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**BENTON COUNTY SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

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**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Benton 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 Benton County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Benton 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 Benton County School District, as of June 30, 2020, and the respective changes in financial position 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 7-13, 44-46, 47, 48, 49 and 50, 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 Benton County School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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, 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 (CFR) 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 information 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 May 20, 2021, on our consideration of the Benton 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 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 Benton 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 Benton County School District's internal control over financial reporting and compliance.



Tupelo, MS  
May 20, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Benton County School District

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Pamela Gray - Assistant Superintendent

Charles McDonald - Operations Director

Tonya Kuhl - Business Manager

Shonika Hamilton - Human Resource Director

Sherrie Davis - Finance & HR Liaison

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Anola Stricklin - Child Nutrition Director

Tony Taylor - Transportation Director

Amanda Ford - Curriculum Coordinator

Candace Sanders - Administrative Assistant

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020**

The following discussion and analysis of Benton County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. 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 2020 decreased \$461,051, including prior period adjustments of (\$56,857), which represents a 5% decrease from fiscal year 2019. Total net position for 2019 increased \$81,045, including prior period adjustments of \$75,750, which represents a 1% increase from fiscal year 2018.

General revenues amounted to \$9,418,332 and \$9,723,412, or 82% and 81% of all revenues for fiscal years 2020 and 2019, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,017,546 or 18% of total revenues for 2020, and \$2,347,357, or 19% of total revenues for 2019.

The District had \$11,840,072 and \$12,065,474 in expenses for fiscal years 2020 and 2019; only \$2,017,546 for 2020 and \$2,347,357 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,418,332 for 2020 were not adequate to provide for these programs, and general revenues of \$9,723,412 for 2019 were adequate to provide for these programs.

Among major funds, the General Fund had \$9,687,168 in revenues, \$8,911,384 in expenditures, and \$518,167 in other financing uses for 2020, and \$9,942,195 in revenues, \$8,988,105 in expenditures, and \$382,647 in other financing uses for 2019. The General Fund's fund balance increased by \$229,782, including prior period adjustments of (\$27,835), from 2019 to 2020, and increased by \$647,193, including prior period adjustments of \$75,750 from 2018 to 2019.

Among major funds, the Title I-A Fund had \$432,370 in revenues, \$558,440 in expenditures, and \$126,070 in other financing sources for 2020. The Title I-A Fund's fund balance did not change from 2019 to 2020.

Among major funds, the Special Education Fund had \$206,174 in revenues, \$267,476 in expenditures, and \$61,082 in other financing sources for 2020. The Special Education Fund's fund balance decreased \$220 from 2019 to 2020.

Capital assets, net of accumulated depreciation, decreased by \$285,252 for 2020 and decreased by \$241,999 for 2019. The decrease for 2020 was due primarily to disposal of buses and vehicles and the recording of depreciation expense, and the decrease for 2019 was due primarily to the recording of depreciation expense.

Long-term debt decreased by \$66,000 for 2020 and decreased by \$62,000 for 2019. The decrease for 2020 and 2019 was due to principal payments on long-term debt. The liability for compensated absences increased by \$8,595 for 2020 and increased by \$6,254 for 2019.



## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows, with the remainder 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, pension expense, other post-employment benefits (OPEB) expense, and interest on long-term liabilities.

### Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

## **Notes to the financial statements**

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

## **Other Information**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net position

Net position may serve over time as a useful indicator of the District's financial position. For the governmental activities of the district, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,982,980 as of June 30, 2020.

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.

Table 1 presents a summary of the District's net position at June 30, 2020 and June 30, 2019.

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

	Governmental Activities		Percentage
	2020	2019	Change
Current assets	\$ 3,683,818	3,736,371	-1.41%
Restricted assets	394,542	334,189	18.06%
Capital assets, net	5,421,156	5,706,408	-5.00%
Total assets	9,499,516	9,776,968	-2.84%
Deferred outflows of resources	1,546,929	1,315,190	17.62%
Current liabilities	841,109	978,289	-14.02%
Long-term debt	1,252,830	1,310,235	-4.38%
Net pension liability	16,755,827	15,737,785	6.47%
Net OPEB liability	1,241,265	1,170,465	6.05%
Total liabilities	20,091,031	19,196,774	4.66%
Deferred inflows of resources	938,394	1,417,313	-33.79%
Net position:			
Net investment in capital assets	4,277,156	4,496,408	-4.88%
Restricted	690,890	709,167	-2.58%
Unrestricted	(14,951,026)	(14,727,504)	-1.52%
Total net position	\$ (9,982,980)	(9,521,929)	-4.84%

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

- Decrease in cash in the amount of \$296,162, primarily due to an increase in grant reimbursements due from other governments.
- Decrease in net capital assets in the amount of \$285,252, primarily due to depreciation expense of \$244,865 and capital asset disposals.
- Decrease in long-term debt in the amount of \$66,000 due to scheduled payments on principal balance.

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:

	Governmental Activities
Total unrestricted net position (deficit)	\$ (14,951,026)
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	17,388,557
Unrestricted net position exclusive of the aforementioned effects	\$ 2,437,531

## Changes in net position

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$11,435,878 and \$12,070,769, respectively. The total cost of all programs and services was \$11,840,072 for 2020 and \$12,065,474 for 2019.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 183,293	\$ 260,988	-29.77%
Operating grants and contributions	1,834,253	2,086,369	-12.08%
General revenues:			
Property taxes	1,685,076	1,652,554	1.97%
Grants and contributions not restricted	7,668,483	7,977,637	-3.88%
Investment earnings	52,035	35,992	44.57%
Other	12,738	57,229	-77.74%
Total revenues	<u>11,435,878</u>	<u>12,070,769</u>	-5.26%
Expenses:			
Instruction	5,876,578	5,792,654	1.45%
Support services	3,781,736	4,124,546	-8.31%
Non-instructional	603,625	648,093	-6.86%
Pension expense	1,420,530	1,356,296	4.74%
OPEB expense	75,632	65,848	14.86%
Interest on long-term liabilities	81,971	78,037	5.04%
Total expenses	<u>11,840,072</u>	<u>12,065,474</u>	-1.87%
Change in net position	<u>(404,194)</u>	<u>5,295</u>	-7733.50%
Net Position, July 1,			
as previously reported	(9,521,929)	(9,602,974)	0.84%
Prior Period Adjustments	<u>(56,857)</u>	<u>75,750</u>	-175.06%
Net Position, July 1,			
as restated	<u>(9,578,786)</u>	<u>(9,527,224)</u>	-0.54%
Net Position, June 30	<u>\$ (9,982,980)</u>	<u>\$ (9,521,929)</u>	-4.84%

## Governmental activities

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

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

	Total Expenses		Percentage Change	Net (Expense) Revenue		Percentage Change
	2020	2019		2020	2019	
Instruction	\$ 5,876,578	\$ 5,792,654	1.45%	\$ (4,919,785)	\$ (4,510,642)	-9.07%
Support services	3,781,736	4,124,546	-8.31%	(3,253,052)	(3,664,528)	11.23%
Non-instructional	603,625	648,093	-6.86%	(123,318)	(42,766)	-188.36%
Pension expense	1,420,530	1,356,296	4.74%	(1,420,530)	(1,356,296)	-4.74%
OPEB expense	75,632	65,848	14.86%	(75,632)	(65,848)	-14.86%
Interest on long-term liabilities	81,971	78,037	5.04%	(30,209)	(78,037)	61.29%
	<u>\$ 11,840,072</u>	<u>\$ 12,065,474</u>	-1.87%	<u>\$ (9,822,526)</u>	<u>\$ (9,718,117)</u>	-1.07%

Net cost of governmental activities ((\$9,822,526) for 2020 and (\$9,718,117) for 2019), was financed by general revenue, which is primarily made up of property taxes (\$1,685,076 for 2020 and \$1,652,554 for 2019) and state and federal revenues (\$7,668,483 for 2020 and \$7,977,637 for 2019).

