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**WILKINSON COUNTY SCHOOL DISTRICT**

***Audited Financial Statements***

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

WILKINSON COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2019

# WILKINSON COUNTY SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Wilkinson County School District

### **Report on the Financial Statements**

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

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

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

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

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

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

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



## ***Opinions***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 11-20, and 63-69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the Wilkinson County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wilkinson County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wilkinson County School District's internal control over financial reporting and compliance.

*The Miller Group, PLLC*

Natchez, Mississippi  
March 23, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**FINANCIAL HIGHLIGHTS**

- Total net position for 2019 increased \$24,174, including a prior period adjustment of (\$41,223), which represents a 1% increase from fiscal year 2018. Total net position for 2018 decreased \$1,474,845, including a prior period adjustment of (\$1,150,733), which represents a 141% decrease from fiscal year 2017.
- General revenues amounted to \$9,126,722 and \$8,900,776, or 75% and 73% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,115,586, or 25% of total revenues for 2019, and \$3,230,071, or 27% of total revenues for 2018.
- The District had \$12,176,911 and \$12,454,959 in expenses for fiscal years 2019 and 2018; only \$3,115,586 for 2019 and \$3,230,071 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,126,722 for 2019 were adequate to provide for these programs. General revenues of \$8,900,776 for 2018 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$9,032,749 in revenues and \$8,277,003 in expenditures for 2019, and \$8,577,045 in revenues and \$8,356,958 in expenditures in 2018. The General Fund's fund balance increased by \$124,434 from 2018 to 2019, including a prior period adjustment of \$248, and increased by \$120,379 from 2017 to 2018, including a prior period adjustment of \$1,176.
- Capital assets, net of accumulated depreciation, decreased by \$286,708 for 2019 and increased by \$175,730 for 2018. The decrease for 2019 was due primarily to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding compensated absences, decreased by \$206,508 for 2019 and decreased by \$170,288 for 2018. The decrease for 2019 was due to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$4,656 for 2019 and decreased by \$4,722 for 2018.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the District's basic financial statements,

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

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

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

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.

WILKINSON COUNTY SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2019

**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 \$2,495,457 as of June 30, 2019.

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



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FOR THE YEAR ENDED JUNE 30, 2019

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

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

	June 30, 2019	June 30, 2018	Percentage Change
Current assets	\$ 8,385,285	\$ 8,225,348	1.94 %
Restricted assets	3,409,383	3,179,055	7.25 %
Capital assets, net	6,053,065	6,339,773	(4.52) %
<b>Total assets</b>	<b>17,847,733</b>	<b>17,744,176</b>	<b>0.58 %</b>
 <b>Deferred outflows of resources</b>	 <b>1,068,386</b>	 <b>1,675,344</b>	 <b>(36.23) %</b>
Current liabilities	56,090	38,259	46.61 %
Long-term debt outstanding	2,776,881	2,978,733	(6.78) %
Net OPEB liability	1,079,004	1,108,529	(2.66) %
Net pension liability	16,371,667	16,870,750	(2.96) %
<b>Total liabilities</b>	<b>20,283,642</b>	<b>20,996,271</b>	<b>(3.39) %</b>
 <b>Deferred inflows of resources</b>	 <b>1,127,934</b>	 <b>942,880</b>	 <b>19.63 %</b>
 <b>Net position:</b>			
Net investment in capital assets	4,817,485	5,051,336	(4.63) %
Restricted	4,543,353	4,502,163	0.91 %
Unrestricted	(11,856,295)	(12,073,130)	1.80 %
<b>Total net position</b>	<b>\$ (2,495,457)</b>	<b>\$ (2,519,631)</b>	<b>0.96 %</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)	\$ (11,856,295)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	17,510,219
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 5,653,924</u>

WILKINSON COUNTY SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2019

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 \$286,708.
- The principal retirement of \$206,508 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 \$12,242,308 and \$12,130,847, respectively. The total cost of all programs and services was \$12,176,911 for 2019 and \$12,454,959 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**

	Year Ended June 30, 2019	Year Ended June 30, 2018	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 355,777	\$ 385,992	(7.83) %
Operating grants and contributions	2,759,809	2,844,079	(2.96) %
General revenues:			
Property taxes	2,143,194	2,066,281	3.72 %
Grants and contributions not restricted	6,019,154	6,289,870	(4.30) %
Investment earnings	99,510	72,356	37.53 %
Sixteenth section sources	803,878	398,274	101.84 %
Other	60,986	73,995	(17.58) %
<b>Total revenues</b>	<b>12,242,308</b>	<b>12,130,847</b>	<b>0.92 %</b>
<b>Expenses:</b>			
Instruction	5,207,425	4,911,610	6.02 %
Support services	4,564,375	4,648,072	(1.80) %
Non-instructional	1,093,645	1,139,499	(4.02) %
Sixteenth section	13,100	2,486	426.95 %
Pension expense	1,201,158	1,640,916	(26.80) %
OPEB expense	43,095	49,644	(13.19) %
Interest on long-term liabilities	54,113	62,732	(13.74) %
<b>Total expenses</b>	<b>12,176,911</b>	<b>12,454,959</b>	<b>(2.23) %</b>
<b>Increase (Decrease) in net position</b>	<b>65,397</b>	<b>(324,112)</b>	<b>120.18 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(2,519,631)</b>	<b>(1,044,786)</b>	<b>(141.16) %</b>
<b>Prior Period Adjustment</b>	<b>(41,223)</b>	<b>(1,150,733)</b>	<b>96.42 %</b>
<b>Net Position, July 1, as restated</b>	<b>(2,560,854)</b>	<b>(2,195,519)</b>	<b>(16.64) %</b>
<b>Net Position, June 30</b>	<b>\$ (2,495,457)</b>	<b>\$ (2,519,631)</b>	<b>0.96 %</b>

