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



**Certified Public Accountants**

**BOONEVILLE SCHOOL DISTRICT**  
**BOONEVILLE, MISSISSIPPI**

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## INDEPENDENT AUDITORS' REPORT

Superintendent and School Board  
Booneville 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 Booneville School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Booneville 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.

### Auditors' 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 Booneville School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12, 45-47, 48, 49, 50, and 51, 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 Booneville School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, on our consideration of the Booneville School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Booneville 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 Booneville School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
September 28, 2021

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

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following discussion and analysis of Booneville 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 \$215,131, including a prior period adjustment of \$125,690, which represents a 2.61% decrease from fiscal year 2019. Total net position for 2019 decreased \$768,641, including a prior period adjustment of (\$87,566), which represents a 10.29% decrease from fiscal year 2018.
- General revenues amounted to \$9,664,606 and \$9,027,558, or 79.08% and 77.02% 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 \$2,557,292, or 20.92% of total revenues for 2020, and \$2,693,932, or 22.98% of total revenues for 2019.
- The District had \$12,562,719 and \$12,402,565 in expenses for fiscal years 2020 and 2019; only \$2,557,292 for 2020 and \$2,693,932 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,664,606 for 2020 and \$9,027,558 for 2019 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$10,140,418 in revenues and \$10,265,075 in expenditures for 2020, and \$9,574,259 in revenues and \$9,600,521 in expenditures in 2019. The General Fund's fund balance increased by \$96,316, including a prior period adjustment of \$54,689, from 2019 to 2020, and increased by \$84,676 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, decreased by \$203,901 for 2020 and, decreased by \$401,191 for 2019. The decrease for 2020 was due to the increase in accumulated depreciation.
- Long-term debt decreased by \$204,891 for 2020 and decreased by \$187,279 for 2019. This decrease for 2020 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$1,652 for 2020 and increased by \$6,649 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 nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between the them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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, 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 are considered governmental funds.

**Governmental funds** – All 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.

### **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

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

statements but are not reported on governmental funds financial statements.

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,452,049 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.

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Table 1  
Condensed Statement of Net Position**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>	
Current assets	\$ 2,016,440	\$ 1,445,723	39.48	%
Restricted assets	1,460,521	1,288,972	13.31	%
Capital assets, net	9,481,116	9,685,017	(2.11)	%
<b>Total assets</b>	<b><u>12,958,077</u></b>	<b><u>12,419,712</u></b>	<b>4.33</b>	<b>%</b>
 <b>Deferred outflows of resources</b>	 <b><u>1,497,220</u></b>	 <b><u>1,237,883</u></b>	 <b>20.95</b>	 <b>%</b>
Current liabilities	442,225	42,855	931.91	%
Long-term debt outstanding	3,415,732	3,620,623	(5.66)	%
Net OPEB liability	1,093,283	987,542	10.71	%
Net pension liability	17,541,308	16,616,005	5.57	%
<b>Total liabilities</b>	<b><u>22,492,548</u></b>	<b><u>21,267,025</u></b>	<b>5.76</b>	<b>%</b>
 <b>Deferred inflows of resources</b>	 <b><u>414,798</u></b>	 <b><u>627,488</u></b>	 <b>(33.90)</b>	 <b>%</b>
 <b>Net position</b>				
Net investment in capital assets	6,358,952	6,321,231	0.60	%
Restricted	1,857,760	1,701,487	9.18	%
Unrestricted	(16,668,761)	(16,259,636)	(2.52)	%
<b>Total net position</b>	<b>\$ <u>(8,452,049)</u></b>	<b>\$ <u>(8,236,918)</u></b>	<b>(2.61)</b>	<b>%</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (16,668,761)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	<u>17,552,169</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 883,408</u>

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

- Decrease in net capital assets in the amount of \$203,901.
- The principal retirement of \$363,460 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$12,221,898 and \$11,721,490, respectively. The total cost of all programs and services was \$12,562,719 for 2020 and \$12,402,565 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.

