 including a prior period adjustment of (\$21,916), which represents a 10% increase from fiscal year 2018. Total net position for 2018 decreased \$2,608,260, including a prior period adjustment of (\$1,772,590), which represents a 43% decrease from fiscal year 2017.
- General revenues amounted to \$12,724,151 and \$12,641,286, or 74% and 76% 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 \$4,355,815, or 26% of total revenues for 2019, and \$4,026,856, or 24% of total revenues for 2018.
- The District had \$16,152,155 and \$17,503,812 in expenses for fiscal years 2019 and 2018; only \$4,355,815 for 2019 and \$4,026,856 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,724,151 for 2019 were adequate to provide for these programs and \$12,641,286 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$12,139,412 in revenues and \$10,152,585 in expenditures for 2019, and \$11,665,653 in revenues and \$12,547,015 in expenditures in 2018. The General Fund's fund balance increased by \$3,149,048 from 2018 to 2019, including a prior period adjustment of \$7,859, and decreased by \$1,061,163 from 2017 to 2018.
- Capital assets, net of accumulated depreciation, decreased by \$706,156 for 2019 and decreased by \$559,645 for 2018. The decrease for 2019 was due to the disposal of some buses and other mobile equipment along with the increase in accumulated depreciation.
- Long-term debt increased by \$938,202 for 2019 and decreased by \$1,125,000 for 2018. The decrease for 2019 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$16,798 for 2019 and increased by \$11,899 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 non-fiduciary 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



NOXUBEE COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

financial position is improving or deteriorating.

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

NOXUBEE COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

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

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

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

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

### **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 as required by the Governmental Accounting Standards Board.

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,807,685 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.

NOXUBEE COUNTY 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	\$ 5,750,408	\$ 2,960,584	94.23 %
Restricted assets	307,369	256,116	20.01 %
Capital assets, net	12,894,957	13,601,113	(5.19) %
<b>Total assets</b>	<b>18,952,734</b>	<b>16,817,813</b>	<b>12.69 %</b>
 <b>Deferred outflows of resources</b>	 <b>3,070,543</b>	 <b>2,367,543</b>	 <b>29.69 %</b>
 Current liabilities	 1,401,550	 1,581,499	 (11.38) %
Long-term debt outstanding	1,556,896	618,694	151.64 %
Net OPEB liability	1,700,126	1,728,357	(1.63) %
Net pension liability	23,435,191	21,225,415	10.41 %
<b>Total liabilities</b>	<b>28,093,763</b>	<b>25,153,965</b>	<b>11.69 %</b>
 <b>Deferred inflows of resources</b>	 <b>1,737,199</b>	 <b>2,744,971</b>	 <b>(36.71) %</b>
 <b>Net position:</b>			
Net investment in capital assets	12,644,957	13,056,113	(3.15) %
Restricted	2,207,425	2,304,728	(4.22) %
Unrestricted	(22,660,067)	(24,074,421)	5.87 %
<b>Total net position</b>	<b>\$ (7,807,685)</b>	<b>\$ (8,713,580)</b>	<b>10.40 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (22,660,067)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability, including the deferred outflows and deferred inflows	23,801,973
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 1,141,906</u>

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

- Increase in net capital assets in the amount of \$706,156.
- The principal retirement of \$295,000 of long-term debt.
- Recognition of the net pension liability in the amount of \$23,435,191.
- Recognition of GASB 75 which resulted in the recognition of a net OPEB liability in the amount of \$1,700,126

NOXUBEE COUNTY 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 \$17,079,966 and \$16,668,142, respectively. The total cost of all programs and services was \$16,152,155 for 2019 and \$17,503,812 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>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 151,837	\$ 233,965	(35.10) %
Operating grants and contributions	4,203,978	3,792,891	10.84 %
General revenues:			
Property taxes	4,022,845	3,728,204	7.90 %
Grants and contributions not restricted	8,143,791	8,465,165	(3.80) %
Investment earnings	86,124	5,246	1,541.71 %
Sixteenth section sources	400,545	353,379	13.35 %
Other	70,846	89,292	(20.66) %
<b>Total revenues</b>	<u><b>17,079,966</b></u>	<u><b>16,668,142</b></u>	<b>2.47 %</b>
<b>Expenses:</b>			
Instruction	6,673,296	7,678,879	(13.10) %
Support services	6,483,585	7,080,192	(8.43) %
Non-instructional	1,084,605	1,146,980	(5.44) %
Sixteenth section	96,432	69,492	38.77 %
Pension expense	1,731,453	1,386,395	24.89 %
OPEB expense	69,958	77,145	(9.32) %
Interest on long-term liabilities	12,826	64,729	(80.19) %
<b>Total expenses</b>	<u><b>16,152,155</b></u>	<u><b>17,503,812</b></u>	<b>(7.72) %</b>
<b>Increase (Decrease) in net position</b>	<u><b>927,811</b></u>	<u><b>(835,670)</b></u>	<b>211.03 %</b>
<b>Net Position, July 1, as previously reported</b>	<u><b>(8,713,580)</b></u>	<u><b>(6,105,320)</b></u>	<b>(42.72) %</b>
<b>Prior Period Adjustment</b>	<u><b>(21,916)</b></u>	<u><b>(1,772,590)</b></u>	<b>98.76 %</b>
<b>Net Position, July 1, as restated</b>	<u><b>(8,735,496)</b></u>	<u><b>(7,877,910)</b></u>	<b>(10.89) %</b>
<b>Net Position, June 30</b>	<u><b>\$ (7,807,685)</b></u>	<u><b>\$ (8,713,580)</b></u>	<b>10.40 %</b>

NOXUBEE COUNTY 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**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2019</b>	<b>2018</b>	
Instruction	\$ 6,673,296	\$ 7,678,879	(13.10) %
Support services	6,483,585	7,080,192	(8.43) %
Non-instructional	1,084,605	1,146,980	(5.44) %
Sixteenth section	96,432	69,492	38.77 %
Pension Expense	1,731,453	1,386,395	24.89 %
OPEB Expense	69,958	77,145	(9.32) %
Interest on long-term liabilities	12,826	64,729	(80.19) %
<b>Total expenses</b>	<b>\$ 16,152,155</b>	<b>\$ 17,503,812</b>	<b>(7.72) %</b>

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2019</b>	<b>2018</b>	
Instruction	\$ (5,126,354)	\$ (6,475,533)	20.84 %
Support services	(4,906,845)	(5,569,634)	11.90 %
Non-instructional	147,528	165,810	(11.03) %
Sixteenth section	(96,432)	(69,330)	(39.09) %
Pension Expense	(1,731,453)	(1,386,395)	(24.89) %
OPEB Expense	(69,958)	(77,145)	9.32 %
Interest on long-term liabilities	(12,826)	(64,729)	80.19 %
<b>Total net (expense) revenue</b>	<b>\$ (11,796,340)</b>	<b>\$ (13,476,956)</b>	<b>12.47 %</b>

- Net cost of governmental activities (\$11,796,340 for 2019 and \$13,476,956 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$4,022,845 for 2019 and \$3,728,204 for 2018) and state and federal revenues (\$8,143,791 for 2019 and \$8,465,165 for 2018). In addition, there was \$400,545 and \$353,379 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$86,124 for 2019 and \$5,246 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.

