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WEST POINT CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2019

St. Clair CPA, PLLC  
Carriere, MS

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## INDEPENDENT AUDITOR'S REPORT

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**ST. CLAIR CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
West Point Consolidated School District

**Report on the Financial Statements**

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

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

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

***Auditor's Responsibility***

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

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

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



## ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point Consolidated School District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 9-16, 51-53, 54, 55, 56 and 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

The accompanying Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2019, on my consideration of the West Point Consolidated School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Point Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Point Consolidated School District's internal control over financial reporting and compliance.

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC  
Carriere, MS  
November 15, 2019

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**WEST POINT CONSOLIDATED SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**

The following discussion and analysis of West Point Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2019 decreased \$1,385,775, including a prior period adjustment of \$172, which represents a 6% decrease from fiscal year 2018. Total net position for 2018 decreased \$6,002,895, including a prior period adjustment of (\$2,820,263), which represents a 38% decrease from fiscal year 2017.
- General revenues amounted to \$23,024,248 and \$23,142,703, or 77% 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 \$6,929,520, or 23% of total revenues for 2019, and \$7,465,068, or 24% of total revenues for 2018.
- The District had \$31,339,715 and \$33,790,403 in expenses for fiscal years 2019 and 2018; only \$6,929,520 for 2019 and \$7,465,068 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$23,024,248 for 2019 and \$23,142,703 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$23,002,104 in revenues and \$22,654,650 in expenditures for 2019, and \$22,698,793 in revenues and \$23,728,002 in expenditures in 2018. The General Fund's fund balance increased by \$98,522 from 2018 to 2019, and decreased by \$721,289 from 2017 to 2018.
- Capital assets, net of accumulated depreciation, decreased by \$718,369 for 2019 and decreased by \$653,021 for 2018. The decrease for 2019 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$5,849 for 2019 and decreased by \$559,654 for 2018. This decrease for 2019 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$104,151 for 2019 and increased by \$25,346 for 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

## **Notes to the financial statements**

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$23,187,695 as of June 30, 2019.

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

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



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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>	<b>Percentage Change</b>
Current assets	\$ 3,585,892	\$ 3,630,447	(1.23) %
Restricted assets	2,113,525	1,755,672	20.38 %
Capital assets, net	19,330,604	20,048,973	(3.58) %
<b>Total assets</b>	<b><u>25,030,021</u></b>	<b><u>25,435,092</u></b>	<b>(1.59) %</b>
 <b>Deferred outflows of resources</b>	 <b><u>2,591,912</u></b>	 <b><u>3,751,867</u></b>	 <b>(30.92) %</b>
 Current liabilities	 1,520,704	 1,649,724	 (7.82) %
Long-term debt outstanding	2,295,185	2,301,034	(0.25) %
Net OPEB liability	2,780,288	2,820,712	(1.43) %
Net pension liability	42,144,289	41,955,618	0.45 %
<b>Total liabilities</b>	<b><u>48,740,466</u></b>	<b><u>48,727,088</u></b>	<b>0.03 %</b>
 <b>Deferred inflows of resources</b>	 <b><u>2,069,162</u></b>	 <b><u>2,261,791</u></b>	 <b>(8.52) %</b>
 <b>Net position:</b>			
Net investment in capital assets	17,330,604	17,938,973	(3.39) %
Restricted	2,019,139	1,675,343	20.52 %
Unrestricted	(42,537,438)	(41,416,236)	(2.71) %
<b>Total net position</b>	<b><u>\$ (23,187,695)</u></b>	<b><u>\$ (21,801,920)</u></b>	<b>(6.36) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (42,537,438)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>44,401,827</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 1,864,389</u>

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

- Decrease in net capital assets in the amount of \$718,369.
- The principal retirement of \$110,000 of long-term debt.

### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$29,953,768 and \$30,607,771, respectively. The total cost of all programs and services was \$31,339,715 for 2019 and \$33,790,403 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**

	<b>Year Ended June 30, 2019</b>	<b>Year Ended June 30, 2018</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 661,765	\$ 614,309	7.73 %
Operating grants and contributions	6,267,755	6,850,759	(8.51) %
General revenues:			
Property taxes	8,294,103	7,918,422	4.74 %
Grants and contributions not restricted	14,513,912	15,185,314	(4.42) %
Investment earnings	137,433	13,148	945.28 %
Sixteenth section sources	53,621	23,019	132.94 %
Other	25,179	2,800	799.25 %
<b>Total revenues</b>	<b>29,953,768</b>	<b>30,607,771</b>	<b>(2.14) %</b>
<b>Expenses:</b>			
Instruction	14,889,446	15,343,999	(2.96) %
Support services	10,823,491	11,405,805	(5.11) %
Non-instructional	1,952,713	1,945,772	0.36 %
Sixteenth section	3,616	7,250	(50.12) %
Pension expense	3,413,245	4,805,408	(28.97) %
OPEB expense	129,844	140,614	(7.66) %
Interest on long-term liabilities	127,360	141,555	(10.03) %
<b>Total expenses</b>	<b>31,339,715</b>	<b>33,790,403</b>	<b>(7.25) %</b>
<b>Increase (Decrease) in net position</b>	<b>(1,385,947)</b>	<b>(3,182,632)</b>	<b>56.45 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(21,801,920)</b>	<b>(15,799,025)</b>	<b>(38.00) %</b>
<b>Prior Period Adjustment</b>	<b>172</b>	<b>(2,820,263)</b>	<b>100.01 %</b>
<b>Net Position, July 1, as restated</b>	<b>(21,801,748)</b>	<b>(18,619,288)</b>	<b>(17.09) %</b>
<b>Net Position, June 30</b>	<b>\$ (23,187,695)</b>	<b>\$ (21,801,920)</b>	<b>(6.36) %</b>