Investment earnings amounted to \$52,035 for 2020 and \$35,992 for 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 \$3,245,166, an increase of \$151,466, which includes prior period adjustments of (\$55,348) and an increase in inventory of \$14,355. \$2,546,361 or 78% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$698,805 or 22% is either nonspendable, restricted, or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted 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 229,782, which includes prior period adjustments of (\$27,835). The fund balance of Other Governmental Funds showed a decrease of \$78,096, which includes prior period adjustments of (\$27,513) and an increase in reserve for inventory of \$14,355. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I-A	\$ -0-
Special Education	\$ (220)

### BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2020, the District's total capital assets were \$9,980,901, including land, school buildings, buses, other school vehicles, furniture and equipment. This amount represents a decrease of \$438,527 from 2019. Total accumulated depreciation as of June 30, 2020, was \$4,559,745, and total depreciation expense for the year was \$244,865, resulting in total net capital assets of \$5,421,156.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 76,983	\$ 76,983	0.00%
Buildings	3,595,886	3,712,892	-3.15%
Building Improvements	1,577,990	1,670,903	-5.56%
Improvements other than buildings	29,140	30,854	-5.56%
Mobile equipment	133,768	195,683	-31.64%
Furniture and equipment	7,389	19,093	-61.30%
	<u>\$ 5,421,156</u>	<u>\$ 5,706,408</u>	<b>-5.00%</b>

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

**Debt Administration.** At June 30, 2020, the District had \$1,252,830 in outstanding long-term debt, of which \$69,000 is due within one year. The liability for compensated absences increased \$8,595 from the prior year.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Qualified school construction bonds payable	\$ 1,075,000	\$ 1,075,000	0.00%
Three mill notes payable	69,000	135,000	-48.89%
Compensated absences payable	108,830	100,235	8.57%
	<u>\$ 1,252,830</u>	<u>\$ 1,310,235</u>	<b>-4.38%</b>

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

## CURRENT ISSUES

The Benton 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 controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District consists of Ashland Elementary School, Ashland High School, and Hickory Flat Attendance Center.

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 Benton County School District, P.O. Box 247, Ashland, Mississippi 38603.

## **FINANCIAL STATEMENTS**

**BENTON COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 2,945,877
Due from other governments	693,924
Inventories	27,562
Prepaid items	16,455
Restricted assets	394,542
Capital assets, non-depreciable:	
Land	76,983
Capital assets, net of accumulated depreciation:	
Buildings	3,595,886
Building improvements	1,577,990
Improvements other than buildings	29,140
Mobile equipment	133,768
Furniture and equipment	7,389
Total Assets	<u>9,499,516</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	1,356,186
Deferred outflows - OPEB	190,743
Total deferred outflows of resources	<u>1,546,929</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	833,194
Interest payable on long-term liabilities	7,915
Long-term liabilities, due within one year:	
Capital related liabilities	69,000
Net OPEB liability	41,942
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,075,000
Non-capital related liabilities	108,830
Net pension liability	16,755,827
Net OPEB liability	1,199,323
Total Liabilities	<u>20,091,031</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	821,168
Deferred inflows - OPEB	117,226
Total deferred inflows of resources	<u>938,394</u>
<b>Net Position</b>	
Net investment in capital assets	4,277,156
Restricted for:	
Expendable:	
School-based activities	174,049
Child nutrition	16,184
Debt service	427,313
Unemployment benefits	29,327
Nonexpendable:	
Inventory and prepaid items	44,017
Unrestricted	(14,951,026)
Total Net Position	<u>\$ (9,982,980)</u>

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



**BENTON COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Exhibit B**

Exhibit B

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 5,876,578	156,714	800,079	(4,919,785)
Support services	3,781,736		528,684	(3,253,052)
Non-instructional	603,625	26,579	453,728	(123,318)
Pension expense	1,420,530			(1,420,530)
OPEB expense	75,632			(75,632)
Interest on long-term liabilities	81,971		51,762	(30,209)
Total Governmental Activities	\$ 11,840,072	183,293	1,834,253	(9,822,526)
General Revenues:				
Taxes:				
General purpose levies				\$ 1,596,975
Debt purpose levies				88,101
Unrestricted grants and contributions:				
State				6,278,489
Federal				1,389,994
Unrestricted investment earnings				52,035
Other				12,738
Total General Revenues				9,418,332
Change in Net Position				(404,194)
Net Position - Beginning, as previously reported				(9,521,929)
Prior Period Adjustments				(56,857)
Net Position - Beginning, as restated				(9,578,786)
Net Position - Ending				\$ (9,982,980)

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

**BENTON COUNTY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2020**

Exhibit C	Major Funds			Other	Total
	General Fund	Title I-A Fund	Special Education Fund	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,736,567	60,008		149,302	2,945,877
Investments				394,542	394,542
Due from other governments	103,769	368,646	198,314	23,195	693,924
Due from other funds	612,381			8,000	620,381
Inventories				27,562	27,562
Prepaid items	14,428			2,027	16,455
Total Assets	\$ 3,467,145	428,654	198,314	604,628	4,698,741
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 727,635	28,572	5,057	70,306	831,570
Due to other funds	8,000	400,082	193,257	20,666	622,005
Total Liabilities	735,635	428,654	198,314	90,972	1,453,575
Fund Balances:					
Nonspendable:					
Inventory				27,562	27,562
Prepaid items	14,428			2,027	16,455
Restricted:					
Debt service				435,228	435,228
Unemployment benefits				29,327	29,327
Child nutrition				16,184	16,184
Assigned:					
School activities	170,721			3,328	174,049
Unassigned	2,546,361				2,546,361
Total Fund Balances	2,731,510	-0-	-0-	513,656	3,245,166
Total Liabilities and Fund Balances	\$ 3,467,145	428,654	198,314	604,628	4,698,741

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

**BENTON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 3,245,166

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	76,983	
Buildings	6,307,642	
Building improvements	2,322,829	
Improvements other than buildings	42,853	
Mobile equipment	837,512	
Furniture and equipment	393,082	
Accumulated depreciation	<u>(4,559,745)</u>	5,421,156

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

Net pension liability	(16,755,827)
Net OPEB liability	(1,241,265)

3. Deferred outflows and inflows related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	1,356,186	
Deferred inflows of resources related to pensions	(821,168)	
Deferred outflows of resources related to OPEB	190,743	
Deferred inflows of resources related to OPEB	<u>(117,226)</u>	608,535

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

Three mill notes payable	(69,000)	
Qualified school construction bonds	(1,075,000)	
Compensated absences	(108,830)	
Accrued interest payable	<u>(7,915)</u>	(1,260,745)

**Net position of governmental activities** \$ (9,982,980)

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

**BENTON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Exhibit D**

	Major Funds			Other	Total
	General	Title I-A	Special	Governmental	Governmental
	Fund	Fund	Education Fund	Funds	Funds
<b>Revenues:</b>					
Local sources	\$ 1,806,460			126,682	1,933,142
State sources	6,512,654			296,752	6,809,406
Federal sources	1,368,054	432,370	206,174	686,732	2,693,330
Total Revenues	9,687,168	432,370	206,174	1,110,166	11,435,878
<b>Expenditures:</b>					
Instruction	5,315,753	524,309	109,073	408,452	6,357,587
Support services	3,595,631	30,899	158,403	317,367	4,102,300
Noninstructional services		3,232		649,675	652,907
Debt service:					
Principal				66,000	66,000
Interest				74,235	74,235
Other				1,250	1,250
Total Expenditures	8,911,384	558,440	267,476	1,516,979	11,254,279
Excess (Deficiency) of Revenues over (under) Expenditures	775,784	(126,070)	(61,302)	(406,813)	181,599
<b>Other Financing Sources (Uses):</b>					
Insurance recoveries	4,200				4,200
Payments held by QSCB escrow agent				50,000	50,000
Payments to QSCB escrow agent				(50,000)	(50,000)
Sale of transportation equipment	6,660				6,660
Operating transfers in	8,356	126,070	61,082	441,118	636,626
Operating transfers out	(537,383)			(99,243)	(636,626)
Total Other Financing Sources (Uses)	(518,167)	126,070	61,082	341,875	10,860
Net Change in Fund Balances	257,617	-0-	(220)	(64,938)	192,459
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	2,501,728	-0-	220	591,752	3,093,700
Prior period adjustments	(27,835)			(27,513)	(55,348)
July 1, 2019, as restated	2,473,893	-0-	220	564,239	3,038,352
Increase in reserve for inventory				14,355	14,355
June 30, 2020	\$ 2,731,510	-0-	-0-	513,656	3,245,166