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 \$4,659,988, an increase of \$3,018,747, which includes a decrease in inventory of \$21,021 and a prior period adjustment of

NOXUBEE COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

(\$21,916). \$2,143,946, or 46% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,516,042, or 54% 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 \$3,149,048, including a prior period adjustment of \$7,859. The fund balance of Other Governmental Funds showed a decrease in the amount of \$42,948, which includes a prior period adjustment of \$(29,775).

<u>Major Fund</u>		<u>Increase (Decrease)</u>
School Lunch Fund	\$	(91,893)
Title I A - Basic Fund		no increase or decrease
Sixteenth Section Principal Fund	\$	4,540

## 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. Budget revisions during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue funds are 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 \$24,801,964, including land, school buildings, and improvements other than buildings, buses, other school vehicles, furniture and equipment. This amount represents a decrease of \$1,092,752 from 2018. Total accumulated depreciation as of June 30, 2019, was \$11,907,007, and total depreciation expense for the year was \$597,502, resulting in total net capital assets of \$12,894,957.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 49,211	\$ 49,211	- %
Buildings	10,767,413	11,078,250	(2.81) %
Building improvements	1,217,328	1,355,024	(10.16) %
Improvements other than buildings	103,291	113,044	(8.63) %
Mobile equipment	619,466	894,315	(30.73) %
Furniture and equipment	138,248	111,269	24.25 %
<b>Total</b>	<b>\$ 12,894,957</b>	<b>\$ 13,601,113</b>	<b>(5.19) %</b>

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

NOXUBEE COUNTY SCHOOL DISTRICT  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019

**Debt Administration.** At June 30, 2019, the District had \$1,556,896 in outstanding long-term debt, of which \$1,102,845 is due within one year. During the fiscal year, the District made principal payments totaling \$295,000 on outstanding long-term debt. The liability for compensated absences decreased \$16,798 from the prior year.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage</u> <u>Change</u>
General obligation bonds payable	\$ 250,000	\$ 545,000	(54.13) %
Other loans payable	1,250,000	-	N/A %
Compensated absences payable	56,896	73,694	(22.79) %
<b>Total</b>	<b><u>\$ 1,556,896</u></b>	<b><u>\$ 618,694</u></b>	<b>151.64 %</b>

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

## **CURRENT ISSUES**

The State took over the district during the 2019 fiscal year after concerns of their finances and findings of an investigative audit that cited them for violating more than 80 percent of the State's accreditation standards. The district will remain under state control for a minimum of five years under a state law requiring all districts to maintain an accountability rating of C or higher for five consecutive years.

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 Noxubee County School District, P.O. Box 540, Macon, MS 39141.

## FINANCIAL STATEMENTS



**NOXUBEE COUNTY SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2019**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,116,997
Due from other governments	608,916
Inventories	17,268
Prepaid items	7,227
Restricted assets	307,369
Capital assets, non-depreciable:	
Land	49,211
Capital assets, net of accumulated depreciation:	
Buildings	10,767,413
Building improvements	1,217,328
Improvements other than buildings	103,291
Mobile equipment	619,466
Furniture and equipment	138,248
Total Assets	<u>18,952,734</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	3,001,910
Deferred outflows - OPEB	68,633
Total Deferred Outflows of Resources	<u>3,070,543</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	931,612
Due to other governments	226
Unearned revenue	465,951
Interest payable on long-term liabilities	3,761
Long-term liabilities, due within one year:	
Capital related liabilities	250,000
Non-capital related liabilities	852,845
Net OPEB liability	68,897
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	454,051
Net pension liability	23,435,191
Net OPEB liability	1,631,229
Total Liabilities	<u>28,093,763</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	1,571,970
Deferred inflows - OPEB	165,229
Total Deferred Inflows of Resources	<u>1,737,199</u>
<b>Net Position</b>	
Net investment in capital assets	12,644,957
Restricted for:	
Expendable:	
School-based activities	788,619
Debt service	219,217
Forestry improvements	201,509
Unemployment benefits	23,670
Non-expendable:	
Sixteenth section	974,410
Unrestricted	(22,660,067)
Total Net Position (deficit)	<u>\$ (7,807,685)</u>

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

**NOXUBEE COUNTY SCHOOL DISTRICT**

**Statement of Activities**

**For the Year Ended June 30, 2019**

**Exhibit B**

		Program Revenues			Net (Expense) Revenue and
					Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 6,673,296	\$ 90,585	\$ 1,456,357	\$ -	\$ (5,126,354)
Support services	6,483,585	3,035	1,573,705	-	(4,906,845)
Non-instructional	1,084,605	58,217	1,173,916	-	147,528
Sixteenth section	96,432	-	-	-	(96,432)
Pension expense	1,731,453	-	-	-	(1,731,453)
OPEB expense	69,958	-	-	-	(69,958)
Interest on long-term liabilities	12,826	-	-	-	(12,826)
Total Governmental Activities	<u>\$ 16,152,155</u>	<u>\$ 151,837</u>	<u>\$ 4,203,978</u>	<u>\$ -</u>	<u>\$ (11,796,340)</u>

General Revenues:

Taxes:

General purpose levies 3,696,377

Debt purpose levies 326,468

Unrestricted grants and contributions:

State 8,015,447

Federal 128,344

Unrestricted investment earnings 86,124

Sixteenth section sources 400,545

Other 70,846

Total General Revenues 12,724,151

Change in Net Position 927,811

Net Position - Beginning, as previously reported (8,713,580)

Prior Period Adjustments (21,916)

Net Position - Beginning, as restated (8,735,496)

Net Position (deficit) - Ending \$ (7,807,685)