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Table 2  
Change in Net Position**

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 924,618	\$ 1,026,404	(9.92) %
Operating grants and contributions	1,563,004	1,656,676	(5.65) %
Capital grants and contributions	69,670	10,852	542.00 %
General revenues:			
Property taxes	2,323,872	2,227,522	4.33 %
Grants and contributions not restricted	6,963,021	6,624,052	5.12 %
Unrestricted investment earnings	60,971	27,092	125.05 %
Other	316,742	148,892	112.73 %
<b>Total revenues</b>	<u><b>12,221,898</b></u>	<u><b>11,721,490</b></u>	<b>4.27 %</b>
<b>Expenses:</b>			
Instruction	6,962,773	6,606,166	5.40 %
Support services	3,275,800	3,394,828	(3.51) %
Non-instructional	491,904	514,551	(4.40) %
Pension expense	1,718,256	1,780,175	(3.48) %
OPEB expense	58,733	43,622	34.64 %
Interest on long-term liabilities	55,253	63,223	(12.61) %
<b>Total expenses</b>	<u><b>12,562,719</b></u>	<u><b>12,402,565</b></u>	<b>1.29 %</b>
<b>Increase (Decrease) in net position</b>	<u><b>(340,821)</b></u>	<u><b>(681,075)</b></u>	<b>49.96 %</b>
<b>Net Position, July 1, as previously reported</b>	<u><b>(8,236,918)</b></u>	<u><b>(7,468,277)</b></u>	<b>(10.29) %</b>
<b>Prior Period Adjustments</b>	<u><b>125,690</b></u>	<u><b>(87,566)</b></u>	<b>243.54 %</b>
<b>Net Position, July 1, as restated</b>	<u><b>(8,111,228)</b></u>	<u><b>(7,555,843)</b></u>	<b>(7.35) %</b>
<b>Net Position, June 30</b>	<u><b>\$ (8,452,049)</b></u>	<u><b>\$ (8,236,918)</b></u>	<b>(2.61) %</b>

**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.



**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ 6,962,773	\$ 6,606,166	5.40 %
Support services	3,275,800	3,394,828	(3.51) %
Non-instructional	491,904	514,551	(4.40) %
Pension expense	1,718,256	1,780,175	(3.48) %
OPEB expense	58,733	43,622	34.64 %
Interest on long-term liabilities	55,253	63,223	(12.61) %
<b>Total expenses</b>	<b>\$ 12,562,719</b>	<b>\$ 12,402,565</b>	<b>1.29 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ (4,895,112)	\$ (4,467,324)	(9.58) %
Support services	(3,275,800)	(3,394,828)	3.51 %
Non-instructional	(2,273)	40,539	(105.61) %
Pension expense	(1,718,256)	(1,780,175)	3.48 %
OPEB expense	(58,733)	(43,622)	(34.64) %
Interest on long-term liabilities	(55,253)	(63,223)	12.61 %
<b>Total net (expense) revenue</b>	<b>\$ (10,005,427)</b>	<b>\$ (9,708,633)</b>	<b>(3.06) %</b>

- Net cost of governmental activities (\$10,005,427 for 2020 and \$9,708,633 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$2,323,872 for 2020 and \$2,227,522 for 2019) and state and federal revenues (\$6,963,021 for 2020 and \$6,624,052 for 2019).
- Unrestricted investment earnings amounted to \$60,971 for 2020 and \$27,092 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 \$2,862,098, an increase of \$236,868, which includes a prior period adjustment of \$54,689 and an increase in inventory of \$2,587. \$985,962 or 34.45% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,876,136 or 65.55% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

Fund for the fiscal year was \$96,316, which includes a prior period adjustment of \$54,689. The fund balance of Other Governmental Funds showed an decrease in the amount of \$5,055, including an increase in reserve for inventory of \$2,587. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
Title I Fund	\$	no increase or decrease
IDEA Part B Fund		no increase or decrease
QSCB Retirement Fund		\$145,607