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**Governmental activities**

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2019</b>	<b>2018</b>	
Instruction	\$ 5,207,425	\$ 4,911,610	6.02 %
Support services	4,564,375	4,648,072	(1.80) %
Non-instructional	1,093,645	1,139,499	(4.02) %
Sixteenth section	13,100	2,486	426.95 %
Pension Expense	1,201,158	1,640,916	(26.80) %
OPEB Expense	43,095	49,644	(13.19) %
Interest on long-term liabilities	54,113	62,732	(13.74) %
<b>Total expenses</b>	<b>\$ 12,176,911</b>	<b>\$ 12,454,959</b>	<b>(2.23) %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2019</b>	<b>2018</b>	
Instruction	\$ (4,309,277)	\$ (4,106,103)	(4.95) %
Support services	(3,463,241)	(3,360,850)	(3.05) %
Non-instructional	(33,265)	(6,430)	(417.34) %
Sixteenth section	42,824	1,787	2,296.42 %
Pension Expense	(1,201,158)	(1,640,916)	26.80 %
OPEB Expense	(43,095)	(49,644)	13.19 %
Interest on long-term liabilities	(54,113)	(62,732)	13.74 %
<b>Total net (expense) revenue</b>	<b>\$ (9,061,325)</b>	<b>\$ (9,224,888)</b>	<b>1.77 %</b>

- Net cost of governmental activities (\$9,061,325 for 2019 and \$9,224,888 for 2018) was financed by general revenue, which is primarily made up of property taxes (\$2,143,194 for 2019 and \$2,066,281 for 2018) and state and federal revenues (\$6,019,154 for 2019 and \$6,289,870 for 2018). In addition, there was \$803,878 and \$398,274 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$99,510 for 2019 and \$72,356 for 2018.

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$11,762,080, an increase of \$368,181, which includes a prior period adjustment of (\$41,223) and an increase in inventory of \$14,390. \$7,166,271, or 61% 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 \$4,595,809, or 39% 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 \$124,434, which includes a prior period adjustment of \$248. The fund balance of Other Governmental Funds showed an increase in the amount of \$179,588, which includes a prior period adjustment of (\$27,705) and an increase in inventory of \$14,390. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Consolidated Admin Cost Grant Fund	no increase or decrease
EHA Part B Fund	no increase or decrease
Sixteenth Section Principal Fund	\$ 64,159

**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. Budgets revisions during the year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2019, the District's total capital assets were \$13,839,366, including land, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$75,508 from 2018. Total accumulated depreciation as of June 30, 2019, was \$7,786,301, and total depreciation expense for the year was \$363,508, resulting in total net capital assets of \$6,053,065.

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

	June 30, 2019	June 30, 2018	Percentage Change
Land	\$ 113,365	\$ 113,365	0.00 %
Buildings	3,124,594	3,216,930	(2.87) %
Building improvements	1,925,503	2,079,003	(7.38) %
Improvements other than buildings	184,539	192,723	(4.25) %
Mobile equipment	373,024	371,278	0.47 %
Furniture and equipment	95,522	103,996	(8.15) %
Leased property under capital leases	236,518	262,478	(9.89) %
<b>Total</b>	<b>\$ 6,053,065</b>	<b>\$ 6,339,773</b>	<b>(4.52) %</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 \$2,776,881 in outstanding long-term debt, of which \$146,342 is due within one year. During the fiscal year, the District made principal payments totaling \$206,508 on outstanding long-term debt. The liability for compensated absences increased \$4,656 from the prior year.

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

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

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage</u> <u>Change</u>
Shortfall notes payable	\$ 43,114	\$ 151,765	(71.59) %
Obligations under capital leases	235,580	288,437	(18.33) %
Qualified school construction bonds payable	2,437,000	2,482,000	(1.81) %
Compensated absences payable	61,187	56,531	8.24 %
<b>Total</b>	<b><u>\$ 2,776,881</u></b>	<b><u>\$ 2,978,733</u></b>	<b><u>(6.78) %</u></b>

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

### **CURRENT ISSUES**

The Wilkinson County School District is financially stable. The District is proud of its community support of the public schools.

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

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

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Wilkinson County School District, P.O. Box 785, Woodville, MS 39669.

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## FINANCIAL STATEMENTS



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**WILKINSON COUNTY SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,012,552
Investments	2,652,044
Due from other governments	656,476
Accrued interest receivable	1,556
Inventories	23,113
Prepaid items	39,544
Restricted assets	3,409,383
Capital assets, non-depreciable:	
Land	113,365
Capital assets, net of accumulated depreciation:	
Buildings	3,124,594
Building improvements	1,925,503
Improvements other than buildings	184,539
Mobile equipment	373,024
Furniture and equipment	95,522
Leased property under capital leases	236,518
Total Assets	<u>17,847,733</u>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	1,019,938
Deferred outflows - OPEB	48,448
Total Deferred Outflows of Resources	<u>1,068,386</u>
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	31,059
Unearned revenue	1,529
Interest payable on long-term liabilities	23,502
Long-term liabilities, due within one year:	
Capital related liabilities	55,169
Non-capital related liabilities	91,173
Net OPEB liability	45,509
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,180,411
Non-capital related liabilities	1,450,128
Net pension liability	16,371,667
Net OPEB liability	1,033,495
Total Liabilities	<u>20,283,642</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	1,013,272
Deferred inflows - OPEB	114,662
Total Deferred Inflows of Resources	<u>1,127,934</u>
 <b>Net Position</b>	
Net investment in capital assets	4,817,485
Restricted for:	
Expendable:	
School-based activities	537,378
Debt service	1,344,575
Capital improvements	2,705
Forestry improvements	214,967
Unemployment benefits	27,971
Non-expendable:	
Sixteenth section	2,353,100
Other	62,657
Unrestricted	(11,856,295)
Total Net Position (deficit)	<u>\$ (2,495,457)</u>

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 5,207,425	\$ 161,432	\$ 736,716	\$ -	\$ (4,309,277)
Support services	4,564,375	5,929	1,095,205	-	(3,463,241)
Non-instructional	1,093,645	132,492	927,888	-	(33,265)
Sixteenth section	13,100	55,924	-	-	42,824
Pension expense	1,201,158	-	-	-	(1,201,158)
OPEB expense	43,095	-	-	-	(43,095)
Interest on long-term liabilities	54,113	-	-	-	(54,113)
Total Governmental Activities	\$ 12,176,911	\$ 355,777	\$ 2,759,809	\$ -	\$ (9,061,325)
General Revenues:					
Taxes:					
General purpose levies					1,937,892
Debt purpose levies					205,302
Unrestricted grants and contributions:					
State					5,822,316
Federal					196,838
Unrestricted investment earnings					99,510
Sixteenth section sources					803,878
Other					60,986
Total General Revenues					9,126,722
Change in Net Position					65,397
Net Position - Beginning, as previously reported					(2,519,631)
Prior Period Adjustments					(41,223)
Net Position - Beginning, as restated					(2,560,854)
Net Position (deficit) - Ending					\$ (2,495,457)