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

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

**Balance Sheet**  
**June 30, 2019**

**Exhibit C**

	Major Funds						
	General Fund	School Lunch Fund	Title I A - Basic Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 3,338,467	\$ 881,955	\$ 358,185	\$ 307,369	\$ 538,390	\$ 5,424,366	
Due from other governments	156,885	3,529	226,824	-	207,647	594,885	
Due from other funds	298,546	9,441	83		-	308,070	
Advance to other funds				667,041	-	667,041	
Inventories		17,268			-	17,268	
Prepaid items	4,732		1,988		507	7,227	
Total assets	<u>\$ 3,798,630</u>	<u>\$ 912,193</u>	<u>\$ 587,080</u>	<u>974,410</u>	<u>\$ 746,544</u>	<u>\$ 7,018,857</u>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 651,995	\$ 57,087	\$ 90,990	-	\$ 131,540	\$ 931,612	
Due to other funds	73	151,446	26,373	-	116,373	294,265	
Advances from other funds	667,041				-	667,041	
Unavailable revenue - federal programs			451,925		14,026	465,951	
Total Liabilities	<u>1,319,109</u>	<u>208,533</u>	<u>569,288</u>	<u>-</u>	<u>261,939</u>	<u>2,358,869</u>	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory		17,268			-	17,268	
Permanent fund principal				307,369	-	307,369	
Advances				667,041	-	667,041	
Prepaid items	4,732		1,988		507	7,227	
<b>Restricted:</b>							
Ad Valorem	106,579					106,579	
Debt service					222,978	222,978	
Forestry improvement purposes					201,509	201,509	
Grant activities	25,987	686,392	15,804		35,941	764,124	
Unemployment benefits					23,670	23,670	
<b>Assigned:</b>							
Capital improvements	187,790				-	187,790	
Activity Funds	10,487	-			-	10,487	
<b>Unassigned</b>	<u>2,143,946</u>	<u>-</u>			<u>-</u>	<u>2,143,946</u>	
Total Fund Balances	<u>2,479,521</u>	<u>703,660</u>	<u>17,792</u>	<u>974,410</u>	<u>484,605</u>	<u>4,659,988</u>	
Total Liabilities and Fund Balances	<u>\$ 3,798,630</u>	<u>\$ 912,193</u>	<u>\$ 587,080</u>	<u>974,410</u>	<u>\$ 746,544</u>	<u>\$ 7,018,857</u>	

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

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net F**  
**For the Year Ended June 30, 2019**

**Exhibit C-1**

**Total fund balances for governmental funds** **\$ 4,659,988**

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	\$ 49,211	
Buildings	17,708,222	
Building improvements	4,100,875	
Improvements other than buildings	243,828	
Mobile equipment	1,946,110	
Furniture and equipment	753,718	
Accumulated depreciation	<u>(11,907,007)</u>	12,894,957

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	(23,435,191)	
-----------------------	--------------	--

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	3,001,910	
Deferred inflows of resources related to pensions	<u>(1,571,970)</u>	(22,005,251)

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	(1,700,126)	
--------------------	-------------	--

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	68,633	
Deferred inflows of resources related to OPEB	<u>(165,229)</u>	(1,796,722)

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:

General obligation bonds	(250,000)	
Other loans payable	(1,250,000)	
Compensated absences	(56,896)	
Accrued interest payable	<u>(3,761)</u>	(1,560,657)

<b>Net Position of governmental activities</b>	<b>\$ <u>(7,807,685)</u></b>
--	------------------------------

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

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

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

**Exhibit D**

	Major Funds					Total
	General	School	Title I A -	Sixteenth	Other	Total
	Fund	Lunch	Basic	Section Principal	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
<b>Revenues:</b>						
Local sources	\$ 3,828,484	\$ 57,614	\$ -	\$	\$ 329,927	\$ 4,216,025
State sources	7,757,341	13,764			841,222	8,612,327
Federal sources	145,175	1,179,629	1,511,514		961,349	3,797,667
Sixteenth section sources	408,412			36,736	5,764	450,912
Total Revenues	12,139,412	1,251,007	1,511,514	36,736	2,138,262	17,076,931
<b>Expenditures:</b>						
Instruction	5,339,937	-	673,510	-	1,156,732	7,170,179
Support services	4,753,056	124,361	713,535	-	944,110	6,535,062
Noninstructional services	-	1,044,066	98,250	-	11,626	1,153,942
Sixteenth section	59,592				36,840	96,432
Debt service:						
Principal			-		295,000	295,000
Interest					15,105	15,105
Total Expenditures	10,152,585	1,168,427	1,485,295	-	2,459,413	15,265,720
Excess (Deficiency) of Revenues over (under) Expenditures	1,986,827	82,580	26,219	36,736	(321,151)	1,811,211
<b>Other Financing Sources (Uses):</b>						
Proceeds of Loans	1,250,000	-			-	1,250,000
Insurance recovery	3,035	-			-	3,035
Operating transfers in	293,284	-			392,876	686,160
Operating transfers out	(391,820)	(153,452)	(26,219)	(29,775)	(84,894)	(686,160)
Other financing uses	(137)	-		(2,421)	(4)	(2,562)
Total Other Financing Sources (Uses)	1,154,362	(153,452)	(26,219)	(32,196)	307,978	1,250,473
Net Change in Fund Balances	3,141,189	(70,872)	-	4,540	(13,173)	3,061,684
<b>Fund Balances:</b>						
July 1, 2018, as previously reported	(669,527)	795,553	17,792	969,870	527,553	1,641,241
Prior period adjustments	7,859			-	(29,775)	(21,916)
July 1, 2018, as restated	(661,668)	795,553	17,792	969,870	497,778	1,619,325
Increase (Decrease) in inventory		(21,021)			-	(21,021)
June 30, 2019	\$ 2,479,521	\$ 703,660	\$ 17,792	\$ 974,410	\$ 484,605	\$ 4,659,988

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

**NOXUBEE COUNTY 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** **\$ 3,061,684**

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	\$ 78,248	
Depreciation expense	<u>(597,502)</u>	(519,254)

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. (186,902)

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:

Bonds and notes issued	(1,250,000)	
Payments of debt principal	295,000	
Accrued interest payable	<u>2,279</u>	(952,721)

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	(1,731,453)	
Contributions subsequent to the measurement date	<u>1,265,467</u>	(465,986)

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	(69,958)	
Contributions subsequent to the measurement date	<u>65,171</u>	(4,787)

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	16,798	
Change in inventory	<u>(21,021)</u>	(4,223)

**Change in Net Position of governmental activities** **\$ 927,811**

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

**NOXUBEE COUNTY SCHOOL DISTRICT  
Fiduciary Funds**

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

**Exhibit E**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 11,442
Due from other governments	9,668
Due from other funds	226
Prepaid Items	1,955
Total Assets	<u>\$ 23,291</u>
<b>Liabilities</b>	
Othe payables	\$ 2,878
Due to other funds	14,031
Due to student clubs	6,382
Total Liabilities	<u>\$ 23,291</u>

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

NOXUBEE COUNTY 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, Noxubee County 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. 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.



NOXUBEE COUNTY 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 Lunch Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Food Service Fund.

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

Sixteenth Section Principal Fund - This is a permanent fund used to account for the nonexpendable resources generated from the sale of non-renewable resources on sixteenth section lands.

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.

NOXUBEE COUNTY 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.

NOXUBEE COUNTY 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.

NOXUBEE COUNTY 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 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the 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 a deferred outflow related to pensions and a deferred outflow related to OPEB. See Note 16 for further details.

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,

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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 a deferred inflow which is presented as a deferred inflow related to pensions and a deferred inflow related to OPEB. See Note 16 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.