## **BUDGETARY HIGHLIGHTS**

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue funds 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 \$18,780,940, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$241,749 from 2019. Total accumulated depreciation as of June 30, 2020, was \$9,299,824, and total depreciation expense for the year was \$445,650, resulting in total net capital assets of \$9,481,116.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 534,260	\$ 534,260	0.00 %
Buildings	6,641,981	6,860,839	(3.19) %
Building improvements	1,521,821	1,611,340	(5.56) %
Improvements other than buildings	206,533	227,296	(9.13) %
Mobile equipment	337,601	388,800	(13.17) %
Furniture and equipment	238,920	62,482	282.38 %
<b>Total</b>	<b><u>\$ 9,481,116</u></b>	<b><u>\$ 9,685,017</u></b>	<b><u>(2.11) %</u></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 \$3,415,732 in outstanding long-term debt, of which \$402,260 is due within one year. The liability for compensated absences increased 1,652 from the prior year.

**BOONEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 520,000	\$ 770,000	(32.47) %
Premiums/Discounts	4,495	6,842	(34.30) %
Shortfall notes payable	191,014	155,935	22.50 %
Qualified school construction bonds payable	2,280,000	2,280,000	0.00 %
Other loans payable	317,669	306,944	3.49 %
Compensated absences payable	102,554	100,902	1.64 %
<b>Total</b>	<b>\$ <u>3,415,732</u></b>	<b>\$ <u>3,620,623</u></b>	<b>(5.66) %</b>

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

## **CURRENT ISSUES**

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

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

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

Enrollment for the 2019-2020 year increased by 0.40% to 1,265 students.

## **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 Booneville School District, 201 N First Street, Booneville, MS 38829.

## **BASIC FINANCIAL STATEMENTS**

**BOONEVILLE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,281,412
Due from other governments	714,992
Inventories	20,036
Restricted assets	1,460,521
Capital assets, non-depreciable:	
Land	534,260
Capital assets, net of accumulated depreciation:	
Buildings	6,641,981
Building improvements	1,521,821
Improvements other than buildings	206,533
Mobile equipment	337,601
Furniture and equipment	238,920
Total Assets	<u>12,958,077</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pension	1,365,500
Deferred outflows - OPEB	131,720
Total Deferred Outflows of Resources	<u>1,497,220</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	420,156
Unearned revenue	3,693
Interest payable on long-term liabilities	18,376
Long-term liabilities, due within one year:	
Capital related liabilities	325,483
Non-capital related liabilities	76,777
Net OPEB liability	40,312
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,796,681
Non-capital related liabilities	216,791
Net pension liability	17,541,308
Net OPEB liability	1,052,971
Total Liabilities	<u>22,492,548</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pension	327,844
Deferred inflows - OPEB	86,954
Total Deferred Inflows of Resources	<u>414,798</u>
<b>Net Position</b>	
Net investment in capital assets	6,358,952
Restricted for:	
Expendable:	
School-based activities	380,857
Debt service	1,453,639
Unemployment benefits	23,264
Unrestricted	(16,668,761)
Total Net Position	<u>\$ (8,452,049)</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 6,962,773	\$ 837,542	\$ 1,204,164	\$ 25,955	\$ (4,895,112)
Support services	3,275,800	-	-	-	(3,275,800)
Non-instructional	491,904	87,076	358,840	43,715	(2,273)
Pension expense	1,718,256	-	-	-	(1,718,256)
OPEB expense	58,733	-	-	-	(58,733)
Interest on long-term liabilities	55,253	-	-	-	(55,253)
Total Governmental Activities	<u>\$ 12,562,719</u>	<u>\$ 924,618</u>	<u>\$ 1,563,004</u>	<u>\$ 69,670</u>	<u>\$ (10,005,427)</u>
General Revenues:					
Taxes:					
General purpose levies					
					1,848,296
Debt purpose levies					
					475,576
Unrestricted grants and contributions:					
State					
					6,750,215
Federal					
					212,806
Unrestricted investment earnings					
					60,971
Other					
					<u>316,742</u>
Total General Revenues					<u>9,664,606</u>
Change in Net Position					<u>(340,821)</u>
Net Position - Beginning, as previously reported					(8,236,918)
Prior Period Adjustments					<u>125,690</u>
Net Position - Beginning, as restated					<u>(8,111,228)</u>
Net Position - Ending					<u>\$ (8,452,049)</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**