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

**BENTON COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 192,459

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	9,750	
Depreciation expense	<u>(244,865)</u>	(235,115)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets retired.		
		(48,628)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	66,000	
Accrued interest payable	<u>(6,486)</u>	59,514
4. Some items relating to pensions and OPEB reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(1,420,530)	
Contributions subsequent to the measurement date - Pension	1,076,036	
OPEB expense	(75,632)	
Contributions subsequent to the measurement date - OPEB	<u>41,942</u>	(378,184)
5. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(8,595)	
Change in inventory reserve	<u>14,355</u>	<u>5,760</u>
<b>Change in net position of governmental activities</b>		<b>\$ <u>(404,194)</u></b>

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

**BENTON COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2020**

**Exhibit E**

	Agency Funds
	<hr/>
<b>Assets</b>	
Cash and cash equivalents	\$ 48,506
Due from other funds	<hr/> 1,624
Total Assets	<hr/> <hr/> 50,130
<b>Liabilities</b>	
Due to student clubs	<hr/> 50,130
Total Liabilities	\$ <hr/> <hr/> 50,130

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2020**

**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.

**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, Benton 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.

**Government-wide and Fund 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 for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

Title I-A Fund - This is a special revenue fund that is used to account for transactions related to Part A of the Elementary and Secondary Education Act that provides assistance to local educational agencies and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

Special Education Fund – This is a special revenue fund that is used to account for transactions related to the Individuals with Disabilities Education Act that ensures children and youth receive necessary special education and related services.

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 which focus on assets and liabilities.

The District's fiduciary funds include the following:

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

Accounts Payable Clearing – This fund is used to account for the District's claims payable and the payment of those claims.

Payroll Clearing – This fund is used to account for salaries and related salaries expenditures payable and the payment of those payables.

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

**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.



**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Encumbrances**

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

**Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance**

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents.

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

Investments.

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

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

Investments for the district are reported at fair market value.

2. Receivables and Payables

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

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

3. Due from Other Governments

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

6. Capital Assets

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

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

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

The following schedule details those thresholds.

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

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

This District currently reports deferred pension outflows of resources related to the implementation of GASB 68. The District also reports deferred OPEB outflows of resources related to the implementation of GASB 75.

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

The District currently reports deferred pension inflows of resources related to the implementation of GASB 68. The District also reports deferred OPEB inflows of resources related to the implementation of GASB 75.

See note 14 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 issue cost, 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.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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 become 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 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 by resolution of the 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 not restricted. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted. Assignments of fund balance, pursuant to authority established by the Board, are created by the superintendent and business manager.

*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 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 (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 (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 assigned amounts first, followed by unassigned amounts.

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

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 1: Summary of Significant Accounting Policies (Continued)**

13. The Governmental Accounting Standards Board issued GASB 95, Postponement of the Effective Dates of Certain Authoritative Guidance in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, Leases, and Implementation Guide No. 2019-3, Leases, were postponed eighteen months.

**Note 2: Cash and Cash Equivalents, and Investments**

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

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

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,945,877 and \$48,506, respectively.

***Custodial Credit Risk - Deposits.*** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above the FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2020, none of the district's bank balance of \$3,386,360 was exposed to custodial credit risk.

**Investments**

As of June 30, 2020, the district had the following investments:

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 2: Cash and Cash Equivalents, and Investments (Continued)**

Investment Type	Rating	Maturities (in years)	Amount
QSCB Construction Bonds Common Trust Funds 2012-A	N/A	N/A	\$ 394,542

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

The district has the following recurring fair value measurements as of June 30, 2020: QSCB Construction Bonds Common Trust Funds 2012-A of \$394,542 are valued using quoted market prices (Level 1 inputs).

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

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

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

*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.

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Title I-A Fund	\$ 400,082
General Fund	Special Education Fund	193,257
General Fund	Other governmental funds	19,042
Other governmental funds	General Fund	8,000
Accounts Payable Clearing Fund	Other governmental funds	1,624
Total		<u>\$ 622,005</u>

The amounts primarily represent inter-fund balances created by loans from the General Fund to special revenue funds to provide adequate cash flow for those funds operating on an expenditure reimbursement basis. Cash is loaned to the funds for operational purposes, and the loans are repaid after reimbursement for grant expenditures is received.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 350,231
General Fund	Title I-A Fund	126,070
General Fund	Special Education Fund	61,082
Other governmental funds	General Fund	8,356
Other governmental funds	Other governmental funds	90,887
Total		<u>\$ 636,626</u>

The purpose of the inter-fund transfers was to cover operating expenses of other funds. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 4: Restricted Assets**

Restricted assets represent the legally restricted cash and investment balances of the following funds:

Funds with Restricted Balances	Account	Amount
QSCB Bond Retirement Fund	Investments	\$ 394,542

**Note 5: Capital Assets**

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

	Balance 07/01/19	Increases	Decreases	Adjustments	Balance 06/30/20
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 76,983				\$ 76,983
Total non-depreciable capital assets	76,983	-0-	-0-	-0-	76,983
<u>Depreciable capital assets:</u>					
Buildings	6,307,642				6,307,642
Building improvements	2,322,829				2,322,829
Improvements other than buildings	42,853				42,853
Mobile equipment	1,311,520	9,750	486,258	2,500	837,512
Furniture and equipment	357,601			35,481	393,082
Total depreciable capital assets	10,342,445	9,750	486,258	37,981	9,903,918
<u>Less accumulated depreciation for:</u>					
Buildings	2,594,750	117,006			2,711,756
Building improvements	651,926	92,913			744,839
Improvements other than buildings	11,999	1,714			13,713
Mobile equipment	1,115,837	24,592	437,630	945	703,744
Furniture and equipment	338,508	8,640		38,545	385,693
Total accumulated depreciation	4,713,020	244,865	437,630	39,490	4,559,745
Total depreciable capital assets, net	5,629,425	(235,115)	48,628	(1,509)	5,344,173
Governmental activities capital assets, net	\$ 5,706,408	(235,115)	48,628	(1,509)	\$ 5,421,156

The amounts in the adjustments column represent amounts associated with assets that were omitted from the District's capital asset records.

Depreciation expense was charged to the following functions:

	Amount
Instruction	\$ 159,153
Support services	59,538
Non-instructional	26,174
Total governmental activities depreciation expense	\$ 244,865



**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 6: Long-term Liabilities**

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

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20	Amounts due within one year
A Qualified school construction bonds payable	\$ 1,075,000			1,075,000	-0-
B Three mill notes payable	135,000		66,000	69,000	69,000
C Compensated absences	100,235	8,595		108,830	-0-
Total	<u>\$ 1,310,235</u>	<u>8,595</u>	<u>66,000</u>	<u>1,252,830</u>	<u>69,000</u>

A. Qualified School Construction Bonds Payable.

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds payable	0%	12/17/2010	12/17/2026	\$ 1,075,000	\$ 1,075,000

The Qualified School Construction Bond (QSCB) was issued at a nominal interest rate. Investors receive federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows the state and local governments to borrow without incurring interest costs.

B. Three mill note payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note, Series 2011	5.22%	4/15/2011	4/17/2021	\$ 900,000	\$ 69,000

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 69,000	3,602	72,602
Total	<u>\$ 69,000</u>	<u>3,602</u>	<u>72,602</u>

This debt will be retired from the Three Mill Notes Debt Retirement Fund.

C. Compensated absences payable.

As more fully explained in Note 1(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.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 7: Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available at [www.pers.ms.gov](http://www.pers.ms.gov).

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

*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, 2020 was 17.40% 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, 2020, 2019 and 2018 were \$1,076,036, \$977,002, and \$951,657, respectively, which equaled the required contributions for each year.