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2019**

	Major Funds						
	General Fund	Consolidated Admin Cost Grant Fund	EHA Part B Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 4,098,730	\$ -	\$ -	\$ 849,940	\$ 916,527	\$ 5,865,197	
Cash with fiscal agents	-	-	-	-	13,238	13,238	
Investments	2,652,044	-	-	1,500,000	1,043,500	5,195,544	
Due from other governments	144,857	114,994	97,228	3,160	296,237	656,476	
Accrued interest receivable	-	-	-	-	1,556	1,556	
Due from other funds	323,237	-	-	-	3,827	327,064	
Inventories	-	-	-	-	23,113	23,113	
Prepaid items	36,634	-	-	-	2,910	39,544	
Total assets	<u>\$ 7,255,502</u>	<u>\$ 114,994</u>	<u>\$ 97,228</u>	<u>\$ 2,353,100</u>	<u>\$ 2,300,908</u>	<u>\$ 12,121,732</u>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 19,816	\$ -	\$ 1,506	\$ -	\$ 9,737	\$ 31,059	
Due to other funds	3,827	114,994	95,722	-	112,521	327,064	
Unavailable revenue - federal programs	-	-	-	-	1,529	1,529	
Total Liabilities	<u>23,643</u>	<u>114,994</u>	<u>97,228</u>	<u>-</u>	<u>123,787</u>	<u>359,652</u>	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	23,113	23,113	
Permanent fund principal	-	-	-	2,353,100	-	2,353,100	
Prepaid items	36,634	-	-	-	2,910	39,544	
<b>Restricted:</b>							
Debt service	-	-	-	-	1,368,077	1,368,077	
Capital projects	-	-	-	-	2,705	2,705	
Forestry improvement purposes	-	-	-	-	214,967	214,967	
Grant activities	-	-	-	-	38,163	38,163	
Unemployment benefits	-	-	-	-	27,971	27,971	
Child nutrition	-	-	-	-	499,215	499,215	
<b>Assigned:</b>							
Activity fund purposes	28,954	-	-	-	-	28,954	
<b>Unassigned</b>	<u>7,166,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,166,271</u>	
Total Fund Balances	<u>7,231,859</u>	<u>-</u>	<u>-</u>	<u>2,353,100</u>	<u>2,177,121</u>	<u>11,762,080</u>	
Total Liabilities and Fund Balances	<u>\$ 7,255,502</u>	<u>\$ 114,994</u>	<u>\$ 97,228</u>	<u>\$ 2,353,100</u>	<u>\$ 2,300,908</u>	<u>\$ 12,121,732</u>	

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit C-1**

<b>Total fund balances for governmental funds</b>	\$	11,762,080
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Amounts reported for governmental activities in the statement of Net Position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$	113,365	
Buildings		6,175,629	
Building improvements		4,404,528	
Improvements other than buildings		472,573	
Mobile equipment		1,536,640	
Furniture and equipment		848,194	
Leased property under capital lease:		288,437	
Accumulated depreciation		<u>(7,786,301)</u>	6,053,065

2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability		(16,371,667)	
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 pension:		1,019,938	
Deferred inflows of resources related to pension:		<u>(1,013,272)</u>	(16,365,001)

3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability		(1,079,004)	
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		48,448	
Deferred inflows of resources related to OPEB		<u>(114,662)</u>	(1,145,218)

4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

Other bonds payable		(2,437,000)	
Notes payable		(43,114)	
Capital lease obligations		(235,580)	
Compensated absences		(61,187)	
Accrued interest payable		<u>(23,502)</u>	(2,800,383)

<b>Net Position of governmental activities</b>	<b>\$</b>	<b><u>(2,495,457)</u></b>
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The notes to the financial statements are an integral part of this statement.

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

	Major Funds					
	Consolidated Admin		Sixteenth		Other	Total
	General Fund	Cost Grant Fund	EHA Part B Fund	Section Principal Fund	Governmental Funds	Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 2,157,882	\$ 6	\$ -	\$ -	\$ 362,973	\$ 2,520,861
State sources	5,822,316	-	-	-	260,766	6,083,082
Federal sources	256,292	114,994	323,323	-	2,001,273	2,695,882
Sixteenth section sources	796,259	-	-	76,329	56,452	929,040
Total Revenues	9,032,749	115,000	323,323	76,329	2,681,464	12,228,865
<b>Expenditures:</b>						
Instruction	4,674,460	-	63,468	-	918,167	5,656,095
Support services	3,497,266	125,252	248,310	-	899,779	4,770,607
Noninstructional services	102,973	-	6,767	-	1,032,878	1,142,618
Sixteenth section	2,304	-	-	-	10,796	13,100
Debt service:						
Principal	-	-	-	-	206,508	206,508
Interest	-	-	-	-	56,137	56,137
Other	-	-	-	-	2,229	2,229
Total Expenditures	8,277,003	125,252	318,545	-	3,126,494	11,847,294
Excess (Deficiency) of Revenues over (under) Expenditures	755,746	(10,252)	4,778	76,329	(445,030)	381,571
<b>Other Financing Sources (Uses):</b>						
Insurance recovery	5,929	-	-	-	-	5,929
Payments held by escrow agent	-	-	-	-	144,000	144,000
Payment to QSCB debt escrow agent	-	-	-	-	(144,000)	(144,000)
Sale of other property	7,514	-	-	-	-	7,514
Operating transfers in	87,187	24,018	3,527	-	798,568	913,300
Operating transfers out	(732,190)	-	(8,305)	(12,170)	(160,635)	(913,300)
Total Other Financing Sources (Uses)	(631,560)	24,018	(4,778)	(12,170)	637,933	13,443
Net Change in Fund Balances	124,186	13,766	-	64,159	192,903	395,014
<b>Fund Balances:</b>						
July 1, 2018, as previously reported	7,107,425	-	-	2,288,941	1,997,533	11,393,899
Prior period adjustments	248	(13,766)	-	-	(27,705)	(41,223)
July 1, 2018, as restated	7,107,673	(13,766)	-	2,288,941	1,969,828	11,352,676
Increase (Decrease) in inventory	-	-	-	-	14,390	14,390
June 30, 2019	\$ 7,231,859	\$ -	\$ -	\$ 2,353,100	\$ 2,177,121	\$ 11,762,080