	Major Funds					
	General Fund	Title I Fund	IDEA Part B Fund	QSCB Debt Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 1,079,497	\$ -	\$ -	\$ -	\$ 437,619	\$ 1,517,116
Cash with fiscal agents	-	-	-	1,224,817	-	1,224,817
Due from other governments	103,377	77,354	286,043	-	57,204	523,978
Due from other funds	392,122	-	-	-	-	392,122
Inventories	-	-	-	-	20,036	20,036
Total Assets	<u>\$ 1,574,996</u>	<u>\$ 77,354</u>	<u>\$ 286,043</u>	<u>\$ 1,224,817</u>	<u>\$ 514,859</u>	<u>\$ 3,678,069</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 410,789	\$ -	\$ 279	\$ -	\$ 9,088	\$ 420,156
Due to other funds	-	77,354	285,764	-	29,004	392,122
Unearned revenue	-	-	-	-	3,693	3,693
Total Liabilities	<u>410,789</u>	<u>77,354</u>	<u>286,043</u>	<u>-</u>	<u>41,785</u>	<u>815,971</u>
<b>Fund Balances:</b>						
Nonspendable:						
Inventory	-	-	-	-	20,036	20,036
Restricted:						
Debt service	-	-	-	1,224,817	247,198	1,472,015
Unemployment benefits	-	-	-	-	23,264	23,264
Grant activities	-	-	-	-	182,576	182,576
Assigned:						
Student activities	178,245	-	-	-	-	178,245
Unassigned	985,962	-	-	-	-	985,962
Total Fund Balances	<u>1,164,207</u>	<u>-</u>	<u>-</u>	<u>1,224,817</u>	<u>473,074</u>	<u>2,862,098</u>
Total Liabilities and Fund Balances	<u>\$ 1,574,996</u>	<u>\$ 77,354</u>	<u>\$ 286,043</u>	<u>\$ 1,224,817</u>	<u>\$ 514,859</u>	<u>\$ 3,678,069</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2020**

	<u>Amount</u>	
<b>Total fund balances for governmental funds</b>	\$ 2,862,098	
Amounts reported for governmental activities in the statement of net position are different because:		
1. Receivables for the taxes to be received in the future for the purpose of retiring shortfall debt, are not received in the current period and, therefore, are not reported in the funds.		191,014
2. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Land	\$ 534,260	
Buildings	13,383,048	
Building improvements	2,237,972	
Improvements other than buildings	519,069	
Mobile equipment	1,275,044	
Furniture and equipment	831,547	
Accumulated depreciation	<u>(9,299,824)</u>	9,481,116
3. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(17,541,308)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	1,365,500	
Deferred inflows of resources related to pensions	<u>(327,844)</u>	(16,503,652)
4. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability	(1,093,283)	
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB	131,720	
Deferred inflows of resources related to OPEB	<u>(86,954)</u>	(1,048,517)
5. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(520,000)	
Shortfall notes	(191,014)	
Loans payable	(317,669)	
Qualified school construction bond	(2,280,000)	
Compensated absences	(102,554)	
Unamortized premium	(4,495)	
Accrued interest payable	<u>(18,376)</u>	(3,434,108)
<b>Net position of governmental activities</b>	\$ <u>(8,452,049)</u>	