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 7: Defined Benefit Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the school district reported a liability of \$16,755,827 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2020 net pension liability was 0.095247 percent, which was based on a measurement date of June 30, 2019. This was an increase of 0.000629 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$1,420,530. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,912	\$ 18,037
Net difference between projected and actual earnings on pension plan investments	-0-	183,315
Changes of assumptions	164,277	-0-
Changes in proportion and differences between District contributions and proportionate share of contributions	105,961	619,816
District contributions subsequent to the measurement date	1,076,036	-0-
<b>Total</b>	<b>\$ <u>1,356,186</u></b>	<b>\$ <u>821,168</u></b>

\$1,076,036 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ (180,857)
2022	(505,640)
2023	68,980
2024	76,499
<b>Total</b>	<b>\$ <u>(541,018)</u></b>

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 7: Defined Benefit Pension Plan (Continued)**

*Actuarial assumptions.* The total pension liability as of June 30, 2019 actuarial valuation was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 - 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the 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 asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27 %	4.90 %
International Equity	22	4.75
Global Equity	12	5.00
Fixed Income	20	1.50
Real Estate	10	4.00
Private Equity	8	6.25
Cash	1	0.25 %
Total	<u>100 %</u>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). 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.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 7: Defined Benefit Pension Plan (Continued)**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 22,026,114	\$ 16,755,827	\$ 12,405,677

*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 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.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 8: Other Postemployment Benefits (OPEB) (Continued)**

*Contributions.* The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$41,942 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$1,241,265 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019, the District's proportion was 0.14628224 percent. This was a decrease of 0.0050286 percent from the proportionate share as of the measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$75,632. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,877	\$ 17,767
Net difference between projected and actual earnings on OPEB plan investments	23	-0-
Changes of assumptions	92,540	64,366
Changes in proportion and differences between District contributions and proportionate share of contributions	54,361	35,093
District contributions subsequent to the measurement date	41,942	-0-
<b>Total</b>	<b>\$ <u>190,743</u></b>	<b>\$ <u>117,226</u></b>

\$41,942 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 4,827
2022	4,827
2023	4,827
2024	6,111
2025	8,042
Thereafter	2,941
<b>Total</b>	<b>\$ <u>31,575</u></b>

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 8: Other Postemployment Benefits (OPEB) (Continued)**

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.20 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Year FNP is projected to be depleted	
Measurement Date	2019
Prior Measurement Date	2018
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	3.50%
Prior Measurement Date	3.89%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

The long-term expected rate of return on OPEB plan investments is 4.50%.

*Discount rate.* The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.50 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.89% to 3.50%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. 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 the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Note 8: Other Postemployment Benefits (OPEB) (Continued)**

*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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
District's proportionate share of the net OPEB liability	\$ 1,378,829	\$ 1,241,265	\$ 1,123,566

*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
District's proportionate share of the net OPEB liability	\$ 1,150,223	\$ 1,241,265	\$ 1,344,400

*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: Prior Period Adjustments**

A summary of significant Net Position adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. To correct prior year recorded accruals	\$ (55,348)
2. To adjust prior year net capital assets	(1,509)
Total	\$ (56,857)

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

Explanation	Amount
<i>General Fund:</i>	
1. To correct prior year recorded accruals	\$ (27,835)
<i>Other Governmental Funds:</i>	
2. To correct prior year recorded accruals	(27,513)
	\$ (55,348)



**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 10: Contingencies**

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

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

**Note 11: Risk Management**

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 Property Trust (MSBAPT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 55 school districts and covers losses associated with property damage to the physical assets owned by the member districts. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. 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 Trust.

The school district is a member of the Mississippi School Boards Association Casualty Trust (MSBACT). The Trust is a risk sharing pool; such a pool is frequently referred to as a self-insurance pool. The Trust consists of approximately 55 school districts and covers liability related losses the member may be responsible for through General Liability, Automobile Liability and School Board Legal Liability. An indemnity agreement is executed by each member in the Trust for the purposes of jointly and severally binding the pool and each of the members/districts to meet the financial obligations of each member. Each member of the Trust contributes quarterly to a fund held in trust by Amegy Bank of Texas in Houston, Texas. The funds in the trust account are used to pay any claim up to \$150,000 per occurrence. For a claim/occurrence exceeding \$150,000 the Trust has secured excess insurance. 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 Trust.

**Note 12: 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.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 12: Qualified School Construction Bonds (Continued)**

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, 2020, the subsidy payments amounted to \$51,762.

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, 2020 was \$394,542. The amount accumulated in the sinking fund at the end of the seventeen-year period will 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
2021	\$ 50,000
2022	50,000
2023	123,000
2024	123,000
2025	123,000
2026-2027	246,000
Total	<u>\$ 715,000</u>

**Note 13: Insurance Loss Recoveries**

The District received \$4,200 in insurance loss recoveries related to towing charges and damage to a school bus during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated 100% the non-instructional expense function.

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

The unrestricted net position amount of (\$14,951,026) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$1,076,036 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$280,150 balance of the deferred outflow of resources related to pensions, at June 30, 2020 will be recognized as expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$14,951,026) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$821,168 balance of the deferred inflow of resources related to pensions, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$14,951,026) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$41,942 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$148,801 balance of the deferred outflow of resources related to OPEB, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

**Note 14: Effect of Deferred Amounts on Net Position (Continued)**

The unrestricted net position amount of (\$14,951,026) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$117,226 balance of the deferred inflow of resources related to OPEB, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

**Note 15: Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Benton County School District evaluated the activity of the district through May 20, 2021, (the date the financial statements were available to be issued) and determined no subsequent events have occurred requiring disclosure in the financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BENTON COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR YEAR ENDED JUNE 30, 2020**

		Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
		Original	Final		Original to Final	Final to Actual
Revenues:						
Local sources	\$	2,254,816	1,805,256	1,806,460	(449,560)	1,204
State sources		6,076,463	6,512,654	6,512,654	436,191	-0-
Federal sources		1,278,841	1,368,054	1,368,054	89,213	-0-
Total Reveues		9,610,120	9,685,964	9,687,168	75,844	1,204
Expenditures:						
Instruction		5,468,774	5,303,320	5,315,753	165,454	(12,433)
Support services		3,965,181	3,589,232	3,595,631	375,949	(6,399)
Total Expenditures		9,433,955	8,892,552	8,911,384	541,403	(18,832)
Excess (Deficiency) of Revenues Over Expenditures		176,165	793,412	775,784	617,247	(17,628)
Other Financing Sources (Uses):						
Insurance recoveries			4,200	4,200	4,200	-0-
Sale of transportation equipment			6,660	6,660	6,660	-0-
Operating transfers in		1,637,330	1,488,190	1,511,079	(149,140)	22,889
Operating transfers out		(1,790,465)	(1,982,966)	(2,040,106)	(192,501)	(57,140)
Total Other Financing Sources (Uses)		(153,135)	(483,916)	(518,167)	(330,781)	(34,251)
Net Change in Fund Balance		23,030	309,496	257,617	286,466	(51,879)
Fund Balance						
July 1, 2019, as previously reported		2,133,537	2,404,187	2,501,728	270,650	97,541
Prior period adjustments			1,110	(27,835)	1,110	(28,945)
July 1, 2019, as restated		2,133,537	2,405,297	2,473,893	271,760	68,596
June 30, 2020	\$	2,156,567	2,714,793	2,731,510	558,226	16,717

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

**BENTON COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – TITLE I-A FUND  
FOR YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,049,305	914,445	432,370	(134,860)	(482,075)
Total Reveues	1,049,305	914,445	432,370	(134,860)	(482,075)
Expenditures:					
Instruction	953,939	849,081	524,309	104,858	324,772
Support services	60,422	60,440	30,899	(18)	29,541
Noninstructional services	17,204	17,350	3,232	(146)	14,118
Total Expenditures	1,031,565	926,871	558,440	104,694	368,431
Excess (Deficiency) of Revenues Over Expenditures	17,740	(12,426)	(126,070)	(30,166)	(113,644)
Other Financing Sources (Uses):					
Operating transfers in	-0-	-0-	126,070	-0-	126,070
Total Other Financing Sources (Uses)	-0-	-0-	126,070	-0-	126,070
Net Change in Fund Balance	17,740	(12,426)	-0-	(30,166)	12,426
Fund Balance					
July 1, 2019	-0-	-0-	-0-	-0-	-0-
June 30, 2020	\$ 17,740	(12,426)	-0-	(30,166)	12,426

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

**BENTON COUNTY SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND**  
**FOR YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 451,894	443,947	206,174	(7,947)	(237,773)
Total Revenues	451,894	443,947	206,174	(7,947)	(237,773)
Expenditures:					
Instruction	244,104	252,159	109,073	(8,055)	(143,086)
Support services	206,165	191,288	158,403	14,877	(32,885)
Noninstructional services	500	500	-0-	-0-	(500)
Total Expenditures	450,769	443,947	267,476	6,822	(176,471)
Excess (Deficiency) of Revenues Over Expenditures	1,125	-0-	(61,302)	(1,125)	(61,302)
Other Financing Sources (Uses):					
Operating transfers in	-0-	-0-	61,082	-0-	61,082
Total Other Financing Sources (Uses)	-0-	-0-	61,082	-0-	61,082
Net Change in Fund Balance	1,125	-0-	(220)	(1,125)	(220)
Fund Balance					
July 1, 2019	-0-	-0-	220	-0-	220
June 30, 2020	\$ 1,125	-0-	-0-	(1,125)	-0-

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

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS\***

		<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	%	0.095247%	0.094618%	0.102386%	0.100234%	0.099941%	0.097018%
District's proportionate share of the net pension liability	\$	16,755,827	15,737,785	17,020,031	17,904,297	15,448,909	11,774,024
District's covered payroll	\$	6,203,191	6,042,267	6,568,114	6,412,216	6,243,727	5,928,279
District's proportionate share of the net pension liability as a percentage of its covered payroll		270.12%	260.46%	259.13%	279.22%	247.43%	198.61%
Plan fiduciary net position as a percentage of the total pension liability		61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 06/30 of the prior year to the fiscal year presented.