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.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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. This formal action is a resolution approved by the School Board. 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 the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

## **Note 2 – Cash and Cash Equivalents**

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

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

#### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$5,424,366 and \$11,442, respectively. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents of \$5,116,997 and a portion of restricted assets in the amount of \$307,369 (see Note 4). The bank balance was \$5,626,830.

*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 \$5,626,830 was exposed to custodial credit risk.

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

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

Receivable Fund	Payable Fund	Amount
General Fund	School Lunch Fund	\$ 151,446
	Title I A - Basic Fund	26,373
	Other governmental funds	106,932
	Fiduciary funds	13,795
School Lunch Fund	Other governmental funds	9,441
Title I A - Basic Fund	Fiduciary funds	83
Fiduciary funds	General Fund	73
	Title I A - Basic Fund	153
Total		<u>\$ 308,296</u>

The primary purpose of the interfund loans were to eliminate negative cash balances in pooled bank accounts. All interfund receivables and payables are expected to be repaid within one year.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 667,041
Total		<u>\$ 667,041</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2019 is four percent.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 80,418	\$ 26,682	\$ 107,100
2021	83,635	23,465	107,100
2022	86,981	20,119	107,100
2023	90,459	16,641	107,100
2024	94,077	13,022	107,099
2025 - 2027	231,471	15,878	247,349
Total	<u>\$ 667,041</u>	<u>\$ 115,807</u>	<u>\$ 782,848</u>

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

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 391,820
School Lunch Fund	General Fund	152,575
	Other governmental funds	877
Title I A - Basic Fund	General Fund	26,219
Sixteenth Section Principal	General Fund	29,775
Other governmental funds	General Fund	84,715
	Other governmental funds	179
Total		<u>\$ 686,160</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, the transfer of expendable sixteenth section sources, debt service transfers, and other routine operating transfers.



NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$307,369 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.

**Note 5 – Capital Assets**

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

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 49,211	\$	\$	\$ 49,211
Total non-depreciable capital assets	49,211	-	-	49,211
<u>Depreciable capital assets:</u>				
Buildings	17,708,222			17,708,222
Building improvements	4,100,875			4,100,875
Improvements other than buildings	243,828			243,828
Mobile equipment	3,037,083		1,090,973	1,946,110
Furniture and equipment	755,497	78,248	80,027	753,718
Total depreciable capital assets	25,845,505	78,248	1,171,000	24,752,753
<u>Less accumulated depreciation for:</u>				
Buildings	6,629,972	310,837		6,940,809
Building improvements	2,745,851	137,696		2,883,547
Improvements other than buildings	130,784	9,753		140,537
Mobile equipment	2,142,768	93,716	909,840	1,326,644
Furniture and equipment	644,228	45,500	74,258	615,470
Total accumulated depreciation	12,293,603	597,502	984,098	11,907,007
Total depreciable capital assets, net	13,551,902	(519,254)	186,902	12,845,746
Governmental activities capital assets, net	\$ 13,601,113	\$ (519,254)	\$ 186,902	\$ 12,894,957

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 443,760
Support services	98,481
Noninstructional services	55,261
Total depreciation expense - Governmental activities	\$ 597,502

NOXUBEE COUNTY 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. General obligation bonds payable	\$ 545,000	\$	\$ 295,000	\$ 250,000	\$ 250,000
B. Other loans payable		1,250,000		1,250,000	850,000
C. Compensated absences payable	73,694		16,798	56,896	2,845
Total	\$ 618,694	\$ 1,250,000	\$ 311,798	\$ 1,556,896	\$ 1,102,845

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2009	3.80%	9/14/2009	9/15/2019	\$ 2,490,000	\$ 250,000
Total				<u>\$ 2,490,000</u>	<u>\$ 250,000</u>

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 250,000	\$ 4,750	\$ 254,750
Total	<u>\$ 250,000</u>	<u>\$ 4,750</u>	<u>\$ 254,750</u>

This debt will be retired from the debt service fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2019, the amount of outstanding bonded indebtedness was equal to .34% of property assessments as of October 1, 2018.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**B. Other loans payable**

The school district has issued debt instruments granted under the authority of Mississippi Code Annotated 37-17-6(15). These funds were provided by the School District Emergency Assistance fund and was approved by the State Board of Education.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
School District Emergency Assistance Loan	0%	8/1/2018	6/30/2021	\$ 1,250,000	\$ 1,250,000
Total				<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 850,000	\$ -	\$ 850,000
2021	400,000		400,000
Total	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>

This debt will be retired from the District Maintenance Fund.

**C. Compensated absences payable**

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

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**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](http://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. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. 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 \$1,265,467, \$1,417,119 and \$1,290,087, 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 \$23,435,191 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 0.140896 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.013212 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.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

For the year ended June 30, 2019, the District recognized pension expense of \$1,731,453. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 103,741	\$ 89,527
Net difference between projected and actual earnings on pension plan investments		315,934
Changes of assumptions	12,530	13,106
Changes in proportion and differences between District contributions and proportionate share of contributions	1,620,172	1,153,403
District contributions subsequent to the measurement date	1,265,467	
Total	\$ <u>3,001,910</u>	\$ <u>1,571,970</u>

\$1,265,467 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	\$ 36,693
2021	238,802
2022	(5,631)
2023	(105,391)

*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.

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:

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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

	<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	\$ 30,857,422	\$ 23,435,191	\$ 17,266,337

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

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**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 \$65,171 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 \$1,700,126 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

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

of June 30, 2018, the District's proportion was 0.21978236 percent. This was a decrease of 0.00050028 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 \$69,958. 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	\$	\$
Changes of assumptions		121,137
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions	3,462	44,092
District contributions subsequent to the measurement date	65,171	
Total	\$ <u>68,633</u>	\$ <u>165,229</u>

\$65,171 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	\$ (33,075)
2021	(33,075)
2022	(33,075)
2023	(33,075)
2024	(25,860)
Thereafter	(3,607)

*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%



NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
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%)	Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 1,884,548	\$ 1,700,126	\$ 1,541,518

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

*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	\$ 1,574,879	\$ 1,700,126	\$ 1,842,372

*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	\$ 369,710
2021	300,719
2022	279,054
2023	264,540
2024	216,144
2025-2029	1,025,948
2030-2034	955,271
2035-2039	695,472
2040-2044	431,467
Thereafter	752,179
Total	<u>\$ 5,290,504</u>

### Note 10 – 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.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Note 11 – Risk Management**

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

**Note 12 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Increase or decrease in a revenue or expenditure from a prior period	\$ (21,916)
Total	<u>\$ (21,916)</u>

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

Fund	Explanation	Amount
General Fund	Increase or decrease in a revenue or expenditure from a prior period	\$ 7,859
Other governmental funds	Increase or decrease in a revenue or expenditure from a prior period	<u>(29,775)</u>
Total		<u>\$ (21,916)</u>

**Note 13 - Insurance loss recoveries**

The Noxubee County School District received \$3,035 in insurance loss recoveries related to minor damages during the 2018-2019 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to support services expenditure function.