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



**BOONEVILLE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	Major Funds				Other	Total
	General	Title I	IDEA	QSCB Debt	Governmental	Governmental
	Fund	Fund	Part B	Retirement	Funds	Funds
			Fund	Fund		
<b>Revenues:</b>						
Local sources	\$ 2,994,881	\$ -	\$ -	\$ 16,193	\$ 575,220	\$ 3,586,294
State sources	6,932,731	-	-	-	275,922	7,208,653
Federal sources	212,806	400,836	295,636	-	482,599	1,391,877
Total Revenues	<u>10,140,418</u>	<u>400,836</u>	<u>295,636</u>	<u>16,193</u>	<u>1,333,741</u>	<u>12,186,824</u>
<b>Expenditures:</b>						
Instruction	6,956,755	342,217	183,368	-	267,535	7,749,875
Support services	3,193,318	53,620	110,374	-	120,207	3,477,519
Noninstructional services	58,697	-	-	-	459,397	518,094
Debt service:						
Principal	47,665	-	-	-	315,795	363,460
Interest	8,640	-	-	-	44,618	53,258
Other	-	-	-	-	4,290	4,290
Total Expenditures	<u>10,265,075</u>	<u>395,837</u>	<u>293,742</u>	<u>-</u>	<u>1,211,842</u>	<u>12,166,496</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(124,657)</u>	<u>4,999</u>	<u>1,894</u>	<u>16,193</u>	<u>121,899</u>	<u>20,328</u>
<b>Other Financing Sources (Uses):</b>						
Bonds and notes issued	159,264	-	-	-	-	159,264
Payment held by escrow agent	-	-	-	129,414	-	129,414
Payment to QSCB escrow agent	-	-	-	-	(129,414)	(129,414)
Operating transfers in	7,294	-	-	-	274	7,568
Operating transfers out	(274)	(4,999)	(1,894)	-	(401)	(7,568)
Total Other Financing Sources (Uses)	<u>166,284</u>	<u>(4,999)</u>	<u>(1,894)</u>	<u>129,414</u>	<u>(129,541)</u>	<u>159,264</u>
Net Change in Fund Balances	41,627	-	-	145,607	(7,642)	179,592
<b>Fund Balances:</b>						
July 1, 2019, as previously reported	1,067,891	-	-	1,079,210	478,129	2,625,230
Prior period adjustments	54,689	-	-	-	-	54,689
July 1, 2019, as restated	<u>1,122,580</u>	<u>-</u>	<u>-</u>	<u>1,079,210</u>	<u>478,129</u>	<u>2,679,919</u>
Increase (Decrease) in reserve for inventory	-	-	-	-	2,587	2,587
June 30, 2020	<u>\$ 1,164,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,817</u>	<u>\$ 473,074</u>	<u>\$ 2,862,098</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2020**

		<u>Amount</u>
<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>179,592</b>
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	\$ 241,749	
Depreciation expense	<u>(445,650)</u>	(203,901)
2. 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.		
Bonds and notes payable	(159,264)	
Payments of debt principal	363,460	
Accrued interest payable	<u>(52)</u>	204,144
3. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(1,718,256)	
Contributions subsequent to the measurement date	<u>1,177,660</u>	(540,596)
4. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	(58,733)	
Contributions subsequent to the measurement date	<u>40,312</u>	(18,421)
5. Revenue related to the taxes to be received in the future for the purpose of retiring shortfall debt is not a source of current financial resources and, therefore, is not reported in governmental funds.		35,079
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(1,652)	
Change in inventory reserve	2,587	
Amortization of bond premiums	<u>2,347</u>	<u>3,282</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(340,821)</u></b>

**BOONEVILLE 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.

**A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Booneville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

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

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2020**

capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

Title I Fund – This is a special revenue fund that accounts for the funds associated with Title I federal grant funds.

IDEA Part B Fund – This is a special revenue fund that accounts for the revenue and expenditures of the federal special education program.