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



**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PERS  
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,076,036	977,002	951,657	1,034,478	1,009,924	983,387
Contributions in relation to the contractually required contribution	(1,076,036)	(977,002)	(951,657)	(1,034,478)	(1,009,924)	(983,387)
Contribution deficiency (excess)	\$ <u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 District's covered payroll	 6,184,107	 6,203,191	 6,042,267	 6,568,114	 6,412,216	 6,243,727
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 06/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
LAST TEN FISCAL YEARS\***

		<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
District's proportion of the net OPEB liability	%	0.14628224%	0.15131084%	0.14562803%
District's proportionate share of the net OPEB liability	\$	1,241,265	1,170,465	1,142,611
District's covered-employee payroll	\$	6,698,887	6,889,080	6,542,667
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		18.53%	16.99%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability		0.12%	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 06/30 of the prior year to the fiscal year presented.

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.

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
OPEB  
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 41,942	49,754	48,711
Contributions in relation to the actuarially determined contributions	(41,942)	(49,754)	(48,711)
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>
 District's covered-employee payroll	 6,698,887	 6,889,080	 5,844,559
Contributions as a percentage of covered- employee payroll	0.63%	0.72%	0.83%

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 06/30/18, 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).

**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2020**

**Budgetary Comparison Schedules**

**Note 1: Basis of Presentation**

The Budgetary Comparison Schedules present 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.

**Note 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**

**Note 1: Changes of Assumptions**

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**FOR YEAR ENDED JUNE 30, 2020**

**Pension Schedules (Continued)**

**Note 1: Changes of Assumptions (Continued)**

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments: for males, 137% of male rates at all ages; for females, 115% of female rates at all ages; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

Withdrawal rates, pre-retirement mortality 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 7% to 9%.

**Note 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.

**Note 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, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

**BENTON COUNTY SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**FOR YEAR ENDED JUNE 30, 2020**

**OPEB Schedules**

**Note 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.

2019:

The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date.

**Note 2: Changes in Benefit Provisions**

2017: None

2018: None

2019: None

**Note 3: Method 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, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

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	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.89%

## **SUPPLEMENTARY INFORMATION**

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed-through Mississippi Department of Education:</i>			
Child Nutrition Cluster:			
School breakfast program	10.553	205MS326N1099	\$ 150,013
National school lunch program	10.555	205MS326N1099	466,078
Summer food service program for children	10.559	205MS326N1099	6,473
Total child nutrition cluster			<u>622,564</u>
<i>Total passed-through Mississippi Department of Education</i>			<u>622,564</u>
<b>Total U.S. Department of Agriculture</b>			<u>622,564</u>
<b><u>U.S. Department of Education</u></b>			
<i>Passed-through Mississippi Department of Education:</i>			
Title I - grants to local educational agencies	84.010	S010A 190024	432,370
Career and technical education - basic grants to states	84.048	VO48A 190024	20,816
Rural education	84.358	S358B 180024	13,569
Improving teacher quality state grants	84.367	S367A 190023	85,221
Student support and academic enrichment program	84.424	S424A 190025	26,926
Subtotal			<u>578,902</u>
Special Education Cluster:			
Special education - grants to states	84.027	H027A 190108	206,343
Special education - preschool grants	84.173	H173A 190113	7,667
Total special education cluster			<u>214,010</u>
<i>Total passed-through Mississippi Department of Education</i>			<u>792,912</u>
<b>Total U.S. Department of Education</b>			<u>792,912</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Passed-through Mississippi Department of Education:</i>			
Medicaid cluster:			
Medical Assistance program	93.778	2005MS5ADM	252
Total medicaid cluster			<u>252</u>
<i>Total passed-through Mississippi Department of Education</i>			<u>252</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>252</u>
<b>Total for All Federal Awards</b>			<u>\$ 1,415,728</u>

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



**BENTON COUNTY SCHOOL DISTRICT  
NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2020**

Schedule of Expenditures of Federal Awards

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of the Benton County School District under programs of the federal government for the year ended June 30, 2020. 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 Benton County School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Benton County School District.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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

**Note 4: Other Items**

Donated commodities of \$44,833 are included in the National School Lunch Program.

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND  
OTHER EXPENDITURES – GOVERNMENTAL FUNDS  
FOR YEAR ENDED JUNE 30, 2020**

<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	\$ 8,808,481	6,459,145	534,173	627,587	1,187,576
Other	<u>2,445,798</u>	<u>765,546</u>	<u>284,206</u>	<u>4,756</u>	<u>1,391,290</u>
Total	\$ <u>11,254,279</u>	<u>7,224,691</u>	<u>818,379</u>	<u>632,343</u>	<u>2,578,866</u>
Total number of students *	952				
Cost per student	\$ <u><u>11,822</u></u>	<u><u>7,589</u></u>	<u><u>860</u></u>	<u><u>664</u></u>	<u><u>2,709</u></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 - (all the 1000, 2100, & 2200 functional codes.)

**General Administration** - includes expenditures for the following functions: Support Services - General Administration (2300s); and Support Services - Business (2500s).

**School Administration** - includes expenditures for the following function: Support Services - School Administration (2400s).

**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**

**BENTON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GENERAL FUND  
LAST FOUR YEARS**

		"UNAUDITED"		
	2020	2019*	2018*	2017*
<b>Revenues:</b>				
Local sources	\$ 1,806,460	1,836,429	1,660,729	1,644,567
State sources	6,512,654	6,649,615	6,722,628	6,732,893
Federal sources	1,368,054	1,456,151	1,323,024	1,349,325
Total Revenues	<u>9,687,168</u>	<u>9,942,195</u>	<u>9,706,381</u>	<u>9,726,785</u>
<b>Expenditures:</b>				
Instruction	5,315,753	5,108,830	5,536,029	5,698,804
Support services	3,595,631	3,868,275	3,734,021	3,826,409
Facilities acquisition and construction	-0-	11,000	-0-	-0-
Total Expenditures	<u>8,911,384</u>	<u>8,988,105</u>	<u>9,270,050</u>	<u>9,525,213</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>775,784</u>	<u>954,090</u>	<u>436,331</u>	<u>201,572</u>
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	4,200	-0-	-0-	-0-
Sale of transportation equipment	6,660	-0-	-0-	-0-
Operating transfers in	8,356	-0-	247	5,048
Operating transfers out	(537,383)	(382,647)	(412,842)	(308,501)
Total Other Financing Sources (Uses)	<u>(518,167)</u>	<u>(382,647)</u>	<u>(412,595)</u>	<u>(303,453)</u>
Net Change in Fund Balances	<u>257,617</u>	<u>571,443</u>	<u>23,736</u>	<u>(101,881)</u>
<b>Fund Balance:</b>				
Beginning of period, as previously reported	2,501,728	1,854,535	1,830,933	1,933,829
Prior period adjustments	(27,835)	75,750	(134)	(1,015)
Beginning of period, as restated	<u>2,473,893</u>	<u>1,930,285</u>	<u>1,830,799</u>	<u>1,932,814</u>
End of period	<u>\$ 2,731,510</u>	<u>2,501,728</u>	<u>1,854,535</u>	<u>1,830,933</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BENTON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUNDS  
LAST FOUR YEARS**