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 395,014

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  
1. activities, the cost of capital assets is allocated over their estimated useful lives as depreciation  
expense. In the current period, these amounts are:

Capital outlay	\$ 114,841	
Depreciation expense	<u>(363,508)</u>	(248,667)

- In the statement of activities, only the gain/loss on the sale of assets is reported, while in the  
2. governmental funds, the proceeds from the sale increases financial resources. Thus, the change  
in Net Position differs from the change in fund balance by the cost of the assets sold. (38,041)

- 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,  
3. 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	206,508	
Accrued interest payable	<u>4,253</u>	210,761

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

Pension expense	(1,201,158)	
Contributions subsequent to the measurement date	<u>934,598</u>	(266,560)

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

OPEB expense	(43,095)	
Contributions subsequent to the measurement date	<u>46,251</u>	3,156

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

Change in compensated absences	(4,656)	
Change in inventory	<u>14,390</u>	9,734

<b>Change in Net Position of governmental activities</b>	<u>\$ 65,397</u>	
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The notes to the financial statements are an integral part of this statement.

**WILKINSON COUNTY SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**

**Exhibit E**

**June 30, 2019**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 441,254
Total Assets	<u>\$ 441,254</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 439,443
Due to student clubs	1,811
Total Liabilities	<u>\$ 441,254</u>

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



# WILKINSON COUNTY 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 each member is elected by the citizens of each defined county district.

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

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

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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.

Consolidated Admin Cost Grant Fund - This is a special revenue fund that accounts for federal sources and transfers from various federal program funds to cover expenditures associated with more than one federal program of the District.

EHA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Special Education grants to states program.

Sixteenth Section Principal Fund - This is a permanent fund used to account for resources from sixteenth section lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

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

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

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2019

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

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

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

imposed by the provider have been met.

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

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

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

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

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

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

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

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

year basis and are recorded at the time the revenues are received from the State of Mississippi.

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

### **D. Encumbrances**

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

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

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

##### **Cash and cash equivalents**

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

##### **Investments**

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

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

Investments for the district are reported at fair market value.

#### **2. Receivables and payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds”(i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

### 3. Due from Other Governments

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

### 4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

### 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. Unspent bond proceeds are also classified as restricted assets.

### 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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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:

	<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
Leased property under capital leases	*	*

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

### 7. Deferred outflows/inflows of resources

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred deferred inflows which are presented as deferred inflows related to pensions and deferred inflows related to OPEB.

See Note 15 for further details.

### 8. Compensated Absences

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

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

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

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

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

### 10. Pensions

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



# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

### 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 a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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

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

### **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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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 \$10,017,241 (which includes \$4,152,044 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and \$441,254, respectively. The bank balance was \$11,002,083.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2019, none of the district's bank balance of \$11,002,083 was exposed to custodial credit risk.

### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$13,238.

### Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	1 to 10 years	\$ 1,043,500
Certificates of deposit	N/A	less than 1 year	4,152,044
Total			<u>\$ 5,195,544</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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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:

- U.S. Treasury SLGS Deposits of \$1,043,500 are valued using quoted market prices (Level 1 inputs)
- Certificates of deposit totaling \$4,152,044 are valued at fair value as of the end of the fiscal year (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.

*Concentration of Credit Risk.* Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2019, the district had the following investments:

Issuer	Fair Value	% of Total Investments
U.S. Treasury SLGS Deposit - Bank Plus Wealth Management \$	1,043,500	20%
Certificate of deposit - Concordia Bank & Trust	2,652,044	51%
Certificate of deposit - Concordia Bank & Trust	1,500,000	29%
	<u>5,195,544</u>	<u>100%</u>

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

### **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	Consolidated Admin Cost Grant Fund	\$ 114,994
	EHA Part B Fund	95,722
	Other governmental funds	112,521
Other governmental funds	General Fund	3,827
Total		<u>\$ 327,064</u>

The primary purpose of the inter-fund receivables and payables was to close out federal program funds as part of routine year-end closing procedures. All inter-fund receivables and payables are expected to be repaid within one year.

#### **B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 732,190
EHA Part B Fund	General Fund	8,305
Sixteenth Section Principal Fund	General Fund	12,170
Other governmental funds	General Fund	66,712
	Consolidated Admin Cost Grant Fund	24,018
	EHA Part B Fund	3,527
	Other governmental funds	66,378
Total		<u>\$ 913,300</u>

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

### **Note 4 – Restricted Assets**

The restricted assets represent the cash balance and investment balance, totaling \$849,940 and \$1,500,000, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent and investment balance,

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

totaling \$13,238 and \$1,043,500, respectively, of the QSCB Bond Retirement Fund. The restricted assets also includes the cash balance totaling \$2,705 in the DFA Construction Bond Fund resulting from unspent grant funds from DFA to be used for infrastructure.

### Note 5 – Capital Assets

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

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 113,365	\$	\$	\$ 113,365
Total non-depreciable capital assets	113,365	-	-	113,365
<u>Depreciable capital assets:</u>				
Buildings	6,175,629			6,175,629
Building improvements	4,404,528			4,404,528
Improvements other than buildings	472,573			472,573
Mobile equipment	1,606,568	91,900	161,828	1,536,640
Furniture and equipment	853,774	22,941	28,521	848,194
Leased property under capital leases	288,437			288,437
Total depreciable capital assets	13,801,509	114,841	190,349	13,726,001
<u>Less accumulated depreciation for:</u>				
Buildings	2,958,699	92,336		3,051,035
Building improvements	2,325,525	153,500		2,479,025
Improvements other than buildings	279,850	8,184		288,034
Mobile equipment	1,235,290	52,398	124,072	1,163,616
Furniture and equipment	749,778	31,130	28,236	752,672
Leased property under capital leases	25,959	25,960		51,919
Total accumulated depreciation	7,575,101	363,508	152,308	7,786,301
Total depreciable capital assets, net	6,226,408	(248,667)	38,041	5,939,700
Governmental activities capital assets, net	\$ 6,339,773	\$ (248,667)	\$ 38,041	\$ 6,053,065

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 234,666
Support services	114,616
Non-instructional	14,226
Total depreciation expense - Governmental activities	\$ 363,508

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

### **Note 6 – Long-term Liabilities**

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. Shortfall notes payable	\$ 151,765		108,651	43,114	43,114
B. Obligations under capital leases	288,437		52,857	235,580	55,169
C. Qualified school construction bonds payable	2,482,000		45,000	2,437,000	45,000
D. Compensated absences payable	56,531	4,656		61,187	3,059
Total	\$ 2,978,733	\$ 4,656	\$ 206,508	\$ 2,776,881	\$ 146,342

### **A. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, Series 2017	2.89%	6/29/2017	6/28/2020	\$ 125,745	\$ 43,114
Total				\$ 125,745	\$ 43,114

The amount outstanding is included in due from other governments on the Statement of Net Position.