### 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</b>
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Instruction	\$ 14,889,446	\$ 15,343,999	(2.96) %
Support services	10,823,491	11,405,805	(5.11) %
Non-instructional	1,952,713	1,945,772	0.36 %
Sixteenth section	3,616	7,250	(50.12) %
Pension Expense	3,413,245	4,805,408	(28.97) %
OPEB Expense	129,844	140,614	(7.66) %
Interest on long-term liabilities	127,360	141,555	(10.03) %
<b>Total expenses</b>	<b>\$ 31,339,715</b>	<b>\$ 33,790,403</b>	<b>(7.25) %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage</b>
	<b>2019</b>	<b>2018</b>	<b>Change</b>
Instruction	\$ (11,799,409)	\$ (12,304,594)	(4.11) %
Support services	(9,485,647)	(9,447,194)	0.41 %
Non-instructional	548,926	521,279	5.30 %
Sixteenth section	(3,616)	(7,250)	(50.12) %
Pension Expense	(3,413,245)	(4,805,408)	(28.97) %
OPEB Expense	(129,844)	(140,614)	(7.66) %
Interest on long-term liabilities	(127,360)	(141,555)	(10.03) %
<b>Total net (expense) revenue</b>	<b>\$ (24,410,195)</b>	<b>\$ (26,325,336)</b>	<b>(7.27) %</b>

- Net cost of governmental activities (\$24,410,195 for 2019 and \$26,325,336 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$8,294,103 for 2019 and \$7,918,422 for 2018) and state and federal revenues (\$14,513,912 for 2019 and \$15,185,314 for 2018). In addition, there was \$53,621 and \$23,019 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$137,433 for 2019 and \$13,148 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 \$4,243,250, an increase of \$439,970, which includes a prior period adjustment of \$172 and a decrease in inventory of \$9,286. \$2,022,757 or 48% 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 \$2,220,493 or 52% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$98,522. The fund balance of Other Governmental Funds showed a decrease in the amount of \$122,549. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Child Nutrition Fund	\$ (34,863)
Title I Fund	no increase or decrease
QSCB Fund	498,860

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2019, the District's total capital assets were \$35,651,528, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents a gross increase of \$15,887 from 2018. Total accumulated depreciation as of June 30, 2019, was \$16,320,924, and total depreciation expense for the year was \$779,197, resulting in total net capital assets of \$19,330,604.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Land	\$ 615,960	\$ 615,960	0.00 %
Buildings	17,203,874	17,740,263	(3.02) %
Building improvements	729,091	776,030	(6.05) %
Mobile equipment	317,421	385,652	(17.69) %
Furniture and equipment	464,258	531,068	(12.58) %
<b>Total</b>	<b>\$ 19,330,604</b>	<b>\$ 20,048,973</b>	<b>(3.58) %</b>

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

**Debt Administration.** At June 30, 2019, the District had \$2,295,185 in outstanding long-term debt, of which \$23,615 is due within one year. The liability for compensated absences increased \$104,151 from the prior year.

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Certificates of participation payable	0	110,000	(100.00) %
Qualified school construction bonds payable	2,000,000	2,000,000	0.00 %
Compensated absences payable	295,185	191,034	54.52 %
<b>Total</b>	<b><u>\$ 2,295,185</u></b>	<b><u>\$ 2,301,034</u></b>	<b><u>(0.25) %</u></b>

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

## **CURRENT ISSUES**

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

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the West Point Consolidated School District, P.O. Box 656, West Point, Mississippi 39773.

## BASIC FINANCIAL STATEMENTS

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## WEST POINT CONSOLIDATED SCHOOL DISTRICT

Exhibit A

## Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,627,593
Due from other governments	865,912
Other receivables, net	26,675
Inventories	65,712
Restricted assets (Note 4)	2,113,525
Non-depreciable capital assets (Note 5)	615,960
Depreciable capital assets, net (Note 5)	18,714,644
Total Assets	<u>25,030,021</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 7)	2,465,325
Deferred outflow - OPEB (Note 8)	126,587
Total Deferred Outflows of Resources	<u>2,591,912</u>
Liabilities	
Accounts payable and accrued liabilities	1,456,167
Interest payable on long-term liabilities	64,537
Long-term liabilities (Due within one year) (Note 6)	
Non-capital related liabilities	23,615
Net OPEB liability (Note 8)	118,069
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	2,000,000
Non-capital related liabilities	271,570
Net pension liability (Note 7)	42,144,289
Net OPEB liability (Note 8)	2,662,219
Total Liabilities	<u>48,740,466</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 7)	1,870,462
Deferred inflows - OPEB (Note 8)	198,700
Total Deferred Inflows of Resources	<u>2,069,162</u>
Net Position	
Net investment in capital assets	17,330,604
Restricted net position	
Expendable	
School-based activities	674,402
Debt service	1,181,423
Forestry improvements	26,077
Unemployment benefits	83,591
Non-expendable	
Sixteenth section	53,646
Unrestricted	<u>(42,537,438)</u>
Total Net Position	<u>\$ (23,187,695)</u>

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



WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2019

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 14,889,446	496,091	2,593,946	(11,799,409)
Support services	10,823,491		1,337,844	(9,485,647)
Non-instructional	1,952,713	165,674	2,335,965	548,926
Sixteenth section	3,616			(3,616)
Pension expense	3,413,245			(3,413,245)
OPEB expense	129,844			(129,844)
Interest on long-term liabilities	127,360			(127,360)
Total Governmental Activities	<u>31,339,715</u>	<u>661,765</u>	<u>6,267,755</u>	<u>(24,410,195)</u>
General Revenues				
Taxes				
General purpose levies				7,964,019
Debt purpose levies				330,084
Unrestricted grants and contributions				
State				14,222,929
Federal				290,983
Unrestricted investment earnings				137,433
Sixteenth section sources				53,621
Other				25,179
Total General Revenues				<u>23,024,248</u>
Changes in Net Position				<u>(1,385,947)</u>
Net Position - Beginning, as previously reported				(21,801,920)
Prior Period Adjustments (Note 10)				172
Net Position - Beginning - as restated				<u>(21,801,748)</u>
Net Position - Ending				<u>\$ (23,187,695)</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2019