			"UNAUDITED"	
	2020	2019*	2018*	2017*
<b>Revenues:</b>				
Local sources	\$ 1,933,142	2,006,764	1,811,088	1,808,735
State sources	6,809,406	7,006,501	6,999,238	7,251,371
Federal sources	2,693,330	3,057,505	3,001,991	3,110,111
Sixteenth section sources	-0-	-0-	-0-	47,344
Total Revenues	11,435,878	12,070,770	11,812,317	12,217,561
<b>Expenditures:</b>				
Instruction	6,357,587	6,332,963	6,794,764	6,941,535
Support services	4,102,300	4,347,652	4,208,698	4,487,174
Noninstructional services	652,907	650,594	642,763	673,756
Facilities acquisition and construction	-0-	11,000	-0-	-0-
Debt service:				
Principal	66,000	62,000	59,000	58,000
Interest	74,235	77,471	80,551	83,579
Other	1,250	1,250	2,500	1,250
Total Expenditures	11,254,279	11,482,930	11,788,276	12,245,294
Excess (Deficiency) of Revenues over (under) Expenditures	181,599	587,840	24,041	(27,733)
<b>Other Financing Sources (Uses):</b>				
Payments held by QSCB escrow agent	50,000	50,000	48,000	48,000
Payments to QSCB escrow agent	(50,000)	(50,000)	(48,000)	(48,000)
Insurance loss recoveries	4,200	-0-	-0-	-0-
Sale of transportation equipment	6,660	-0-	-0-	-0-
Operating transfers in	636,626	463,924	503,140	429,985
Operating transfers out	(636,626)	(463,924)	(503,140)	(429,985)
Other financing uses	-0-	-0-	(1,977)	(57,405)
Total Other Financing Sources (Uses)	10,860	-0-	(1,977)	(57,405)
Net Change in Fund Balances	192,459	587,840	22,064	(85,138)
<b>Fund Balance:</b>				
Beginning of period, as previously reported	3,093,700	2,431,698	2,404,453	2,495,413
Prior period adjustments	(55,348)	75,750	1,116	(1,015)
Beginning of period, as restated	3,038,352	2,507,448	2,405,569	2,494,398
Increase (Decrease) in reserve for inventory	14,355	(1,588)	4,065	(4,807)
End of period	\$ 3,245,166	3,093,700	2,431,698	2,404,453

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## **REPORTS ON INTERNAL CONTROL AND COMPLIANCE**

**J. E. VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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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  
Benton 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 Benton County School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 20, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2020-001 and 2020-002 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

## **Benton County School District's Response to Finding**

The Benton County School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Benton County School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, MS  
May 20, 2021



**J. E. VANCE & COMPANY, P.A.**  
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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

Superintendent and School Board  
Benton County School District

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

We have audited Benton 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 District's major federal programs for the year ended June 30, 2020. The 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 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 Title 2 U.S. Code of Federal Regulations (CFR) 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 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 District's compliance.

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

In our opinion, the 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, 2020.

## Report on Internal Control Over Compliance

Management of the 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 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 District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, MS  
May 20, 2021

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

Superintendent and School Board  
Benton County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benton County School District as of and for the year ended June 30, 2020, which collectively comprise Benton County School District's basic financial statements and have issued our report thereon dated May 20, 2021. 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 the following instance of noncompliance related to incorrect or inappropriate functional level expenditure coding. The noncompliance is reported in finding number 1 below.

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 instance of noncompliance described in Finding 2020-002 in the Schedule of Findings and Questioned Costs and the following immaterial instances of noncompliance with other state laws and regulations. Our immaterial findings and recommendations and your responses are as follows:

**Finding 1:** The District should ensure compliance with state law over coding of revenues.

**Applicable State Law:** Section 37-9-18(3)(b), Miss. Code Ann. (1972), as referenced above.

**Finding Detail:** Intergovernmental TVA revenue in the amount of \$22,192 was coded as ad valorem tax revenue in the District's 3 Mill Note Fund. Federal Title II revenue in the amount of \$35,929 was included as Title II revenue in the Title I Fund.

Failure to properly code revenue could result in inaccurate and/or misleading representation of financial transactions and possible misstatement of the District's financial statements.

**Recommendation:** We recommend the District ensure revenues are properly coded.

**Repeat Finding:** Yes – 2019-16

**Finding 2:** The District should ensure compliance with state law over securing new surety bonds.

**Applicable State Laws:** Sections 25-1-15(1), 25-1-15(2), 37-6-15 and 37-9-31 Miss. Code Ann. (1972).

**Finding Detail:** During our review of the District's surety bonds we noted one principal had no bond recorded with the chancery clerk, one board member had a bond recorded with the chancery clerk for only part of the fiscal year and several bonds were only verification certificates for first part of the fiscal year. New bonds were recorded for the latter part of the fiscal year.

Failure to comply with state statute, by being correctly and sufficiently bonded, could result in loss of public funds.

**Recommendation:** We recommend the District continue to ensure new bonds are secured for the District every four years concurrent with the normal election cycle of the governor or of the local government of the employee as statutorily required.

**Repeat Finding:** Yes – 2019-6

**Finding 3:** The District should ensure compliance with state purchasing laws.

**Applicable State Laws:** Sections 31-7-13(b) and 31-7-13(m)(viii) Miss. Code Ann. (1972).

**Finding Detail:** During our review of thirteen purchases subject to state purchasing law, two had no quotes, three had only one quote and three were sole source purchases that were not spread in the board minutes.

Purchases made without receiving competitive bids or quotes could result in overpayment for goods or services, fraud, misappropriation, or loss of public funds. We also noted some purchases were paid from the quotes with no invoice for the amount of the quote substantiating the purchase.

**Recommendation:** We recommend the District ensure at least two competitive bids or quotes are obtained for every purchase over \$5,000 and that all emergency and sole source purchases are spread on the board minutes.

**Repeat Finding:** Yes – 2019-4 and 2019-9

**Finding 4:** The District should ensure compliance with state law regarding timely vendor payments.

**Applicable Law:** Section 37-7-305(2) Miss. Code Ann. (1972).

**Finding Detail:** During our review of expenditures, we noted four claims were paid more than forty-five days after the invoice date. Details of these claims are as follows:

<u>Vendor</u>	<u>Amount</u>	<u>Invoice No.</u>	<u>Invoice Date</u>	<u>Check Date</u>
AT&T Mobility	\$4,114	586174173	04/08/20	07/17/20
Copy Plus	\$180	44969	04/21/20	08/11/20
Kutak Rock, LLP	\$6,030	2677567	03/16/20	08/11/20
Cook Oil	\$294	Statement	61-90 Days Past Due	08/21/20

Failure to timely pay vendors results in noncompliance with the code section referenced above and could result in additional costs due to penalties and interest.

**Recommendation:** We recommend the District ensure all claims are paid within forty-five days of the invoice date.

**Repeat Finding:** Yes – 2019-10

**Finding 5:** The District should ensure compliance with state law regarding presenting monthly financial reports.

**Applicable State Laws:** Section 37-9-18(1)(a) Miss. Code Ann. (1972), and MS State Board of Education Policy Manual, Chapter 71, Rule 71.3

**Finding Detail:** During our review of the board minutes, we noted that monthly financial statements were not presented to the board until the month of December 2019 forward.

**Recommendation:** We recommend the District continue to present all required monthly reports to the board and spread the reports in the official board minutes.

**Repeat Finding:** Yes – 2019-14

**Finding 6:** The Superintendent and School Board members should ensure compliance with state law regarding Statements of Economic Interest.

**Applicable State Laws:** Section 25-4-25, 25-4-29(1)(a), and 25-4-29(2) Miss. Code Ann. (1972).

**Finding Detail:** During our review of the District's Statements of Economic Interest, we noted neither of the superintendent's during the fiscal year had filed a statement for either the 2019 or the 2020 year, only one of the five school board members had filed a statement for the 2019 year and none of the school board members had filed a statement for the 2020 year.

Failure to file the Statement of Economic Interest, as required by state law, results in noncompliance with Section 25-4-5 and could result in fines being assessed and civil judgment being enrolled against delinquent filers, as allowed by Section 25-4-29(2).

**Recommendation:** We recommend that the incumbent superintendent and board members file their Statement of Economic Interest no later than May 1<sup>st</sup> of each year and newly elected or appointed superintendents and board members file their Statement of Economic Interest within 30 days of appointment. Candidates must file within fifteen (15) days after the deadline for qualification for public office.

**Repeat Finding:** Yes – 2019-7

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

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

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

A handwritten signature in black ink that reads "J. E. Vance & Company". The signature is written in a cursive, flowing style.