NOXUBEE COUNTY SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**Note 14 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$22,660,067) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,265,467 resulting from the 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 \$1,736,443 balance of the deferred outflow of resources related to pensions at June 30, 2019 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 3 years. The \$1,571,970 balance of the deferred inflow of resources related to pensions at June 30, 2019 will be recognized as a reduction of pension expense and will increase the unrestricted net position amount over the next 4 years.

The unrestricted net position (deficit) amount of (\$22,660,067) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$65,171 resulting from the 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. Other amounts reported as deferred outflows of resources totaling \$3,462 and deferred inflows of resources totaling \$165,229 related to OPEB at June 30, 2019, will be recognized in OPEB expense over the next 6 years.

**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 Noxubee County School District evaluated the activity of the district through February 21, 2020, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**NOXUBEE COUNTY 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
<b>Revenues:</b>					
Local sources	\$ 3,620,571	\$ 3,828,484	\$ 3,828,484	\$ 207,913	\$ -
State sources	7,800,955	7,757,341	7,757,341	(43,614)	-
Federal sources	139,195	145,175	145,175	5,980	-
Sixteenth section sources	363,539	408,412	408,412	44,873	-
Total Revenues	11,924,260	12,139,412	12,139,412	215,152	-
<b>Expenditures:</b>					
Instruction	6,247,692	5,339,937	5,339,937	907,755	-
Support services	5,288,731	4,753,056	4,753,056	535,675	-
Sixteenth section	50,300	59,592	59,592	(9,292)	-
Facilities acquisition and construction				-	-
Total Expenditures	11,586,723	10,152,585	10,152,585	1,434,138	-
Excess (Deficiency) of Revenues over (under) Expenditures	337,537	1,986,827	1,986,827	1,649,290	-
<b>Other Financing Sources (Uses):</b>					
Insurance recovery		3,035	3,035	3,035	-
Proceeds of Loans		1,250,000	1,250,000	1,250,000	-
Other financing uses		(137)	(137)	(137)	-
Operating transfers in	901,861	474,095	293,284	(427,766)	(180,811)
Operating transfers out	(1,033,163)	(572,631)	(391,820)	460,532	180,811
Total Other Financing Sources (Uses)	(131,302)	1,154,362	1,154,362	1,285,664	-
Net Change in Fund Balances	206,235	3,141,189	3,141,189	2,934,954	-
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	(669,527)	(669,527)	(669,527)	-	-
Prior period adjustments			7,859	-	7,859
July 1, 2018, as restated	(669,527)	(669,527)	(661,668)	-	7,859
June 30, 2019	\$ (463,292)	\$ 2,471,662	\$ 2,479,521	\$ 2,934,954	\$ 7,859

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

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**School Lunch Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 57,171	\$	\$ 57,614	\$ (57,171)	\$ 57,614
State sources	14,456		13,764	(14,456)	13,764
Federal sources	1,144,821		1,179,629	(1,144,821)	1,179,629
Total Revenues	1,216,448	-	1,251,007	(1,216,448)	1,251,007
<b>Expenditures:</b>					
Support services	115,830	86,280	124,361	29,550	(38,081)
Noninstructional services	1,126,355	545,185	1,044,066	581,170	(498,881)
Total Expenditures	1,242,185	631,465	1,168,427	610,720	(536,962)
Excess (Deficiency) of Revenues over (under) Expenditures	(25,737)	(631,465)	82,580	(605,728)	714,045
<b>Other Financing Sources (Uses):</b>					
Operating transfers in				-	-
Operating transfers out	(164,450)		(153,452)	164,450	(153,452)
Total Other Financing Sources (Uses)	(164,450)	-	(153,452)	164,450	(153,452)
Net Change in Fund Balances	(190,187)	(631,465)	(70,872)	(441,278)	560,593
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	795,553	795,553	795,553	-	-
Prior period adjustments				-	-
July 1, 2018, as restated	795,553	795,553	795,553	-	-
Increase (Decrease) in inventory			(21,021)	-	21,021
June 30, 2019	\$ 605,366	\$ 164,088	\$ 703,660	\$ (441,278)	\$ 581,614

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

**NOXUBEE COUNTY 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
<b>Revenues:</b>					
Federal sources	\$ 989,420	\$	\$ 1,511,514	\$ (989,420)	\$ 1,511,514
Total Revenues	989,420	-	1,511,514	(989,420)	1,511,514
<b>Expenditures:</b>					
Instruction	280,918	510,658	673,510	(229,740)	(162,852)
Support services	582,467	487,374	713,535	95,093	(226,161)
Noninstructional services	104,757	121,091	98,250	(16,334)	22,841
Total Expenditures	968,142	1,119,123	1,485,295	(150,981)	(366,172)
Excess (Deficiency) of Revenues over (under) Expenditures	21,278	(1,119,123)	26,219	(1,140,401)	1,145,342
<b>Other Financing Sources (Uses):</b>					
Operating transfers out		(4,630)	(26,219)	(4,630)	(21,589)
Total Other Financing Sources (Uses)	-	(4,630)	(26,219)	(4,630)	(21,589)
Net Change in Fund Balances	21,278	(1,123,753)	-	(1,145,031)	1,123,753
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	17,792	17,792	17,792	-	-
Prior period adjustments				-	-
July 1, 2018, as restated	17,792	17,792	17,792	-	-
June 30, 2019	\$ 39,070	\$ (1,105,961)	\$ 17,792	\$ (1,145,031)	\$ 1,123,753

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



**Noxubee County School District**  
**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	0.140896%	0.127684%	0.142654%	0.145427%	0.153246%
District's proportionate share of the net pension liability	\$ 23,435,191	\$ 21,225,415	\$ 25,481,567	\$ 22,480,147	\$ 18,601,258
District's covered payroll	8,997,581	8,191,029	9,125,911	9,085,429	9,364,152
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.4610%	259.1300%	279.2222%	247.4308%	198.6433%
Plan fiduciary net position as a percentage of the total pension liability	62.535%	61.490%	57.468%	61.704%	67.208%

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.

**Noxubee County 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	\$ 1,265,467	\$ 1,417,119	\$ 1,290,087	\$ 1,437,331	\$ 1,430,955
Contributions in relation to the contractually required contribution	1,265,467	1,417,119	1,290,087	1,437,331	1,430,955
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	8,034,711	8,997,581	8,191,029	9,125,911	9,085,429
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.

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	<u><b>2019</b></u>	<u><b>2018</b></u>
District's proportion of the net OPEB liability	0.21978236%	0.22028264%
District's proportionate share of the net OPEB liability	\$ 1,700,126	\$ 1,728,357
District's covered-employee payroll	8,997,581	9,896,693
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.90%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0%

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.

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years**

	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 65,171	\$ 73,682
Contributions in relation to the actuarially determined contribution	65,171	73,682
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	8,034,711	9,242,419
Contributions as a percentage of covered-employee payroll	0.81%	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 reports.