Exhibit C

	<u>Major Funds</u>				<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Child Nutrition</u>	<u>Title I</u>	<u>QSCB</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets						
Cash and cash equivalents (Note 2)	\$ 2,627,593	668,339		158,392	648,279	4,102,603
Cash with fiscal agent (Note 2)				1,986		1,986
Investments (Note 2)				635,654	875	636,529
Due from other governments	214,799	1,409	402,780		246,924	865,912
Due from other funds (Note 3)	456,814				40	456,854
Inventories		65,712				65,712
Total Assets	<u>3,299,206</u>	<u>735,460</u>	<u>402,780</u>	<u>796,032</u>	<u>896,118</u>	<u>6,129,596</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable & accrued liabilities	1,139,632	75,612	135,942		104,981	1,456,167
Due to other funds (Note 3)			266,838		163,341	430,179
Total Liabilities	<u>1,139,632</u>	<u>75,612</u>	<u>402,780</u>	<u>0</u>	<u>268,322</u>	<u>1,886,346</u>
Fund Balances						
Nonspendable						
Inventory		65,712				65,712
Permanent fund principal					53,646	53,646
Restricted						
Debt service				796,032	449,928	1,245,960
Forestry improvements					26,077	26,077
Unemployment benefits					83,591	83,591
Grant activities		594,136			14,554	608,690
Assigned						
School activities	136,817					136,817
Unassigned	2,022,757					2,022,757
Total Fund Balances	<u>2,159,574</u>	<u>659,848</u>	<u>0</u>	<u>796,032</u>	<u>627,796</u>	<u>4,243,250</u>
Total Liabilities and Fund Balances	<u>\$ 3,299,206</u>	<u>735,460</u>	<u>402,780</u>	<u>796,032</u>	<u>896,118</u>	<u>6,129,596</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2019

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 4,243,250
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	615,960	
Buildings	29,862,442	
Building Improvements	1,173,486	
Mobile equipment	1,619,185	
Furniture and equipment	2,380,455	
Accumulated depreciation	<u>(16,320,924)</u>	19,330,604
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	(42,144,289)	
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	2,465,325	
Deferred inflows of resources related to pensions	<u>(1,870,462)</u>	(41,549,426)
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	(2,780,288)	
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	126,587	
Deferred inflows of resources related to OPEB	<u>(198,700)</u>	(2,852,401)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Qualified school construction bonds payable	(2,000,000)	
Compensated absences	(295,185)	
Accrued interest payable	<u>(64,537)</u>	<u>(2,359,722)</u>
Total Net Position - Governmental Activities		<u>\$ (23,187,695)</u>

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

## WEST POINT CONSOLIDATED SCHOOL DISTRICT

Exhibit D

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

For the Year Ended June 30, 2019

	Major Funds				Other	Total
	General	Child Nutrition	Title I	QSCB	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
Revenues						
Local sources	\$ 8,542,490	165,674		40,297	344,840	9,093,301
State sources	14,222,929	20,007			851,122	15,094,058
Federal sources	190,242	2,215,949	1,648,213	100,741	1,532,464	5,687,609
Sixteenth section sources	46,443				7,178	53,621
Total Revenues	23,002,104	2,401,630	1,648,213	141,038	2,735,604	29,928,589
Expenditures						
Instruction	12,711,126		1,473,004		1,508,219	15,692,349
Support services	9,943,524	259,798	211,878		990,871	11,406,071
Noninstructional services		2,071,792	70,942		20,206	2,162,940
Sixteenth section					3,616	3,616
Debt service						
Principal (Note 6)					110,000	110,000
Interest					125,888	125,888
Other				1,300	2,520	3,820
Total Expenditures	22,654,650	2,331,590	1,755,824	1,300	2,761,320	29,504,684
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	347,454	70,040	(107,611)	139,738	(25,716)	423,905
Other Financing Sources (Uses)						
Sale of other property	24,579	600				25,179
Operating transfers in (Note 3)	178,417	13,783	149,562	358,950	451,928	1,152,640
Operating transfers out (Note 3)	(451,928)	(110,000)	(41,951)	0	(548,761)	(1,152,640)
Total Other Financing Sources (Uses)	(248,932)	(95,617)	107,611	358,950	(96,833)	25,179
Net Change in Fund Balances	98,522	(25,577)	0	498,688	(122,549)	449,084
Fund Balances						
July 1, 2018, as previously reported	2,061,052	694,711	0	297,172	750,345	3,803,280
Prior period adjustments (Note 10)				172		172
July 1, 2018, as restated	2,061,052	694,711	0	297,344	750,345	3,803,452
Decrease in reserve for inventory		(9,286)				(9,286)
June 30, 2019	\$ 2,159,574	659,848	0	796,032	627,796	4,243,250

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2019

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 449,084

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:

Capital outlay	61,282	
Depreciation expense	<u>(779,197)</u>	(717,915)

In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (454)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	110,000	
Accrued interest payable	<u>2,348</u>	112,348

Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Pension expense	(3,413,245)	
Contributions made subsequent to the measurement date	<u>2,309,447</u>	(1,103,798)

Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

OPEB expense	(129,844)	
Contributions made subsequent to the measurement date	<u>118,069</u>	(11,775)

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:

Change in compensated absences	(104,151)	
Change in inventory reserve	<u>(9,286)</u>	<u>(113,437)</u>

Changes in Net Position of Governmental Activities	<u><u>\$ (1,385,947)</u></u>
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The notes to the financial statements are an integral part of this statement.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Statement of Fiduciary Assets and Liabilities  
June 30, 2019

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents (Note 2)	<u>\$          169,531</u>
Total Assets	<u><u>                  169,531</u></u>
Liabilities	
Accounts payable and accrued liabilities	2,386
Due to other funds (Note 3)	26,675
Due to student clubs	<u>140,470</u>
Total Liabilities	<u><u>\$          169,531</u></u>

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

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## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For 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 two members are elected by the citizens of each defined county district and three members are selected by the City of West Point Board of Alderman.