QSCB Debt Retirement Fund – This is a debt service fund that accounts for the repayment of the district's qualified school construction bond.

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting. 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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2020**

days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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

**D. Encumbrances**

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

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

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

**Cash and cash equivalents**

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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2020**

selected by the school board. State statutes specify how these depositories are to be selected.

**Investments**

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

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

Investments for the district are reported at fair market value.

**2. Receivables and payables**

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

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

**3. Due from Other Governments**

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

**4. Inventories**

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.

**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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2020**

the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

**7. Deferred outflows/inflows of resources**

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

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

See Notes 7, 8, and 15 for further details.

**8. Compensated Absences**

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

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on

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historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

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



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*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 neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the superintendent and business manager pursuant to authorization established by the district's approved fund balance policy.

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

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

13. Accounting Standards Update

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. However, the District elected early implementation of GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2019.

According to GASB Statement No. 84, the objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Under this criteria, funds that were previously reported as agency funds in the Statement of Fiduciary Assets and Liabilities are now included in the general fund reporting in the fund financial statements and the governmental activities in the government-wide financial statements.

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**Note 2 - Cash and Cash Equivalents and Cash with Fiscal Agents**

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

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

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with the financial institutions reported in the governmental funds was \$1,517,116, respectively.

**Custodial Credit Risk – Deposits.** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2020, none of the district's bank balance of \$1,834,475 was exposed to custodial credit risk.

**Cash with Fiscal Agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,224,817.

**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 Fund	\$ 77,354
General Fund	IDEA Part B Fund	285,764
General Fund	Other governmental funds	29,004
Total		\$ 392,122

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end.

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**B. Inter-Fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 274
Title I Fund	General Fund	4,999
IDEA Part B Fund	General Fund	1,894
Other governmental funds	General Fund	401
Total		\$ <u>7,568</u>

The primary purpose of inter-fund transfers was to provide funds for daily operations. All transfers were routine and consistent with activities of the fund making the transfer.

**Note 4 - Restricted Assets**

The restricted assets represent the cash balance, totaling \$1,460,521 of debt service funds whose balances are legally restricted and may not be used except for their restricted purposes. Included in the restricted assets balance is the cash with fiscal agent balance of \$1,224,817 of the QSCB Debt Retirement Fund. The remaining \$235,704 represents debt service funds whose balances are restricted for future debt service requirements.

**Note 5 - Capital Assets**

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

	Balance 7/1/2019	Increases	Decreases	Adjustments	Balance 6/30/2020
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 534,260	\$ -	\$ -	\$ -	\$ 534,260
Total non-depreciable capital assets	<u>534,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>534,260</u>
<u>Depreciable capital assets:</u>					
Buildings	13,383,048	-	-	-	13,383,048
Building improvements	2,237,972	-	-	-	2,237,972
Improvements other than buildings	519,069	219,987	-	(219,987)	519,069
Mobile equipment	1,258,994	16,050	-	-	1,275,044
Furniture and equipment	605,848	5,712	-	219,987	831,547
Total depreciable capital assets	<u>18,004,931</u>	<u>241,749</u>	<u>-</u>	<u>-</u>	<u>18,246,680</u>
<u>Less accumulated depreciation for:</u>					
Buildings	6,522,209	218,858	-	-	6,741,067
Building improvements	626,632	89,519	-	-	716,151
Improvements other than buildings	291,773	51,875	-	(31,112)	312,536
Mobile equipment	870,194	67,249	-	-	937,443
Furniture and equipment	543,366	18,149	-	31,112	592,627
Total accumulated depreciation	<u>8,854,174</u>	<u>445,650</u>	<u>-</u>	<u>-</u>	<u>9,299,824</u>
Total depreciable capital assets, net	<u>9,150,757</u>	<u>(203,901)</u>	<u>-</u>	<u>-</u>	<u>8,946,856</u>
 Governmental activities capital assets, net	 \$ <u>9,685,017</u>	 \$ <u>(203,901)</u>	 \$ <u>-</u>	 \$ <u>-</u>	 \$ <u>9,481,116</u>