NOXUBEE COUNTY 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 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%.

NOXUBEE COUNTY 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

NOXUBEE COUNTY 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 percent
Salary increases, including wage inflation	3.25 percent to 18.50 percent
Initial health care cost trend rates	
Medicare Supplement Claims	7.75 percent
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00 percent
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 percent

SUPPLEMENTARY INFORMATION



**NOXUBEE COUNTY 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
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 337,848
National school lunch program	10.555	195MS326N1099	907,114
Summer Food Service Program for Children	10.559	195MS326N1099	11,626
Total child nutrition cluster			<u>1,256,588</u>
Total passed-through Mississippi Department of Education			<u>1,256,588</u>
Passed-through Noxubee County, Mississippi:			
Schools and Roads - Grants to States			26,195
Total passed-through Noxubee County, Mississippi			<u>26,195</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,282,783</u>
<b><u>U.S. Department of Defense</u></b>			
Direct Program:			
Reserve Officers' Training Corps	12.XXX		60,116
<b>Total U.S. Department of Defense</b>			<u>60,116</u>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A180024	1,801,576
Career and technical education - basic grants to states	84.048	V048A180024	50,200
Education for Homeless Children and Youth	84.196	S196A180025	26,022
Rural Education	84.358	S3588180024	30,500
Supporting Effective Instruction State Grants	84.367	S367A180023	7,475
Student Support and Academic Enrichment Program	84.424A	S424A180025	50,919
Subtotal			<u>1,966,692</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	418,831
Special education - preschool grants	84.173	H173A180113	20,387
Total special education cluster			<u>439,218</u>
Total passed-through Mississippi Department of Education			<u>2,405,910</u>
<b>Total U.S. Department of Education</b>			<u>2,405,910</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	93.778	1905MS5ADM	14,226
Total passed-through Mississippi Department of Education			<u>14,226</u>
<b>Total U.S. Department of Social Security Administration</b>			<u>14,226</u>
Total for All Federal Awards			<u>\$ 3,763,035</u>

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

# NOXUBEE COUNTY 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 Noxubee County 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 Noxubee County School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Noxubee County 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 Noxubee County 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.

**NOXUBEE COUNTY 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	\$ 11,370,243	7,963,643	912,974	581,305	1,912,321
Other	3,895,477	915,922	250,489	61,730	2,667,336
Total	<u>\$ 15,265,720</u>	<u>8,879,565</u>	<u>1,163,463</u>	<u>643,035</u>	<u>4,579,657</u>
Total number of students *	<u>1,473</u>				
Cost per student	<u>\$ 10,364</u>	<u>6,028</u>	<u>790</u>	<u>437</u>	<u>3,109</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

**NOXUBEE COUNTY SCHOOL DISTRICT**  
**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**General Fund**

**Last Four Years**

**UNAUDITED**

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 3,828,484	\$ 3,482,436	\$ 3,421,237	\$ 3,607,332
State sources	7,757,341	7,675,299	8,152,582	8,436,808
Federal sources	145,175	154,248	137,012	73,474
Sixteenth Section sources	408,412	353,670	724,433	524,103
Total Revenues	12,139,412	11,665,653	12,435,264	12,641,717
<b>Expenditures:</b>				
Instruction	5,339,937	6,585,081	6,603,804	6,833,858
Support services	4,753,056	5,900,974	6,089,999	5,868,968
Non instructional services		3,530	1,280	
Sixteenth section	59,592	57,430	49,998	
Facilities acquisition and construction			235,000	58,505
Debt Service:				
Interest				10,350
Total Expenditures	10,152,585	12,547,015	12,980,081	12,771,681
Excess (Deficiency) of Revenues over (under) Expenditures	1,986,827	(881,362)	(544,817)	(129,964)
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	3,035		34,242	755,425
Proceeds of Loans	1,250,000			
Operating transfers in	293,284	233,126	182,342	255,038
Operating transfers out	(391,820)	(412,927)	(362,078)	
Other financing uses	(137)			(589,468)
Total Other Financing Sources (Uses)	1,154,362	(179,801)	(145,494)	420,995
Net Change in Fund Balances	3,141,189	(1,061,163)	(690,311)	291,031
<b>Fund Balances:</b>				
Beginning of period, as previously reported	(669,527)	391,636	926,644	534,626
Prior period adjustments	7,859	-	155,303	100,987
Beginning of period, as restated	(661,668)	391,636	1,081,947	635,613
End of Period	\$ 2,479,521	\$ (669,527)	\$ 391,636	\$ 926,644

\*SOURCE - PRIOR YEAR AUDIT REPORTS

# NOXUBEE COUNTY SCHOOL DISTRICT

## Other Information

### Statement of Revenues, Expenditures and Changes in Fund Balances

#### All Governmental Funds

#### Last Four Years

#### UNAUDITED

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 4,216,025	\$ 4,054,465	\$ 3,924,703	\$ 4,183,276
State sources	8,612,327	8,894,217	9,343,192	9,699,507
Federal sources	3,797,667	3,363,839	3,421,147	3,475,634
Sixteenth section sources	450,912	355,622	801,223	621,993
Total Revenues	17,076,931	16,668,143	17,490,265	17,980,410
<b>Expenditures:</b>				
Instruction	7,170,179	8,105,680	8,090,603	8,584,700
Support services	6,535,062	7,527,691	7,821,900	7,381,608
Noninstructional services	1,153,942	1,182,421	1,168,459	1,136,628
Sixteenth section	96,432	69,492	90,429	90,500
Facilities acquisition and construction			235,000	
Debt service:				
Principal	295,000	1,125,000	742,000	720,000
Interest	15,105	77,365	86,221	124,656
Other		1,238	1,350	
Total Expenditures	15,265,720	18,088,887	18,235,962	18,038,092
Excess (Deficiency) of Revenues over (under) Expenditures	1,811,211	(1,420,744)	(745,697)	(57,682)
<b>Other Financing Sources (Uses):</b>				
Proceeds of Loans	1,250,000			
Insurance recovery	3,035		34,242	755,425
Operating transfers in	686,160	653,208	602,085	1,143,230
Operating transfers out	(686,160)	(653,208)	(602,085)	(1,143,230)
Other financing uses	(2,562)			
Total Other Financing Sources (Uses)	1,250,473	0	34,242	755,425
Net Change in Fund Balances	3,061,684	(1,420,744)	(711,455)	697,743
<b>Fund Balances:</b>				
Beginning of period, as previously reported	1,641,241	3,055,620	3,601,175	2,799,882
Prior period adjustments	(21,916)		155,303	101,644
Beginning of period, as restated	1,619,325	3,055,620	3,756,478	2,901,526
Increase (Decrease) in reserve for inventory	(21,021)	6,365	10,597	1,906
End of Period	\$ 4,659,988	\$ 1,641,241	\$ 3,055,620	\$ 3,601,175

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



## McKENZIE CPA, PLLC

521 Chuck Wagon Drive  
Brandon, MS 39042

(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpapllc.com](mailto:barrymckenzie@mckenziecpapllc.com)

### 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*

Interim Superintendent  
Noxubee County 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 Noxubee County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Noxubee County School District's basic financial statements, and have issued our report thereon dated February 21, 2020.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Noxubee County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Noxubee County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Noxubee County School District's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be material weaknesses (**Finding 2019-001** and **Finding 2019-002**) and significant deficiencies (**Finding 2019-003** and **Finding 2019-004**).