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

Blended component unit

The West Point Building Corporation ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 13).

##### **B. Government-wide and Fund Financial Statements**

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.



## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2019

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Child Nutrition Fund - This Special Revenue Fund is used to account for the Federal funds whose use is restricted for services associated with providing meals to students.

Title I Fund - This Special Revenue Fund is used to account for the Federal funds whose use is restricted for services associated with providing supplemental educational service to students.

QSCB Fund - This Debt Service Fund is used to account for the resources that will be used to retire the Qualified School Construction Bonds debt at such time the balloon debt payment becomes due and payable.

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

The District's fiduciary funds include the following:

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

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

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

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.

## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2019

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

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

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

### FIDUCIARY FUNDS

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

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

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

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

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

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

**D. Encumbrances**

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

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

**1. Cash, Cash equivalents and Investments**

**Cash and cash equivalents**

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

**Investments**

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

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, as well as for its component units, 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."

## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2019

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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

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

#### 5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 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:

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

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

### 7. Deferred outflows/inflows of resources

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

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

See Note 1(E)(10) and 1(E)(11) for further details.

### 8. Compensated Absences

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

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

### 9. Long-term Liabilities

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

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

## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2019

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.

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is documented in the board minutes of 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 of education and/or the business manager pursuant to authorization established by the school board.

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted

## WEST POINT CONSOLIDATED SCHOOL DISTRICT

### Notes to the Financial Statements

For Year Ended June 30, 2019

(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 policy of the West Point Consolidated School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the revenues of the District Maintenance Fund.

#### **Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments**

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

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities 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 \$ 4,102,603 and \$169,531, respectively.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

#### **Cash with Fiscal Agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,986.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

Investments

As of June 30, 2019, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Qualified School Construction Bond Common Trust	Aaa	less than 1	\$ 635,654
Federated Government Obligation	Aaa-mf	less than 1	875
Total			<u>\$ 636,529</u>

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

The district has the following recurring fair value measurements as of June 30, 2019:

- The identified investments of \$636,529 are valued using quoted market prices (Level 1 inputs)

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2019, the district did not have any investments to which this would apply.

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Major Fund - Title I Fund	\$ 266,838
	Other governmental funds	163,341
	Fiduciary funds	26,635
Other governmental funds	Fiduciary funds	40
Total		<u>\$ 456,854</u>

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



WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 451,928
Other Governmental Funds	General Fund	26,466
	Major Fund - Child Nutrition Fund	13,783
	Major Fund - Title I Fund	149,562
	Major fund - QSCB Fund	358,950
Major Fund - Child Nutrition Fund	General Fund	110,000
Major Fund - Title I Fund	General Fund	41,951
Total		<u>\$ 1,152,640</u>

The transfer out of the General Fund was for the purpose of funding the Vocational Program and extended school year in the Other Governmental Funds. The transfers from the Major Funds and Other governmental Funds to the General Fund were for indirect costs. The transfer from Other Governmental Funds to the Major Fund – Title I Fund was from the Title II funds, as approved in the grant application, to support the Title I program. The Other Governmental Funds to the Major Fund – QSCB Fund was to fund debt service.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, cash with fiscal agent, and investment balance, totaling \$1,475,010, \$1,986 and \$ 636,529, respectively, of the Sixteenth Section Principal Fund (Permanent Fund), Debt Service Funds and certain restricted federal programs which are legally restricted and may not be used for purposes that support the district's programs.

**Note 5 – Capital Assets**

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

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 615,960			615,960
Total non-depreciable capital assets	<u>615,960</u>	<u>0</u>	<u>0</u>	<u>615,960</u>
<u>Depreciable capital assets:</u>				
Buildings	29,862,442			29,862,442
Building improvements	1,173,486			1,173,486
Mobile equipment	1,619,185			1,619,185
Furniture and equipment	2,364,568	61,282	45,395	2,380,455
Total depreciable capital assets	<u>35,019,681</u>	<u>61,282</u>	<u>45,395</u>	<u>35,035,568</u>
<u>Less accumulated depreciation for:</u>				
Buildings	12,122,179	536,389		12,658,568
Building improvements	397,456	46,939		444,395
Mobile equipment	1,233,533	68,231		1,301,764
Furniture and equipment	1,833,500	127,638	44,941	1,916,197
Total accumulated depreciation	<u>15,586,668</u>	<u>779,197</u>	<u>44,941</u>	<u>16,320,924</u>
Total depreciable capital assets, net	<u>19,433,013</u>	<u>(717,915)</u>	<u>454</u>	<u>18,714,644</u>
Governmental activities capital assets, net	<u>\$ 20,048,973</u>	<u>(717,915)</u>	<u>454</u>	<u>19,330,604</u>

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 601,531
Support services	93,483
Non-instructional	84,183
Total depreciation expense - Governmental activities	<u>\$ 779,197</u>

## Note 6 – Long-term Liabilities

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. Certificates of participation payable	110,000		110,000	0	0
B. Qualified school construction bonds payable	2,000,000			2,000,000	0
C. Compensated absences payable	191,034	104,151		295,185	23,615
Total	<u>\$ 2,301,034</u>	<u>104,151</u>	<u>\$ 110,000</u>	<u>2,295,185</u>	<u>23,615</u>

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
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**A. Certificates of participation payable**

This debt was paid in full during the fiscal year.