**BOONEVILLE SCHOOL DISTRICT**  
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Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
Instruction	\$ 274,910
Support services	167,968
Non-instructional	2,772
Total depreciation expense	<u>\$ 445,650</u>

**Note 6 - Long-term Liabilities**

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

	<u>Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2020</u>	<u>Amounts due within one year</u>
A General obligation bonds payable	\$ 770,000	\$ -	\$ 250,000	\$ 520,000	\$ 255,000
Premiums	6,842	-	2,347	4,495	2,347
B Shortfall Notes Payable	155,935	100,874	65,795	191,014	76,777
C Qualified school construction bonds payable series 2011	2,280,000	-	-	2,280,000	-
D Other loans payable	306,944	58,390	47,665	317,669	68,136
E Compensated absences payable	100,902	1,652	-	102,554	-
	<u>\$ 3,620,623</u>	<u>\$ 160,916</u>	<u>\$ 365,807</u>	<u>\$ 3,415,732</u>	<u>\$ 402,260</u>

**A. General Obligation Bonds Payable**

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
1. General obligation bond, series 2012	2.0-2.5%	5/10/12	6/30/22	\$ 2,345,000	\$ 520,000
Total				<u>\$ 2,345,000</u>	<u>\$ 520,000</u>

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

1. General obligation bond issue of 5/10/12.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 255,000	\$ 13,000	\$ 268,000
2022	265,000	6,625	271,625
Total	<u>\$ 520,000</u>	<u>\$ 19,625</u>	<u>\$ 539,625</u>

This debt will be retired from the Bond Retirement Fund.

**BOONEVILLE SCHOOL DISTRICT**  
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The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2020, the amount of outstanding bonded indebtedness was equal to 1.15% of property assessments as of October 1, 2019.

**B. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note, series 2017	2.28%	9/14/16	10/14/19	\$ 68,188	\$ -
2. Shortfall note, series 2019	3.93%	9/11/18	9/11/21	132,644	90,140
3. Shortfall note, series 2020	3.08%	11/19/19	11/19/22	100,874	100,874
Total				<u>\$ 301,706</u>	<u>\$ 191,014</u>

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

1. Shortfall note, series 2019 payable issue of 9/11/18.

Year Ending June 30	Principal	Interest	Total
2021	\$ 44,186	\$ 3,548	\$ 47,734
2022	45,954	1,804	47,758
Total	<u>\$ 90,140</u>	<u>\$ 5,352</u>	<u>\$ 95,492</u>

This debt will be retired from the Shortfall Notes Retirement Fund.

2. Shortfall note, series 2020 dated 11/19/19.

Year Ending June 30	Principal	Interest	Total
2021	\$ 32,591	\$ 3,159	\$ 35,750
2022	33,616	2,132	35,748
2023	34,667	1,083	35,750
Total	<u>\$ 100,874</u>	<u>\$ 6,374</u>	<u>\$ 107,248</u>

This debt will be retired from the Shortfall Notes Retirement Fund.

**BOONEVILLE SCHOOL DISTRICT**  
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Total shortfall notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2021	\$ 76,777	\$ 6,707	\$ 83,484
2022	79,570	3,936	83,506
2023	34,667	1,083	35,750
Total	<u>\$ 191,014</u>	<u>\$ 11,726</u>	<u>\$ 202,740</u>

**C. 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
1. Qualified school construction bonds payable, series 2011	5.75%	6/30/11	12/01/26	\$ 2,280,000	\$ 2,280,000
Total				<u>\$ 2,280,000</u>	<u>\$ 2,280,000</u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ -	\$ 131,100	\$ 131,100
2022	-	131,100	131,100
2023	-	131,100	131,100
2024	-	131,100	131,100
2025	-	131,100	131,100
2026-2027	2,280,000	262,200	2,542,200
Total	<u>\$ 2,280,000</u>	<u>\$ 917,700</u>	<u>\$ 3,197,700</u>