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noxubee County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Noxubee County School District's Response to Findings**

Noxubee County School District's response to the findings identified in our audit is described in the accompanying auditee's corrective action plan. The Noxubee County 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.

McKenzie CPA, PLLC  
Brandon, Mississippi  
February 21, 2020

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".



## McKENZIE CPA, PLLC

521 Chuck Wagon Drive  
Brandon, MS 39042  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpapllc.com](mailto:barrymckenzie@mckenziecpapllc.com)

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

Interim Superintendent  
Noxubee County School District

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

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

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Noxubee County 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 Noxubee County 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 legal determination of Noxubee County School District's compliance.

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

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

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

Our consideration of 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as **Finding 2019-005** to be a material weakness and **Findings 2019-006** and **2019-007** to be significant deficiencies.

### Noxubee County School District's Response to Findings

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

### 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.

McKenzie CPA, PLLC  
Brandon, Mississippi  
February 21, 2020



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



## McKENZIE CPA, PLLC

521 Chuck Wagon Drive  
Brandon, MS 39042  
(Phone) 601-670-5282 (Email) [barrymckenzie@mckenziecpallc.com](mailto:barrymckenzie@mckenziecpallc.com)

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

Interim Superintendent  
Noxubee County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Noxubee County School District as of and for the year ended June 30, 2019, which collectively comprise Noxubee County School District's basic financial statements and have issued our report thereon dated February 21, 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 insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, 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.

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.

McKenzie CPA, PLLC  
Brandon, Mississippi  
February 21, 2020

*McKenzie CPA, PLLC*

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NOXUBEE COUNTY 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:                      | Unmodified |
|    |   |            |
| 2. | Internal control over financial reporting:            |            |
| a. | Material weaknesses identified?                       | Yes        |
| b. | Significant deficiencies identified?                  | Yes        |
|    |   |            |
| 3. | Noncompliance material to financial statements noted? | No         |

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:  |                     |   |                        |                         |        |  |  |
|                        | <table border="0" style="width: 100%;"> <tr> <th style="text-align: left;"><u>CFDA Numbers</u></th> <th style="text-align: left;"><u>Name of Federal Program or Cluster</u></th> </tr> <tr> <td>10.553; 10.555: 10.559</td> <td>Child Nutrition Cluster</td> </tr> <tr> <td>84.010</td> <td>Title I grants to local educational agencies</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 10.553; 10.555: 10.559 | Child Nutrition Cluster | 84.010 | Title I grants to local educational agencies |  |
| <u>CFDA Numbers</u>    | <u>Name of Federal Program or Cluster</u>  |                     |   |                        |                         |        |  |  |
| 10.553; 10.555: 10.559 | Child Nutrition Cluster  |                     |   |                        |                         |        |  |  |
| 84.010                 | Title I grants to local educational agencies   |                     |   |                        |                         |        |  |  |
|                        |  |                     |   |                        |                         |        |  |  |
| 8.                     | Dollar threshold used to distinguish between type A and type B programs:   | \$750,000           |   |                        |                         |        |  |  |
|                        |  |                     |   |                        |                         |        |  |  |
| 9.                     | Auditee qualified as low-risk auditee?   | No                  |   |                        |                         |        |  |  |
|                        |  |                     |   |                        |                         |        |  |  |
| 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                 |   |                        |                         |        |  |  |

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Section II: Financial Statement Findings**

**Material Weaknesses**

**2019-001 Finding**

**Payroll expenditures should be supported by adequate documentation and approval.**

**Criteria:**

Management is responsible for ensuring that all payroll expenditures made by the district are adequately documented and approved by the governing board.

**Condition:**

We noted the following items while testing payroll expenditures:

Twenty-five employees out the twenty-five employees paid with non-federal funds tested were found to not be approved in board minutes and no support the governing board approved the staff or their salaries for the fiscal year 2019.

**Cause:**

The district did not have the proper controls and procedures in place to ensure employees and applicable wages are properly board approved. Controls were also not in place to ensure that all approvals were properly recorded accurately in the minutes.

**Effect:**

Omitting documentation of approval of employee's compensation from the board minutes could result in payments of unauthorized amounts or employee's

**Recommendation:**

We recommend the district implement procedures and internal controls to ensure that the school board approve all salaries including supplements or additional time paid to district employees.

**View of Responsible Officials:**

The district will implement controls to ensure that all employees are approved and documented within the board minutes.



NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**2019-002 Finding**

**Non-Payroll expenditures should be supported by adequate documentation and approval.**

**Repeat finding from 2018-001**

**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.

**Condition:**

The controls surrounding the cycle of non-payroll expenditures and related liabilities is not working effectively to reduce the risk of financial statement misstatement. We performed detailed testing on twenty-five (25) non-payroll expenditure transactions. Our testing showed three (3) instances where the invoice was dated before the purchase order, revealing purchases were made without appropriate authorization.

**Cause:**

The district failed to design and implement a sound system of internal controls surrounding nonpayroll expenditures and related payables.

**Effect:**

There is an increased risk that misstatements in the area of non-payroll expenditures will exist that will not be corrected in a timely manner by district personnel. This risk means that transactions may not be properly authorized and accurately classified and recorded.

**Recommendation:**

We recommend the district develop a system of sound internal controls surrounding the cycle of nonpayroll expenditures and related liabilities and begin steps to implement the system of controls.

**View of Responsible Officials:**

The district will implement a sound system of internal controls.

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Significant deficiencies not considered to be a Material Weaknesses**

**2019-003 Finding**

**Capital assets should be properly documented and reported in the district's financial statements.**

**Criteria:**

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This includes reviewing and updating the capital assets and depreciation reports to reflect the physical inventory. Proper documentation should also be filed for asset transfers, disposals, and tagging.

**Condition:**

We noted the following items while testing capital assets:

1. Out of a sample of 23 assets pulled for inspection, 2 of the 14 able to be inspected did not have asset tags, and nine assets could not be found at the time of inspection. Also, the proper transfer paperwork was not completed for an asset moved to another location.

**Cause:**

The district lacks appropriate controls to ensure all asset procedures are implemented and properly recorded.

**Effect:**

This caused the district to not be able to substantiate existence of the capital asset tested for physical inspection and could question the validity of balances at year end.

**Recommendation:**

The district should implement procedures and internal 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.

**View of Responsible Officials:**

The district will implement an improved system of internal controls.