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 43,114	\$ 1,247	\$ 44,361
Total	\$ 43,114	\$ 1,247	\$ 44,361

This debt will be retired from the 2017 Shortfall Note Retirement Fund and Wilkinson County Note and Interest Fund.

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

### B. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of buses at a cost of \$288,437. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Lease purchase	4.37%	3/26/2018	3/26/2023	\$ 288,437	\$ 235,580
Total				<u>\$ 288,437</u>	<u>235,580</u>

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2020	\$ 55,169	\$ 10,304	\$ 65,473
2021	57,582	7,891	65,473
2022	60,100	5,373	65,473
2023	62,729	2,744	65,473
Total	<u>\$ 235,580</u>	<u>\$ 26,312</u>	<u>\$ 261,892</u>

This debt will be retired from the District Maintenance Fund.

### C. Qualified school construction bonds payable

As more fully explained in Note 13, 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
1. QSCB, Series 2010	0.65%	12/21/2010	12/15/2025	\$ 2,000,000	\$ 2,000,000
2. QSCB, Series 2014	5.45%	1/28/2015	12/1/2027	650,000	437,000
Total				<u>\$ 2,650,000</u>	<u>\$ 2,437,000</u>



# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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

1. QSCB bonds issued on December 21, 2010:

Year Ending June 30	Principal	Interest	Total
2020	\$ -	\$ 13,000	\$ 13,000
2021	-	13,000	13,000
2022	-	13,000	13,000
2023	-	13,000	13,000
2024	-	13,000	13,000
2025 – 2026	2,000,000	26,000	2,026,000
Total	\$ 2,000,000	\$ 91,000	\$ 2,091,000

This debt will be retired from the QSCB Retirement Fund.

2. QSCB bonds issued on January 28, 2015:

Year Ending June 30	Principal	Interest	Total
2020	\$ 45,000	\$ 23,817	\$ 68,817
2021	45,000	21,364	66,364
2022	45,000	18,912	63,912
2023	40,000	16,459	56,459
2024	40,000	14,279	54,279
2025 – 2028	222,000	31,774	253,774
Total	\$ 437,000	\$ 126,605	\$ 563,605

This debt will be retired from the QSCB Retirement Fund.

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

Total QSCB payments for all issues:

Ending June 30	Principal	Interest	Total
2020	\$ 45,000	\$ 36,817	\$ 81,817
2021	45,000	34,364	79,364
2022	45,000	31,912	76,912
2023	40,000	29,459	69,459
2024	40,000	27,279	67,279
2028	2,222,000	57,774	2,279,774
Total	\$ 2,437,000	\$ 217,605	\$ 2,654,605

The District has currently pledged the EEF Buildings and Buses funds of \$45,921 per year to pay the annual sinking fund deposit and interest payment until maturity of the debt.

### **D. 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).

*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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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 \$934,598, \$989,991 and \$1,025,404, 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 \$16,371,667 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2019 net pension liability was 0.098429 percent, which was based on a measurement date of June 30, 2018. This was a decrease of 0.003059 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 \$1,201,158. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 75,380	\$ 71,160
Net difference between projected and actual earnings on pension plan investments		295,188
Changes of assumptions	9,960	9,624
Changes in proportion and differences between District contributions and proportionate share of contributions		637,300
District contributions subsequent to the measurement date	934,598	
	<hr/>	<hr/>
Total	\$ <u>1,019,938</u>	\$ <u>1,013,272</u>

\$934,598 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	\$ (99,957)
2021	(239,537)
2022	(514,812)
2023	(73,626)

*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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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	
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	100	%		

*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:

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 21,556,788	\$ 16,371,667	\$ 12,062,147

*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 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

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2019

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 \$46,251 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$1,079,004 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 0.13948734 percent. This was a decrease of 0.00179688 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 \$43,095. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,197	\$
Changes of assumptions		76,881
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		37,781
District contributions subsequent to the measurement date	46,251	
Total	\$ <u>48,448</u>	\$ <u>114,662</u>

\$46,251 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (22,791)
2021	(22,791)
2022	(22,791)
2023	(22,791)
2024	(18,247)
Thereafter	(3,054)

*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



# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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
Pre-Medicare	ultimate rate of 4.75% by 2028

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

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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

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

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

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 1,196,050	\$ 1,079,004	\$ 978,342

*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	\$ 999,515	\$ 1,079,004	\$ 1,169,282

*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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2020	\$ 282,391
2021	282,391
2022	282,391
Total	<u>\$ 847,173</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
To correct prior year receivable balances and other asset balances at the governmental fund level	\$ (41,223)
Total	<u>\$ (41,223)</u>

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

Fund	Explanation	Amount
General Fund	To correct prior year asset balances	\$ 248
Consolidated Admin Cost Grant Fund	To correct prior year receivable	(13,766)
Other governmental funds	To correct prior year receivable	(27,705)
Total		<u>\$ (41,223)</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.

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2019

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

#### **Note 12 – Risk Management**

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

##### **Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 58 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

#### **Note 13 – 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.

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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 \$9,680.

For the \$2,000,000 QSCB, Series 2010, issued on December 21, 2010, the school district makes equal annual payments into a sinking fund which is used to pay off 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 \$1,058,294, including accrued income of \$1,556. 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.