**B. Qualified school construction bonds payable**

As more fully explained in Note 14, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Constructions Bonds, 2010	6.04	12/17/2010	12/17/2022	<u>\$ 2,000,000</u>	<u>2,000,000</u>

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

Year Ending June 30	Principal	Interest	Total
2020		120,800	120,800
2021		120,800	120,800
2022		120,800	120,800
2023	<u>2,000,000</u>	<u>120,800</u>	<u>2,120,800</u>
Total	<u>\$ 2,000,000</u>	<u>483,200</u>	<u>2,483,200</u>

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$131,843) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972). This debt will be retired from the QSCB Debt Retirement Fund (Debt Service 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.

**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).

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2019 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$2,309,447, \$2,548,442 and \$2,550,066, 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 \$42,144,289 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 .253378 percent, which was based on a measurement date of June 30, 2018. This was an increase of .000989 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,413,245. 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	\$ 137,384	\$ 622,958
Net difference between projected and actual earnings on pension plan investments	0	142,127
Changes of assumptions	18,494	17,307

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

Changes in proportion and differences between District contributions and proportionate share of contributions	0	1,088,070
District contributions subsequent to the measurement date	<u>2,309,447</u>	<u>0</u>
Total	\$ <u>2,465,325</u>	\$ <u>1,870,462</u>

\$2,309,447 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	\$ (641,300)
2021	(641,300)
2022	(396,453)
2023	(35,531)

*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:

<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	

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	0.00
Total	<u>100</u>	<u>%</u>

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 55,491,936	\$ 42,144,289	\$ 31,050,633

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

### Note 8 – Other Postemployment Benefits (OPEB)

#### General Information about the OPEB Plan.

*Plan description.* State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. 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

# WEST POINT CONSOLIDATED SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2019

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 \$118,069 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 \$2,780,288 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 of June 30, 2018, the District's proportion was .35941936 percent. This was a decrease of .00008603 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 \$129,844. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,661	\$ 0
Changes of assumptions	0	198,101
Net difference between projected and actual earnings on OPEB plan investments	0	0
Changes in proportion and differences between District contributions and proportionate share of contributions	2,857	599
District contributions subsequent to the measurement date	118,069	0
Total	\$ <u>126,587</u>	\$ <u>198,700</u>

\$118,069 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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

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	\$ (38,407)
2021	(38,407)
2022	(38,407)
2023	(38,407)
2024	(31,031)
Thereafter	(5,523)

*Actuarial assumptions.* The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
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 ultimate rate of 4.75% by 2028
Pre-Medicare	

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.



WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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

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

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 3,081,881	\$ 2,780,288	\$ 2,520,910

*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	\$ 2,575,466	\$ 2,780,288	\$ 3,012,908

*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.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

Year Ending June 30	Amount
2020	\$ 21,419
2021	19,819
2022	15,850
2023	200
2024	200
2025 – 2029	1,000
2030 – 2034	1,000
2035 – 2039	1,000
Total	<u>\$ 60,488</u>

**Note 10 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
Correction of a prior period error in recording an asset/liability	\$ 172
Total	<u>\$ 172</u>

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

Fund	Explanation	Amount
Major Fund - QSCB Fund	Correction of a prior period error in recording an asset/liability	\$ 172
Total		<u>\$ 172</u>

**Note 11 – Contingencies**

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

**Note 12 – 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.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

**Note 13 – Trust Certificates**

A trust agreement dated August 1, 1999, was executed by and between the school district and West Point Building Corporation, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$2,495,000. Approximately \$2,446,960 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$48,040 was used to pay the cost of issuance.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

**Note 14 – Qualified School Construction Bonds**

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2019, the subsidy payments amounted to \$100,741.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2019 was \$637,640. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2019

Year Ending June 30	Amount
2020	\$ 371,000
2021	406,000
2022	406,000
2023	217,000
Total	<u>\$ 1,400,000</u>

**Note 15 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$42,537,438) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,309,447 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$155,878 balance of deferred outflow of resources related to pensions, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$42,537,438) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,870,462 balance of deferred inflow of resources related to pensions, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$42,537,438) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$118,069 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$8,518 balance of deferred outflow of resources related to OPEB, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$42,537,438) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$198,700 balance of deferred inflow of resources related to OPEB, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

**Note 16 – In Lieu Tax Agreement**

On or about June 27, 2013, the Clay County Board of Supervisors and the Yokohama Tire Manufacturer entered into an agreement for in lieu payments of ad valorem taxes. The agreement provides for annual payments of the greater of one third of the taxes otherwise payable for the company property or the floor amount of \$1,700,000. The payment will not exceed ten years pursuant to the applicable state laws. The amount received by the school district has ranged from approximately \$616,000 to \$734,000 and is anticipated to remain within that range through the payment period. The payment period is expected to terminate on or about the year 2026. The Clay County Tax Assessor is responsible for making the annual in lieu of ad valorem payment to the West Point Consolidated School District.