Tupelo, MS  
May 20, 2021

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 2020**

**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?                     | Yes           |
| 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?  | No            |
| 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)? | No            |
| 7. | Identification of major programs:  |               |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion Issued</u>
84.010	Title I - Grants to Local Educational Agencies	Unmodified
10.553, 10.555, 10.559	Child Nutrition Cluster	Unmodified
8.	Dollar threshold used to distinguish between type A and type B programs:	\$750,000
9.	Auditee qualified as low-risk auditee?	No
10	Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)?	Yes

**BENTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR YEAR ENDED JUNE 30, 2020**

**Section II: Financial Statement Findings**

**Material Weakness**

**2020-001**      Controls over daily financial transactions should be strengthened.

**Repeat Finding**    No

<b>Criteria</b>	An effective system of internal control over the daily financial transaction of the various business functions of the district is essential for the proper recording, reconciliation, review and reporting of the District's accounting information.
<b>Condition</b>	We noted the District did not have any documented procedures for handling of the District's daily financial transactions other than Financial Accounting Manual for Mississippi Public School Districts and the Public School Asset Management Manual.
<b>Cause</b>	Internal controls over processing of daily financial transactions for the District's various business functions were not documented.
<b>Effect</b>	Failure to document internal control procedures regarding the daily financial transactions performed by the District various business functions may cause fraud or misappropriation of the Districts assets and faulty financial statement preparation and reporting processes that could cause misstatements in the financial statements.
<b>Recommendation</b>	The District should ensure that internal control procedures are documented and followed for all daily financial transactions performed by the District various business functions.
<b>Views of Responsible Official</b>	Please refer to the District's Corrective Action Plan on page 76 of this report for details.

**Material Weakness/Noncompliance**

**2020-002**      Controls over financial statement preparation should be strengthened.

**Repeat Finding**    Yes

<b>Criteria</b>	An effective system of internal control over financial statement preparation and reporting in accordance with generally accepted accounting principles should include the proper accrual of receivables and payables and the proper recording and classification of all transactions.
<b>Condition</b>	<p>We noted the following weaknesses in financial statement preparation and reporting:</p> <ul style="list-style-type: none"> <li>a. Total cash was understated by a net amount of \$3,571 due to clerical errors and the balance of a closed account remaining on the general ledger.</li> <li>b. Inventory was understated by \$20,257 due to the failure to adjust year-end inventory to the balances on hand.</li> <li>c. Donated commodities in the amount of \$44,833 were not recorded in the general ledger.</li> <li>d. Two (2) claims were improperly included in claims payable, and nine (9) claims were improperly excluded from claims payable, amounting to a net understatement of \$8,195.</li> <li>e. A \$200 purchase from the post office had no supporting receipt from the post office.</li> </ul>



- f. Two open purchase orders were noted, and in both cases the current payment made exceeded the amounts recorded on the vendor's statement.
- g. Several payments were made from supporting documents that had no clearly defined date on the supporting documents.
- h. One travel reimbursement was made for two separate seminars, one of which had no supporting documentation.
- i. Prepaid items were overstated by \$31,866 due to a clerical error and over-allocations of worker's compensation to the prepaid expense account.
- j. Amounts reported to the IRS for payroll tax expense and amounts reported to Mississippi PERS for retirement expense differed by \$29,936 and \$60,462, respectively, from the payroll report provided by the district.
- k. Over-allocation of worker's compensation to the prepaid expense account caused the worker's compensation expense to be overstated by \$35,391.
- l. Compensated absences liability was understated \$13,784 due the failure to adjust the account balance at year end.
- m. The QSCB liability was understated by \$48,000 in the debt service fund due to clerical error.
- n. Unearned revenue was overstated by \$68,008 in the Title I Fund.
- o. Due from federal sources and the associated revenue was overstated by \$64,341 due to the failure to balance the revenues and expenses in the Title I, Title II and Special Education Funds at year-end.
- p. Intergovernmental TVA revenue in the amount of \$22,192 was recorded as ad valorem tax revenue in the general ledger.
- q. Title II revenue in the amount of \$35,929 was recorded in the Title I Fund.
- r. Capital asset accounts on the general ledger were overstated by a net amount of \$199,412 due to the failure to record asset additions and deletions for several years.
- s. The purchase three computers and three printers totaling \$6,528 were not recorded in the capital asset records.
- t. Title I program carry forward funds of \$16,848 for fiscal year 2018 were never drawn and were forfeited.

**Cause** Internal controls over the financial statement preparation and reporting process were not effective.

**Effect** Failures in internal controls over the financial statement preparation and reporting process could cause misstatements in the financial statements. Audit adjustments to correct these errors in the District's financial statements and notes to the financial statements were proposed to management and made to the financial statements with management's approval.

**Recommendation** The District should ensure that internal control procedures are in place to prepare financial statements and other reports in accordance with generally accepted accounting principles.

**Views of  
Responsible  
Official**

Please refer to the District's Corrective Action Plan on page 76 of this report for details.

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

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

**AUDITEE'S CORRECTIVE ACTION PLANS AND  
PRIOR YEAR AUDIT FINDINGS FOLLOW-UP**

# Benton County School District

*Mr. Pete Howell, Superintendent*



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**231 Court St – PO Box 247 – Ashland, MS 38603**

Pamela Gray - Assistant Superintendent  
Charles McDonald - Operations Director  
Tonya Kuhl - Business Manager  
Shonika Hamilton - Human Resource Director  
Sherrie Davis - Finance & HR Liaison  
Sandy Childs-Jones - Technology Director  
Anola Stricklin - Child Nutrition Director  
Tony Taylor - Transportation Director  
Amanda Ford - Curriculum Coordinator  
Candace Sanders - Administrative Assistant

## AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirement, Cost principles, and Audit Requirements for Federal Awards (UG), the Benton County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2020:

Name of Contact Person Responsible for Corrective Action

Name: Tonya Kuhl  
Title: Business Manager  
Phone Number: 662-224-6252

### Finding Corrective Action Plan Details

2020-001 Controls over daily financial transactions should be strengthened.

a. Corrective Action Planned:

The District will document and follow internal control procedures regarding daily financial transactions of the District various business functions.

b. Anticipated Completion Date:

June 2021

2020-002 Controls over financial statement preparation should be strengthened.

A. Total cash was understated by a net amount of \$3,571 due to clerical errors and the balance of a closed account remaining on the general ledger.

a. Corrective Action Planned:

Beginning July 2020, the District began reconciling each existing bank statement to the general ledger monthly to prevent any misstatement. Bank reconciliations and appropriate financial statements are provided to the Benton County School on a monthly basis for their review.

b. Anticipated Completion Date:

July 2020

B. Inventory was understated by \$20,257 due to the failure to adjust year-end inventory to the balances on hand.

a. Corrective Action Planned:

The District will follow a checklist for annual year-end entries and ensure inventory is accurately stated in the general ledger. An independent financial consultant will assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

C. Donated commodities in the amount of \$44,833 were not recorded in the general ledger.

a. Corrective Action Planned:

The Business Manager and Food Services director will work closely to ensure commodities are properly documented and recorded in the general ledger. An independent financial consultant will review these entries and assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

D. Two (2) claims were improperly included in claims payable, and nine (9) claims were improperly excluded from claims payable, amounting to a net understatement of \$8,195.

a. Corrective Action Planned:

The Business Manager will closely examine claims immediately following the fiscal year-end and properly record claims payable. An independent financial consultant will review these entries and assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

E. A \$200 purchase from the post office had no supporting receipt from the post office.

a. Corrective Action Planned:

The District will include in every Purchase Order procurement package all required applicable documentation, including receipts, quotes, bids, requisition forms, and invoices.

b. Anticipated Completion Date:

Immediately

- F. Two open purchase orders were noted, and in both cases the current payment made exceeded the amounts recorded on the vendor's statement.

a. Corrective Action Planned:

Beginning January 2021, the District eliminated any ongoing open purchase orders. All purchase orders are to be properly documented and flow through the necessary procurement request cycle. Claims may not be made if the invoice is in excess of the purchase order.

b. Anticipated Completion Date:

Immediately

- G. Several payments were made from supporting documents that had no clearly defined date on the supporting documents.

a. Corrective Action Planned:

The District will have additional district-wide training in the procurement process. All quotes and invoices will have all necessary information before any claims are authorized. Any vendor unable to provide sufficient supporting documentation will be denied payment.

b. Anticipated Completion Date:

June 2021.