Year Ending June 30	Amount
2020	\$ 144,000
2021	144,000
2022	144,000
2023	144,000
2024	144,000
2025 – 2026	286,000
Total	<u>\$ 1,006,000</u>

For the \$650,000 QSCB, Series 2014, issued on January 28, 2015, the school district makes annual principal and interest payments, in which the principal portion is a reduction of the outstanding balance of the long-term debt. See Note 6.C.2. for a schedule of annual principal and interest payments.

### **Note 14 - Insurance loss recoveries**

The Wilkinson County School District received \$5,929 in insurance loss recoveries during the 2018-2019 fiscal year related to property damages. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2019

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

The unrestricted net position amount of (\$11,856,295) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$934,598 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$85,340 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 (\$11,856,295) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,013,272 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 (\$11,856,295) 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 \$46,251 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$2,197 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 (\$11,856,295) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$114,662 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 – 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 Wilkinson County School District evaluated the activity of the district through the date of this report, (the date the financial statements were available to be issued), and determined that there were no items requiring disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION

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**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,143,321	\$ 2,175,076	\$ 2,157,882	\$ 31,755	\$ (17,194)
State sources	5,814,564	5,822,316	5,822,316	7,752	-
Federal sources	113,524	246,612	256,292	133,088	9,680
Sixteenth section sources	390,455	780,212	796,259	389,757	16,047
Total Revenues	8,461,864	9,024,216	9,032,749	562,352	8,533
<b>Expenditures:</b>					
Instruction	5,436,985	4,674,460	4,674,460	762,525	-
Support services	3,765,591	3,497,266	3,497,266	268,325	-
Noninstructional services	102,488	102,054	102,973	434	(919)
Sixteenth section	2,712	2,304	2,304	408	-
Debt service:					
Other	2,581	-	-	2,581	-
Total Expenditures	9,310,357	8,276,084	8,277,003	1,034,273	(919)
Excess (Deficiency) of Revenues over (under) Expenditures	(848,493)	748,132	755,746	1,596,625	7,614
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	5,929	5,929	5,929	-
Sale of other property	-	-	7,514	-	7,514
Operating transfers in	3,132,475	1,668,863	87,187	(1,463,612)	(1,581,676)
Operating transfers out	(3,838,913)	(2,206,935)	(732,190)	1,631,978	1,474,745
Total Other Financing Sources (Uses)	(706,438)	(532,143)	(631,560)	174,295	(99,417)
Net Change in Fund Balances	(1,554,931)	215,989	124,186	1,770,920	(91,803)
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	6,320,600	6,858,137	7,107,425	537,537	249,288
Prior period adjustments	-	248	248	248	-
July 1, 2018, as restated	6,320,600	6,858,385	7,107,673	537,785	249,288
June 30, 2019	\$ 4,765,669	\$ 7,074,374	\$ 7,231,859	\$ 2,308,705	\$ 157,485

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

**WILKINSON COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**Consolidated Admin Cost Grant Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ -	\$ 6	\$ 6	\$ 6	\$ -
Federal sources	-	-	114,994	-	114,994
Total Revenues	-	6	115,000	6	114,994
<b>Expenditures:</b>					
Support services	134,317	125,252	125,252	9,065	-
Total Expenditures	134,317	125,252	125,252	9,065	-
Excess (Deficiency) of Revenues over (under) Expenditures	(134,317)	(125,246)	(10,252)	9,071	114,994
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	134,317	24,018	24,018	(110,299)	-
Total Other Financing Sources (Uses)	134,317	24,018	24,018	(110,299)	-
Net Change in Fund Balances	-	(101,228)	13,766	(101,228)	114,994
<b>Fund Balances:</b>					
July 1, 2018, as previously reported	-	-	-	-	-
Prior period adjustments	-	-	(13,766)	-	(13,766)
July 1, 2018, as restated	-	-	(13,766)	-	(13,766)
June 30, 2019	\$ -	\$ (101,228)	\$ -	\$ (101,228)	\$ 101,228

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**EHA Part B Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 310,771	\$ 323,323	\$ 323,323	\$ 12,552	\$ -
Total Revenues	310,771	323,323	323,323	12,552	-
<b>Expenditures:</b>					
Instruction	80,135	63,468	63,468	16,667	-
Support services	215,987	248,310	248,310	(32,323)	-
Noninstructional services	6,149	6,767	6,767	(618)	-
Total Expenditures	302,271	318,545	318,545	(16,274)	-
Excess (Deficiency) of Revenues over (under) Expenditures	8,500	4,778	4,778	(3,722)	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	3,527	3,527	3,527	-
Operating transfers out	(8,500)	(8,305)	(8,305)	195	-
Total Other Financing Sources (Uses)	(8,500)	(4,778)	(4,778)	3,722	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2018	-	-	-	-	-
June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

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

PERS

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0984%	0.1015%	0.1048%	0.1051%	0.1077%
District's proportionate share of the net pension liability    \$	16,371,667	16,870,750	18,711,858	16,246,078	13,077,299
District's covered payroll	6,285,657	6,510,502	6,701,410	6,565,911	6,583,283
District's proportionate share of the net pension liability as a percentage of its covered payroll	260%	259%	279%	247%	199%
Plan fiduciary net position as a percentage of the total pension liability	63%	61%	57%	62%	67%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

Schedule of District Contributions

PERS

Last 10 Fiscal Years

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 934,598	989,991	1,025,404	1,055,472	1,034,131
Contributions in relation to the contractually required contribution	934,598	989,991	1,025,404	1,055,472	1,034,131
Contribution deficiency (excess)	\$ -	-	-	-	-
District's covered payroll	5,933,956	6,285,657	6,510,502	6,701,410	6,565,911
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

Schedule of the District's Proportionate Share of the Net OPEB Liability

OPEB

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.1395%	0.1413%
District's proportionate share of the net OPEB liability	\$ 1,079,004	1,108,529
District's covered - employee payroll	6,308,918	6,347,511
District's proportionate share of the net OPEB liability as a percentage of its covered - employee payroll	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.00%

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

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

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

**WILKINSON COUNTY SCHOOL DISTRICT****Required Supplementary Information**

## Schedule of District Contributions

## OPEB

## Last 10 Fiscal Years

	2019	2018
Actuarially determined contribution	\$ 46,251	\$ 47,258
Contributions in relation to the actuarially determined contribution	46,251	47,258
Contribution deficiency (excess)	\$ -	\$ -
District's covered - employee payroll	5,933,956	6,285,657
Contributions as a percentage of covered - employee payroll	0.78%	0.75%

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 75 was implemented in 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. Prior year information is based on historical amounts reported in prior year audit report(s).