WEST POINT CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2019

**Note 32 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through November 15, 2019, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

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WEST POINT CONSOLIDATED SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$8,456,567	8,542,490	8,542,490	85,923	0
State sources	14,224,771	14,222,929	14,222,929	(1,842)	0
Federal sources	150,000	190,242	190,242	40,242	0
Sixteenth section sources	22,850	46,443	46,443	23,593	0
Total Revenues	<u>22,854,188</u>	<u>23,002,104</u>	<u>23,002,104</u>	<u>147,916</u>	<u>0</u>
Expenditures					
Instruction	12,808,740	12,749,126	12,711,126	59,614	38,000
Support services	10,500,822	10,005,524	9,943,524	495,298	62,000
Total Expenditures	<u>23,309,562</u>	<u>22,754,650</u>	<u>22,654,650</u>	<u>554,912</u>	<u>100,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(455,374)</u>	<u>247,454</u>	<u>347,454</u>	<u>702,828</u>	<u>100,000</u>
Other Financing Sources (Uses)					
Sale of transportation equipment	2,000	0	0	(2,000)	0
Sale of other property	500	24,579	24,579	24,079	0
Operating transfers in	4,593,394	3,850,668	178,417	(742,726)	(3,672,251)
Operating transfers out	(4,830,599)	(4,124,179)	(451,928)	706,420	3,672,251
Total Other Financing Sources (Uses)	<u>(234,705)</u>	<u>(248,932)</u>	<u>(248,932)</u>	<u>(14,227)</u>	<u>0</u>
Net Change in Fund Balances			<u>98,522</u>		
Fund Balances					
July 1, 2018			<u>2,061,052</u>		
June 30, 2019			<u>\$ 2,159,574</u>		

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



WEST POINT CONSOLIDATED SCHOOL DISTRICT

Budgetary Comparison Schedule for the Major Special Revenue Fund - Child Nutrition Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$156,000	165,674	165,674	9,674	0
State sources	20,000	20,007	20,007	7	0
Federal sources	2,250,000	2,215,949	2,215,949	(34,051)	0
Total Revenues	<u>2,426,000</u>	<u>2,401,630</u>	<u>2,401,630</u>	<u>(24,370)</u>	<u>0</u>
Expenditures					
Support services	348,105	259,798	259,798	88,307	0
Noninstructional services	2,084,850	2,071,792	2,071,792	13,058	0
Total Expenditures	<u>2,432,955</u>	<u>2,331,590</u>	<u>2,331,590</u>	<u>101,365</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,955)</u>	<u>70,040</u>	<u>70,040</u>	<u>76,995</u>	<u>0</u>
Other Financing Sources (Uses)					
Insurance loss recoveries	200	0	0	(200)	0
Sale of other property	1,500	600	600	(900)	0
Operating transfers in	429,908	13,783	13,783	(416,125)	0
Operating transfers out	(203,015)	(110,000)	(110,000)	93,015	0
Total Other Financing Sources (Uses)	<u>228,593</u>	<u>(95,617)</u>	<u>(95,617)</u>	<u>(324,210)</u>	<u>0</u>
Net Change in Fund Balances			<u>(25,577)</u>		
Fund Balances					
July 1, 2018			694,711		
Decrease in reserve for inventory			<u>(9,286)</u>		
June 30, 2019			<u>\$ 659,848</u>		

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I Fund  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 2,474,097	2,276,586	1,648,213	(197,511)	(628,373)
Total Revenues	<u>2,474,097</u>	<u>2,276,586</u>	<u>1,648,213</u>	<u>(197,511)</u>	<u>(628,373)</u>
Expenditures					
Instruction	1,882,822	2,006,670	1,473,004	(123,848)	533,666
Support services	441,241	270,952	211,878	170,289	59,074
Noninstructional services	82,588	87,205	70,942	(4,617)	16,263
Total Expenditures	<u>2,406,651</u>	<u>2,364,827</u>	<u>1,755,824</u>	<u>41,824</u>	<u>609,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>67,446</u>	<u>(88,241)</u>	<u>(107,611)</u>	<u>(155,687)</u>	<u>(19,370)</u>
Other Financing Sources (Uses)					
Operating transfers in	0	149,562	149,562	149,562	0
Operating transfers out	(67,446)	(61,320)	(41,951)	6,126	19,369
Total Other Financing Sources (Uses)	<u>(67,446)</u>	<u>88,242</u>	<u>107,611</u>	<u>155,688</u>	<u>19,369</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2018			<u>0</u>		
June 30, 2019			<u>\$ 0</u>		

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

WEST POINT CONSOLIDATED 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>
District's proportion of the net pension liability	0.253378%	0.252389%	0.250991%	0.264782%
District's proportionate share of the net pension liability	<u>\$ 42,144,289</u>	<u>41,955,618</u>	<u>44,833,260</u>	<u>40,930,076</u>
District's covered payroll	<u>\$ 16,180,584</u>	<u>16,190,832</u>	<u>16,056,521</u>	<u>16,542,089</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>260.46%</u>	<u>259.13%</u>	<u>279.22%</u>	<u>247.43%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>62.54%</u>	<u>61.49%</u>	<u>57.47%</u>	<u>61.70%</u>

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

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,309,447	2,548,442	2,550,056	2,528,902
Contributions in relation to the contractually required contribution	2,309,447	2,548,442	2,550,056	2,528,902
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 14,663,156	16,180,584	16,190,832	16,056,521
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Schedule of the District's Proportionate Share of the Net OPEB Liability  
OPEB  
Last 10 Fiscal Years

	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.35941936%	0.35950539%
District's proportionate share of the net OPEB liability	\$ 2,780,288	2,820,712
Covered employee payroll	\$ 16,180,584	16,190,832
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	17.18%	17.42%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

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

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 118,069	120,251
Contributions in relation to the actuarially determined contribution	118,069	120,251
Contribution deficiency (excess)	<u>0</u>	<u>0</u>
Covered employee payroll	\$ 14,663,156	16,180,584
Contributions as a percentage of covered employee payroll	0.81%	0.74%

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2019

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

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.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2019