- H. One travel reimbursement was made for two separate seminars, one of which had no supporting documentation.

a. Corrective Action Planned:

Beginning January 2021, any travel reimbursement must be approved by the Superintendent. The District requires supporting documentation for any travel reimbursement. Seminar fees will be properly recorded in Dues/Fees, and include the agenda and seminar information in the requisition. Only approved and fully documented travel expenses are allowed.

b. Anticipated Completion Date:

Immediately

- I. Prepaid items were overstated by \$31,866 due to a clerical error and over-allocations of worker's compensation to the prepaid expense account. .

a. Corrective Action Planned:

The Business Manager will properly record worker's compensation allocations, review worker's compensation rates in the financial software to ensure accuracy, and properly record worker's compensation premium payments.

b. Anticipated Completion Date:

Immediately

- J. Amounts reported to the IRS for payroll tax expense and amounts reported the Mississippi PERS for retirement expense differed by \$29,936 and \$60,462, respectively, from the payroll report provided by the district.

a. Corrective Action Planned:

The District will keep a monthly and quarterly spreadsheet to document the wages reported on 941 Reports and to MS PERS. Any discrepancy will be discovered, investigated and corrected immediately.

b. Anticipated Completion Date:

Immediately

- K. Over-allocation of worker's compensation to the prepaid expense account caused the worker's compensation expense to be overstated by \$35,391.

a. Corrective Action Planned:

The Business Manager will properly record worker's compensation allocations, review worker's compensation rates in the financial software to ensure accuracy, and properly record worker's compensation premium payments. An independent financial consultant will review these entries and assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

- L. Compensated absences liability was understated by \$13,784 due to the failure to adjust the account balance at year end.

a. Corrective Action Planned:

The District will calculate and correctly adjust the year-end compensated absences liability balance by following a step by step checklist for all year end entries and adjustments. An independent financial consultant will review these entries and assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

- M. The QSCB liability was understated by \$48,000 in the debt service fund due to clerical error.

a. Corrective Action Planned:

The District will adjust the QSCB liability by maintaining accurate documentation from the financial institution. Year-end entries will be double checked by following a step by step checklist for all year end entries and adjustments. An independent financial consultant will review these entries and assist in the final stages of the year-end closeout.

b. Anticipated Completion Date:

Immediately

- N. Unearned revenue was overstated by \$68,008 in the Title I Fund.

a. Corrective Action Planned:

The District will accurately record unearned revenue in the Title I Fund by cross referencing all expenses and reimbursement requests with MCAPS and the District's financial software. Beginning in July 2020, adequate and thorough documentation for all Title I records are maintained by the Business Manager.

b. Anticipated Completion Date:

Immediately

- O. Due from federal sources and the associated revenue was overstated by \$64,341 due to the failure to balance the revenues and expenses in the Title I, Title II and Special Education Funds at year end.

a. Corrective Action Planned:

The District will cross reference all expenses and reimbursement requests for Title and Special Education funds with MCAPS and the District's financial software. Beginning in July 2020, adequate and thorough documentation for all Title I records are maintained by the Business Manager.

b. Anticipated Completion Date:

Immediately

- P. Intergovernmental TVA revenue in the amount of \$22,192 was recorded as ad valorem tax revenue in the general ledger.

a. Corrective Action Planned:

The District will maintain detailed records of all deposits. At year-end, the District will verify totals of all revenues and revenue

sources to ensure accuracy of financial statement. Beginning in July 2020, adequate and thorough documentation is maintained by the Business Manager.

a. Anticipated Completion Date:

Immediately

Q. Title II revenue in the amount of \$35,929 was recorded in the Title I Fund.

a. Corrective Action Planned:

The District will cross reference all expenses and reimbursement requests for Title and Special Education funds with MCAPS and the District's financial software. Beginning in July 2020, adequate and thorough documentation for all Title records are maintained by the Business Manager.

b. Anticipated Completion Date:

Immediately

R. Capital asset accounts on the general ledger were overstated by a net amount of \$199,412 due to the failure to record asset addition and deletions for several years.

a. Corrective Action Planned:

Beginning April 2021, the District started the process of analyzing and correcting the capital asset records. More training and education will be provided over the summer for department directors and principals at each location on the purchasing process, and how to account for and track purchased assets. The District will maintain accurate records, and establish processes for annual and semi-annual review of asset records. The Business Manager will ensure depreciation is recorded on an annual basis and that all capital asset records tie to the financial statements.

Anticipated Completion Date:

Immediately

S. The purchase of three computers and three printers totaling \$6,528 were not recorded in the capital asset records.

a. Corrective Action Planned:

Beginning April 2021, the District started the process of analyzing and correcting the capital asset records. More training and education will be provided over the summer for department directors and principals at each location on the purchasing process, and how to account for and track purchased assets. The District will maintain accurate records, and establish processes for annual and semi-annual review of asset records. The Business Manager will



ensure depreciation is recorded on an annual basis and that all capital asset records tie to the financial statements.

b.Anticipated Completion Date:

Immediately

- T. Title I program carry forward funds of \$16,848 for fiscal year 2018 were never drawn and were forfeited.

a. Corrective Action Planned:

Beginning January 2021, the new Federal Programs Director began accurately tracking and communicating with principals and department directors about what Title funds were available and the deadline for them to be expended. Each month, the FP Director sends out reminders and helps plan how remaining funds are to be spent so that Title money is used wisely and not forfeited. The FP Director and Business Manager work together closely and meet weekly to ensure the financial software and MCAPS are in agreement.

b.Anticipated Completion Date:

Immediately

## COMPLIANCE REVIEW FINDINGS

### **AUDIT FINDINGS:**

Finding 1. The District should ensure compliance with state law over coding of revenues.

Corrective Action Planned:

The District will maintain detailed records of all deposits. At year-end, the District will verify totals of all revenues, revenue sources, and coding to ensure accuracy of financial statements. Beginning in July 2020, adequate and thorough documentation is maintained by the Business Manager.

Completion Date:

Immediately

Finding 2. The District should ensure compliance with state law over securing new surety bonds.

Corrective Action Planned:

Beginning July 2020, the Business Manager maintains a binder with every bond issued for any employee or board member of Benton County School District. The Business Manager updated any outdated or incorrect bonds, met with the chancery clerk, and ensured all bonds are on file with the chancery clerk office.

Completion Date:

Immediately

Finding 3. The District should ensure compliance with state purchasing laws.

Corrective Action Planned:

The District will have additional district-wide training in the procurement process. All requisitions will have required information documented before any claims are authorized, including any necessary bids or quotes. Any vendor unable to provide sufficient supporting documentation will be denied payment.

Anticipated Completion Date:

June 2021

Finding 4. The District should ensure compliance with state law regarding timely vendor payments.

Corrective Action Planned:

The District will have additional district-wide training in the procurement process. All requisitions will have required information documented before any claims are authorized, including any necessary bids or quotes. All invoices will be signed and submitted to Accounts Payable the day of receipt. The received invoice will initiate the claims process, and the claim will be paid at the subsequent board meeting.

Anticipated Completion Date:

June 2021

Finding 5. The District should ensure compliance with state law regarding presenting monthly financial reports.

Corrective Action Planned:

Beginning August 2020, the Business Manager presents the board with monthly financial reports as required by state law. Additional documentation is provided as needed.

Completion Date:

Immediately

Finding 6: The Superintendent and School Board members should ensure compliance with state law regarding Statements of Economic Interest.

Corrective Action Planned:

In April 2021, board members and Superintendent were given information regarding Statement of Economic Interest, a link provided via email, and asked to complete the form by the May 1 deadline. Most completed the form before the deadline. However, two board members completed the form after the deadline. In the spring of 2022, board members and Superintendent will be reminded at each board meeting beginning January 2022 that the application must be completed before May 1, 2022. The Business Manager will routinely monitor the reports until all have the completed the report in a timely manner.

Anticipated Completion Date:

Filed by May 2021 with some late submissions.

Filed before deadline in April 2022.

# Benton County School District

*Mr. Pete Howell, Superintendent*



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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 Benton County School District has prepared and hereby submits the following summary of prior year audit findings and follow up as of June 30, 2020:

Finding:

Status:

2019-001

Pending Correction in FY 2021