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Required Supplementary Information For 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%.



# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Required Supplementary Information For Year Ended June 30, 2019

### 2017:

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

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

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

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

### (2) *Changes in benefit provisions*

### 2016:

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

- (3) *Method and assumptions used in calculations of actuarially determined contributions.* The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Required Supplementary Information For Year Ended June 30, 2019

### OPEB Schedules

(1) *Changes of assumptions*

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.*  
The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%

WILKINSON COUNTY SCHOOL DISTRICT

Notes to the Required Supplementary Information  
For Year Ended June 30, 2019

Pre-Medicare

Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

## SUPPLEMENTARY INFORMATION

**WILKINSON COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards**

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

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance No.</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 340,116
National school lunch program	10.555	195MS326N1099	600,786
National school lunch program - commodities	10.555	195MS326N1099	49,021
Total child nutrition cluster			989,923
Total passed-through Mississippi Department of Education			989,923
Passed-through Adams County			
Schools and roads - grants to states	10.665	N/A	111,633
Total passed-through Adams County			111,633
<b>Total U.S. Department of Agriculture</b>			<b>1,101,556</b>
<b><u>U.S. Department of Defense</u></b>			
Direct Program:			
Reserve Officers' Training Corps	12.xxx	N/A	59,454
<b>Total U.S. Department of Defense</b>			<b>59,454</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company			
The schools and libraries program of the universal service func	32.xxx	N/A	56,192
<b>Total Federal Communications Commission</b>			<b>56,192</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Career and technical education - basic grants to states	84.048	V048A180024	21,958
Safe and drug-free schools and communities - state grants	Title IV	N/A	20,060
Innovative programs	Title V-A	ES424A180025	1,857
Rural and low income school initiative	Title VI	ES358B180024	3,150
Supporting effective instruction state grants	Title II	ES367A180023	98,998
School improvement grants	T1-1003A	ES377A160025	205,924
Title I grants to local educational agencies	Title I	ES010A180024	761,978
Subtotal			1,113,925
Special education cluster:			
Special education - grants to states	Title II	H027A180108	323,323
IDEA Special education grants - Part B	Title II	H027A180108	2,563
Special education - preschool grants	Title II	H173A180113	9,856
Total special education cluster			335,742
Total passed-through Mississippi Department of Education			1,449,667
<b>Total U.S. Department of Education</b>			<b>1,449,667</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through MS Department of Human Services:			
Medicaid cluster:			
Medical assistance program	93.778	195MS5ADM	19,333
Total Medicaid cluster			19,333
Total passed-through MS Department of Human Services			19,333
<b>Total U.S. Department of Health and Human Services</b>			<b>19,333</b>
<b>Total for All Federal Awards</b>			<b>\$ 2,686,202</b>

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to Supplementary Information For the Year Ended June 30, 2019

### Schedule of Expenditures of Federal Awards

#### (1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Wilkinson County School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Wilkinson County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Wilkinson County School District.

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

Expenditures reported on the Schedule are reported on the 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 Wilkinson County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### (4) Other Items

Donated commodities of \$59,454 are included in the National School Lunch Program.

**WILKINSON COUNTY SCHOOL DISTRICT**

**Supplementary Information**

**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 Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 8,702,836	6,094,338	735,923	644,624	1,227,951
Other	3,144,458	835,450	401,346	94,787	1,812,875
Total	<u>\$ 11,847,294</u>	<u>6,929,788</u>	<u>1,137,269</u>	<u>739,411</u>	<u>3,040,826</u>
Total number of students *	<u>1,289</u>				
Cost per student	<u>\$ 9,191</u>	<u>5,376</u>	<u>882</u>	<u>574</u>	<u>2,359</u>

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

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

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

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

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

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

## OTHER INFORMATION



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**WILKINSON COUNTY SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 2,157,882	\$ 2,121,712	\$ 2,150,144	\$ 2,223,021
State sources	5,822,316	5,886,494	5,840,536	5,834,688
Federal sources	256,292	184,439	233,024	139,025
Sixteenth section sources	796,259	384,400	407,085	657,070
Total Revenues	9,032,749	8,577,045	8,630,789	8,853,804
<b>Expenditures:</b>				
Instruction	4,674,460	4,477,835	4,579,823	4,806,849
Support services	3,497,266	3,760,538	3,223,357	3,449,584
Noninstructional services	102,973	116,099	118,790	130,137
Sixteenth section	2,304	2,486	3,017	4,764
Debt service:				
Interest	-	-	650	1,300
Other	-	-	70	70
Total Expenditures	8,277,003	8,356,958	7,925,707	8,392,704
Excess (Deficiency) of Revenues over (under) Expenditures	755,746	220,087	705,082	461,100
<b>Other Financing Sources (Uses):</b>				
Notes issued	-	-	125,745	195,048
Capital leases issued	-	288,437	-	-
Insurance recovery	5,929	94,453	11,552	-
Sale of other property	7,514	-	-	-
Operating transfers in	87,187	170,703	43,458	62,911
Other financing sources	-	245	71	-
Operating transfers out	(732,190)	(654,722)	(607,873)	(621,207)
Total Other Financing Sources (Uses)	(631,560)	(100,884)	(427,047)	(363,248)
Net Change in Fund Balances	124,186	119,203	278,035	97,852
<b>Fund Balances:</b>				
Beginning of period, as previously reported	7,107,425	6,987,046	6,710,456	6,612,604
Prior period adjustments	248	1,176	(1,445)	-
Beginning of period, as restated	7,107,673	6,988,222	6,709,011	6,612,604
End of Period	\$ 7,231,859	\$ 7,107,425	\$ 6,987,046	\$ 6,710,456