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

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



WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2019

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

## SUPPLEMENTARY INFORMATION

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WEST POINT CONSOLIDATED SCHOOL DISTRICT  
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	\$ 640,361
National school lunch program	10.555	195MS326N1099	1,801,229
Summer food service program for children	10.559	195MS326N1099	17,935
Total child nutrition cluster			<u>2,459,525</u>
Total passed-through Mississippi Department of Education			<u>2,459,525</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,459,525</u>
<b><u>U.S. Department of Defense</u></b>			
Direct program:			
Reserve officers' training corps	12.xxx	N/A	<u>60,627</u>
<b>Total U.S. Department of Defense</b>			<u>60,627</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	ES010A180024	2,052,302
Career and technical education - basic grants to states	84.048	VO48A180024	46,674
Rural education	84.358	ES358B180024	66,718
Supporting effective instruction - state grants	84.367	ES367A180023	81,997
Student support and academic enrichment program	84.424	ES424A180025	35,519
Total			<u>2,283,210</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	741,838
Special education - preschool grants	84.173	H173A180113	65,934
Total special education cluster			<u>807,772</u>
Total passed-through Mississippi Department of Education			<u>3,090,982</u>
<b>Total U.S. Department of Education</b>			<u>3,090,982</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	1905MS5ADM	28,506
Total passed-through Mississippi Department of Education			<u>28,506</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>28,506</u>
Total for All Federal Awards			<u>\$ 5,639,640</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT

Notes to the Supplementary Information

For the Year Ended June 30, 2019

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$129,012 are included in the National School Lunch Program.

(5) Transferability of Funds

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$148,548 from its Supporting Effective Instruction - state grants CFDA # 84.367 on allowable activities of the Title I - Grant to local education agencies CFDA # 84.010. These amounts are reflected in the expenditures of Title I – Grant to local education agencies (84.010).

(6) Other Items

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2019

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 21,146,335	15,908,733	1,217,031	1,660,625	2,359,946
Other	8,358,349	2,201,714	226,356	24,123	5,906,156
Total	<u>29,504,684</u>	<u>18,110,447</u>	<u>1,443,387</u>	<u>1,684,748</u>	<u>8,266,102</u>
Total number of students *	<u>2,519</u>				
Cost per student	<u>\$ 11,713</u>	<u>7,190</u>	<u>573</u>	<u>669</u>	<u>3,281</u>

Notes to the schedule.

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

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

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

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

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

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## OTHER INFORMATION



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WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

	UNAUDITED			
	2019	2018*	2017*	2016*
Revenues				
Local sources	\$8,542,490	8,074,333	7,729,802	7,118,977
State sources	14,222,929	14,396,143	15,150,467	15,631,674
Federal sources	190,242	205,298	575,752	152,682
Sixteenth section sources	46,443	23,019	33,486	31,242
Total Revenues	<u>23,002,104</u>	<u>22,698,793</u>	<u>23,489,507</u>	<u>22,934,575</u>
Expenditures				
Instruction	12,711,126	13,181,507	13,452,625	13,323,768
Support services	9,943,524	10,546,495	10,474,253	10,155,604
Noninstructional services	0	0	0	3,100
Sixteenth section	0	0	1,379,018	3,093,991
Total Expenditures	<u>22,654,650</u>	<u>23,728,002</u>	<u>25,305,896</u>	<u>26,576,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347,454</u>	<u>(1,029,209)</u>	<u>(1,816,389)</u>	<u>(3,641,888)</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	0	0	0	41,430
Sale of transportation equipment	0	2,800	0	0
Sale of other property	24,579	0	0	0
Operating transfers in	178,417	595,042	261,140	235,171
Operating transfers out	(451,928)	(289,922)	(246,849)	(356,030)
Total Other Financing Sources (Uses)	<u>(248,932)</u>	<u>307,920</u>	<u>14,291</u>	<u>(79,429)</u>
Net Change in Fund Balances	<u>98,522</u>	<u>(721,289)</u>	<u>(1,802,098)</u>	<u>(3,721,317)</u>
Fund Balances:				
Beginning of period, as previously reported	2,061,052	2,782,341	4,590,689	8,338,117
Prior period adjustments	0	0	(6,250)	(26,111)
Beginning of period, as restated	<u>2,061,052</u>	<u>2,782,341</u>	<u>4,584,439</u>	<u>8,312,006</u>
End of period	<u>\$2,159,574</u>	<u>2,061,052</u>	<u>2,782,341</u>	<u>4,590,689</u>

\* Source - Prior year audit reports.

WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

	UNAUDITED			
	2019	2018*	2017*	2016*
Revenues				
Local sources	\$9,093,301	8,588,198	8,244,801	7,631,879
State sources	15,094,058	15,942,620	16,562,722	17,134,693
Federal sources	5,687,609	6,045,384	6,688,703	5,710,112
Sixteenth section sources	53,621	28,769	40,486	33,139
Total Revenues	<u>29,928,589</u>	<u>30,604,971</u>	<u>31,536,712</u>	<u>30,509,823</u>
Expenditures				
Instruction	15,692,349	16,273,224	16,683,128	16,168,855
Support services	11,406,071	12,239,179	11,941,312	11,672,434
Noninstructional services	2,162,940	2,174,755	2,212,931	2,139,474
Sixteenth section	3,616	7,250	18,271	1,050
Facilities acquisition and construction	0	0	1,379,018	3,093,991
Debt service				
Principal	110,000	585,000	565,000	1,461,486
Interest	125,888	142,744	158,992	584,643
Other	3,820	5,320	5,020	4,871
Total Expenditures	<u>29,504,684</u>	<u>31,427,472</u>	<u>32,963,672</u>	<u>35,126,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>423,905</u>	<u>(822,501)</u>	<u>(1,426,960)</u>	<u>(4,616,981)</u>
Other Financing Sources (Uses)				
Insurance loss recoveries	0	0	0	41,430
Sale of transportation equipment	0	2,800	0	0
Sale of other property	25,179	0	100	2,607
Operating transfers in	1,152,640	899,955	507,989	591,201
Operating transfers out	(1,152,640)	(899,955)	(507,989)	(591,201)
Total Other Financing Sources (Uses)	<u>25,179</u>	<u>2,800</u>	<u>100</u>	<u>44,037</u>
Net Change in Fund Balances	<u>449,084</u>	<u>(819,701)</u>	<u>(1,426,860)</u>	<u>(4,572,944)</u>
Fund Balances:				
Beginning of period, as previously reported	3,803,280	4,621,725	6,023,233	10,624,837
Prior period adjustments	172	0	(6,250)	(30,404)
Beginning of period, as restated	<u>3,803,452</u>	<u>4,621,725</u>	<u>6,016,983</u>	<u>10,594,433</u>
Increase (Decrease) in reserve for inventory	<u>(9,286)</u>	<u>1,256</u>	<u>31,602</u>	<u>1,744</u>
End of period	<u>\$4,243,250</u>	<u>3,803,280</u>	<u>4,621,725</u>	<u>6,023,233</u>

\* Source - Prior year audit reports.

## REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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**ST. CLAIR CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board  
West Point Consolidated School District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Point Consolidated School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise West Point Consolidated School District's basic financial statements, and have issued my report thereon dated November 15, 2019.

**Internal Control Over Financial Reporting**

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

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

My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Point Consolidated School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

November 15, 2019





**ST. CLAIR CPA, PLLC**  
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Superintendent and School Board  
West Point Consolidated School District

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

I have audited West Point Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Point Consolidated School District's major federal programs for the year ended June 30, 2019. West Point Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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



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

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

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

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC  
Carriere, MS  
November 15, 2019

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

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**ST. CLAIR CPA, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANT**

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

Superintendent and School Board  
West Point Consolidated School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point Consolidated School District as of and for the year ended June 30, 2019, which collectively comprise West Point Consolidated School District's basic financial statements and have issued my report thereon dated November 15, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. My finding and recommendation and West Point Consolidated School District's response are as follows:



CONDITION: During the testing of employment of retired personnel, I noted seven (7) instances in which re-hired employee's (PERS) Form 4B were not submitted to PERS within the required timeline and one (1) PERS retiree was overpaid \$108.12 based on the salary submitted on the PERS Form 4B.

CRITERIA: *Section 25-11-127(4), Mississippi Code Annotated (1972)*, requires the school district hiring service retirees to notify PERS in writing by completing and filing Form 4B "Certification/Acknowledgement of Reemployment of Retiree" with the PERS office within five (5) days of employment and the amount of compensation is limited based on their election on the PERS Form 4B.

CAUSE: The cause of this condition was a failure to follow PERS rules and regulations.

EFFECT: The district is not in compliance with Section 25-11-127(4), Miss. Code of 1972 and the rules and regulations of PERS.

RECOMMENDATION: It is recommended that the district strengthen controls to ensure compliance with Section 11-25-127, Mississippi Code Annotated (1972), by properly completing and filing the Form 4B within five (5) days of employment and paying the employees properly.

RESPONSE: The West Point Consolidated School District concurs with the finding and recommendation and will ensure compliance with state laws and PERS rules and regulations.

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

The West Point Consolidated School District's response to the finding included in this report was not audited and, accordingly, I express no opinion on the finding.

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

*St. Clair CPA, PLLC*

St. Clair CPA, PLLC

Carriere, MS

November 15, 2019

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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WEST POINT CONSOLIDATED SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

Section I: Summary of Auditor's Results

**Financial Statements:**

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements:                      | Unmodified    |
| 2. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the basic financial statements noted?                         | No            |

**Federal Awards:**

- |                         |  |                     |   |                         |                         |  |
|-------------------------|--|---------------------|---|-------------------------|-------------------------|--|
| 4.                      | Type of auditor's report issued on compliance for major federal programs:  | Unmodified          |   |                         |                         |  |
| 5.                      | Internal control over major programs:  |                     |   |                         |                         |  |
|                         | a. Material weaknesses identified?   | No                  |   |                         |                         |  |
|                         | b. Significant deficiency identified that are not considered to be material weaknesses?  | None Reported       |   |                         |                         |  |
| 6.                      | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   | No                  |   |                         |                         |  |
| 7.                      | Identification of major programs:  |                     |   |                         |                         |  |
|                         | <table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>CFDA Numbers</u></td> <td style="text-align: left;"><u>Name of Federal Program or Cluster</u></td> </tr> <tr> <td>10.553, 10.555 &amp; 10.559</td> <td>Child Nutrition Cluster</td> </tr> </table> | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> | 10.553, 10.555 & 10.559 | Child Nutrition Cluster |  |
| <u>CFDA Numbers</u>     | <u>Name of Federal Program or Cluster</u>  |                     |   |                         |                         |  |
| 10.553, 10.555 & 10.559 | Child Nutrition Cluster  |                     |   |                         |                         |  |
| 8.                      | The dollar threshold used to distinguish between type A and type B programs:   | \$750,000           |   |                         |                         |  |
| 9.                      | Auditee qualified as a low-risk auditee?   | No                  |   |                         |                         |  |
| 10.                     | Prior fiscal year audit findings(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).  | No                  |   |                         |                         |  |

Section II: Financial Statement Findings

The results of my tests did not disclose any findings related to the financial statements that are required to be reported under the *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

The results of my tests did not disclose any findings and questioned costs related to the federal awards.



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