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**2019-004 Finding**

**Accounts Receivables, accounts payable, and accrued liabilities were not properly reported on the district's financial statements.**

**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:**

We noted the following items while reviewing support for the financial statements:

1. Prior year balances were carried over and not properly cleared.

**Cause:**

The district did not implement the proper controls to reconcile and record accruals at year end.

**Effect:**

Receivables and payables were misstated and did not reflect the correct balances at year end. Proposed adjustments were made during the audit process and accepted by the district to properly reflect accruals 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.

**View of Responsible Officials:**

The district will implement an improved system of internal controls.

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Section III: Federal Award Findings and Questioned Costs**

**Material Weakness**

**2019-005 Finding**

**Payroll expenditures should be supported by adequate documentation and approval.**

Program:

Title I grant to local educational agencies, CFDA # 84.010  
Child Nutrition Cluster, CFDA # 10.553; 10.555, 10.559

**Criteria:**

Management is responsible for ensuring that all payroll expenditures made by the district are adequately documented and approved by the governing board.

**Condition:**

We noted the following items while testing payroll expenditures:

Twenty employees out the twenty employees tested were found to not be approved in board minutes and no support the governing board approved the staff or their salaries for the fiscal year 2019.

**Cause:**

The district did not have the proper controls and procedures in place to ensure employees and applicable wages are properly board approved. Controls were also not in place to ensure that all approvals were properly recorded accurately in the minutes.

**Effect:**

Omitting documentation of approval of employee's compensation from the board minutes could result in payments of unauthorized amounts or employee's

**Recommendation:**

We recommend the district implement procedures and internal controls to ensure that the school board approve all salaries including supplements or additional time paid to district employees.

**View of Responsible Officials:**

The district will implement controls to ensure that all employees are approved and documented within the board minutes.

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**Significant Deficiency/ Immaterial noncompliance**

**2019-006 Finding**

**Repeat finding from 2018-002**

**Internal controls surrounding special education cash management principles should be strengthened.**

Program:

Title I grant to local educational agencies, CFDA # 84.010  
Education for Homeless Children and Youth, CFDA # 84.196  
Rural Education CFDA # 84.358  
Passed-through the Mississippi Department of Education

Compliance Requirement: Cash Management  
Questioned Cost: \$31,762

**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 cash management review:

1. The cash balance was excessive for Title I local educational agencies by \$17,792 in the allocation of funds to the district for reimbursement of expenditures that had not been expended by the district. These funds have been carried forward from a previous period.
2. The cash balance was excessive for the Education for Homeless Children and Youth by \$10,158 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 Rural Education by \$3,812 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 grant funding 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.

**View of Responsible Officials:**

The district will implement a better system of internal controls to prevent this issue in the future.

NOXUBEE COUNTY SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

**2019-007 Finding**

**Internal controls over reporting Child Nutrition**

Program: Child Nutrition Cluster  
CFDA # 10.553, 10.555 & 10.559  
Compliance Requirement: Reporting

**Criteria:**

Management is responsible for complying with the requirements of the Mississippi Department of Education Child Nutrition Programs Policy and Procedures Manual, which requires that the monthly claims forms be received by the 10<sup>th</sup> day of the month following the reporting month.

**Condition:**

One of ten reporting months were filed after the 10<sup>th</sup> of the following month. Adult sales were not being recorded or reported by the district.

**Cause:**

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

**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 reporting could result in questioned cost by the federal agencies.

**Recommendation:**

The district should implement policies and procedures to ensure compliance with the reporting requirements.

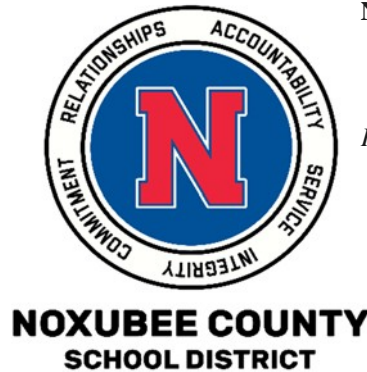
**View of Responsible Officials:**

The district will implement a better system of internal controls to prevent this issue in the future.

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

*Pam Norris*  
**Chief Financial Officer**  
*Reberta Duck*  
**Accounts Receivable Clerk**  
*Cassie Gordon*  
**Payroll Clerk**

*Denise Robinson*  
**Accounts Payable Clerk**  
*Sonjh Rucker*  
**16<sup>th</sup> Section Clerk**



**Noxubee County School District**  
**Business Office**  
*P.O. Box 540 Macon, Mississippi 39341*  
*Phone: (662) 726-4527 or 726-4583*  
*Fax: (662) 726-2809*  
[www.ourncsd.org](http://www.ourncsd.org)

*Rodriguez F. Broadnax Ed.S.*  
**Superintendent of Education**

### AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Noxubee County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2019:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-001	<p>a. Name of Contact Person Responsible for Corrective Action  Name: Pam Norris  Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement a improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-002	<p>a. Name of Contact Person Responsible for Corrective Action  Name: Pam Norris  Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement an improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>



<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-003	<p>a. Name of Contact Person Responsible for Corrective Action Name: Pam Norris Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement an improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-004	<p>a. Name of Contact Person Responsible for Corrective Action Name: Pam Norris Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement an improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-005	<p>a. Name of Contact Person Responsible for Corrective Action Name: Pam Norris Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement an improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2019-006	<p>a. Name of Contact Person Responsible for Corrective Action Name: Pam Norris Phone Number: (662) 726-4527</p> <p>b. Corrective Action Planned: The district will implement an improved system of internal controls.</p> <p>c. Anticipated Completion Date: 06/30/20</p>

Finding

Corrective Action Plan Details

2019-007

- a. Name of Contact Person Responsible for Corrective Action  
Name: Pam Norris  
Phone Number: (662) 726-4527
- b. Corrective Action Planned: The district will implement an improved system of internal controls.
- c. Anticipated Completion Date: 06/30/20

*Pam Norris*  
**Chief Financial Officer**  
*Reberta Duck*  
**Accounts Receivable Clerk**  
*Cassie Gordon*  
**Payroll Clerk**

*Denise Robinson*  
**Accounts Payable Clerk**  
*Sonjh Rucker*  
**16<sup>th</sup> Section Clerk**



**NOXUBEE COUNTY  
SCHOOL DISTRICT**

**Noxubee County School District  
Business Office**

*P.O. Box 540 Macon, Mississippi 39341*

*Phone: (662) 726-4527 or 726-4583*

*Fax: (662) 726-2809*

*[www.ourncsd.org](http://www.ourncsd.org)*

*Rodriguez F. Broadnax Ed.S.*  
**Superintendent of Education**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Noxubee County School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2019:

**Finding Status**

2018-001 Not Corrected (See Finding 2019-002)

2018-002 Not Corrected (See Finding 2019-006)

2018-003      Corrected

2018-004      Corrected