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**WILKINSON COUNTY SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2019	2018*	2017*	2016*
<b>Revenues:</b>				
Local sources	\$ 2,520,861	\$ 2,454,674	\$ 2,428,928	\$ 2,677,846
State sources	6,083,082	6,358,678	6,583,229	6,420,215
Federal sources	2,695,882	2,775,272	2,866,085	2,371,915
Sixteenth section sources	929,040	447,525	494,425	794,216
Total Revenues	12,228,865	12,036,149	12,372,667	12,264,192
<b>Expenditures:</b>				
Instruction	5,656,095	5,401,139	5,572,745	5,726,323
Support services	4,770,607	5,142,573	4,746,581	5,200,859
Noninstructional services	1,142,618	1,172,085	1,135,461	1,098,612
Sixteenth section	13,100	2,486	38,731	49,226
Facilities acquisition and construction	-	197,748	-	-
Debt service:				
Principal	206,508	458,725	343,303	340,946
Interest	56,137	61,154	68,446	59,236
Other	2,229	2,830	2,840	2,476
Total Expenditures	11,847,294	12,438,740	11,908,107	12,477,678
Excess (Deficiency) of Revenues over (under) Expenditures	381,571	(402,591)	464,560	(213,486)
<b>Other Financing Sources (Uses):</b>				
Notes issued	-	-	125,745	195,048
Capital leases issued	-	288,437	-	-
Insurance recovery	5,929	94,453	11,552	-
Payment held by QZAB/QSCB escrow agent	144,000	144,000	144,000	144,000
Payment to QZAB/QSCB debt escrow agent	(144,000)	(144,000)	(144,000)	(144,000)
Sale of other property	7,514	-	-	-
Operating transfers in	913,300	826,230	795,470	804,851
Other financing sources	-	245	71	-
Operating transfers out	(913,300)	(826,230)	(795,470)	(804,851)
Total Other Financing Sources (Uses)	13,443	383,135	137,368	195,048
Net Change in Fund Balances	395,014	(19,456)	601,928	(18,438)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	11,393,899	11,421,438	10,819,061	10,840,454
Prior period adjustments	(41,223)	(4,745)	(1,523)	-
Beginning of period, as restated	11,352,676	11,416,693	10,817,538	10,840,454
Increase (Decrease) in reserve for inventory	14,390	(3,338)	1,972	(2,955)
End of Period	\$ 11,762,080	\$ 11,393,899	\$ 11,421,438	\$ 10,819,061

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board  
Wilkinson County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilkinson County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wilkinson County School District's basic financial statements, and have issued our report thereon dated March 23, 2020.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 the Wilkinson County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*The Millon Group, PLLC*

Natchez, Mississippi  
March 23, 2020

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

Superintendent and School Board  
Wilkinson County School District

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The Wilkinson County School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Wilkinson County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be material weaknesses.

The Wilkinson County School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Wilkinson County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*The Millon Group, PLLC*

Natchez, Mississippi  
March 23, 2020

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

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

Superintendent and School Board  
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2019, which collectively comprise Wilkinson County School District's basic financial statements and have issued our report thereon dated March 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

## **Finding 1: Untimely Payment of an Invoice**

### Criteria

Section 31-7-305(2), Miss. Code of 1972, as amended requires the school district pay all invoices no later than 45 days after the receipt of the invoice and receipt of the goods or services.

### Condition

During the testing of non-payroll expenditures, we noted one instance of nonpayment of an invoice in the amount of \$884.89 for supplies within 45-days as required by state law.

### Cause of Condition

The District has not yet perfected a system to ensure that the documentation for the receipt of goods and services are turned into the accounts payable office in a manner as to assure that payment is timely.

### Effect of Condition

The school district failed to comply with Section 31-7-305(2), Miss. Code of 1972

### Recommendation

We recommend the school district continue to assess its accounts payable processes and develop a process to ensure all required documentation for the receipt of good and services are completed and turned into the accounts payable office timely.

### Response

The School District will review its processes and design a system to ensure the all documentation for the receipt of goods and services are completed and turned into the accounts payable office timely, and to assure that payment is made within the 45-day required period.

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 Wilkinson County School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

*The Millon Group, PLLC*

March 23, 2020  
Natchez, Mississippi

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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Wilkinson County School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? Yes
  - b. Significant deficiency(ies) identified? None reported
5. Type of auditor's report issued on compliance for major programs:  
Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 and 10.559	Child Nutrition Cluster
84.377	School Improvement Grant

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

Wilkinson County School District

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

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). Yes

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

**Material Weakness and Noncompliance**

**Finding: 2019-001**

Program: U.S Department of Education

Passed through the Mississippi Department of Education

Child Nutrition Cluster

CFDA: 10.553, 10.555 and 10.559

Compliance Requirement: Reporting

Criteria:

7 CFR Part 210.8 states that in order for the school district to be entitled to reimbursement, they shall submit to the Office of Child Nutrition a monthly claim for reimbursement. The Policies and Procedures Manual for Child Nutrition Programs in Mississippi states that this claim is due at the Office of Child Nutrition on the 10th of the month following the reporting month.

Condition:

Claims for reimbursement are not being submitted in a timely fashion.

Context:

Eight claims for reimbursement out of ten months filed were submitted after the required date.

Wilkinson County School District

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

Effect:

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

Questioned cost:

None.

Identification of a repeat finding:

This is a repeat finding from the three previous audits, 2016-001 2017-001 and 2018-001.

Whether sampling was statically valid:

No.

Cause:

Personnel were unable to prepare the information for submission by the 10th of each month for the previous month.

Recommendation:

Procedures should be established and/or training be provided to facilitate the information being prepared for submission within the required time from which is by the 10th of each month for the previous month.

View of responsible officials:

District has met with the responsible staff and will monitor weekly to ensure that all documents that are needed to complete the monthly claims for reimbursement are checked and ready to compile and submit on a timely basis.

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

# Wilkinson County Department of Education

**Mr. Chavis L. Bradford, Superintendent**

Post Office Box 785 \* Woodville, MS 39669

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## AUDITEE'S CORRECTIVE ACTION PLAN

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

### Findings

2019-001

### Corrective Action Plan Details

a. Name of Contact Person Responsible for Corrective Action

Name: Meagan P. Tolliver Dixon, Business Manager

Phone Number: (601)888-6468

b. Corrective Action Planned:

District has met with the responsible staff and will monitor weekly to ensure that all documents that are needed to complete the monthly Claims for reimbursement are checked and ready to compile and submit on a timely basis.

c. Anticipated Completion Date:

June 30, 2020

# **Wilkinson County Department of Education**

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## **SUMMARY OF PRIOR AUDIT FINDINGS**

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

### Finding

### Status

2018-001

Not Corrected (See Repeat Finding 2019-001)