**D. Other loans payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Other loan – Facilities upgrade	2.77%	6/16/15	6/15/25	\$ 485,000	\$ 259,279
2. Other loan – Series 2020	2.25%	5/16/20	5/18/23	58,390	58,390
Total				<u>\$ 543,390</u>	<u>\$ 317,669</u>

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1. Other loan – facilities upgrade issue of 6/16/15.

Year Ending June 30	Principal	Interest	Total
2021	\$ 49,024	\$ 7,282	\$ 56,306
2022	50,401	5,905	56,306
2023	51,816	4,489	56,305
2024	53,263	3,042	56,305
2025	54,775	1,538	56,313
Total	<u>\$ 259,279</u>	<u>\$ 22,256</u>	<u>\$ 281,535</u>

This debt will be retired from the District Maintenance Fund.

2. Other loan, series 2020 issue of 5/16/20.

Year Ending June 30	Principal	Interest	Total
2021	\$ 19,112	\$ 1,334	\$ 20,446
2022	19,545	902	20,447
2023	19,733	456	20,189
Total	<u>\$ 58,390</u>	<u>\$ 2,692</u>	<u>\$ 61,082</u>

This debt will be retired from the District Maintenance Fund.

Total other loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2021	\$ 68,136	\$ 8,616	\$ 76,752
2022	69,946	6,807	76,753
2023	71,549	4,945	76,494
2024	53,263	3,042	56,305
2025	54,775	1,538	56,313
Total	<u>\$ 317,669</u>	<u>\$ 24,948</u>	<u>\$ 342,617</u>

**E. Compensated absences payable.**

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

**Note 7 - Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by

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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 \$1,177,660, \$1,022,799, and \$1,004,763, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the school district reported a liability of \$17,541,308 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 0.099712 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.000186 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, 2020, the District recognized pension expense of \$1,718,256. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,377	\$ 18,882
Net difference between projected and actual earnings on pension plan investments	-	191,908
Changes of assumptions	171,977	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,486	117,054
District contributions subsequent to the measurement date	1,177,660	-
Total	\$ <u>1,365,500</u>	\$ <u>327,844</u>

\$1,177,660 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>	
2021	\$ 36,917
2022	(300,270)
2023	43,262
2024	80,087

*Actuarial assumptions.* The total pension liability as of June 30, 2019 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 best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.25	
Total	100.00	%		

*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.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 23,058,657	\$ 17,541,308	\$ 12,987,232

*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

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

*Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$40,312 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 \$1,093,283 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 0.12884263 percent. This was an increase of 0.00117879 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 \$58,733. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,653	\$ 15,649
Changes of assumptions	81,507	56,692
Net difference between projected and actual earnings on OPEB plan investments	21	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,227	14,613
District contributions subsequent to the measurement date	40,312	-
Total	\$ <u>131,720</u>	\$ <u>86,954</u>

\$40,312 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>	
2021	(3,543)
2022	(3,543)
2023	(3,543)
2024	(834)
2025	10,425
Thereafter	5,492

*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

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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.

*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%)
Net OPEB liability	\$ 1,214,446	\$ 1,093,283	\$ 989,616

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,013,095	\$ 1,093,283	\$ 1,184,122

*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/>.

**BOONEVILLE SCHOOL DISTRICT**  
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**Note 9 – Prior Period Adjustments**

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

Exhibit B – Statement of Activities

Explanation	Amount
1. To correct shortfall receivable balance	\$ 71,001
2. To implement GASB Statement No. 84 – Fiduciary Activities	54,689
Total	\$ 125,690

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

Fund	Explanation	Amount
General Fund	To implement GASB Statement No. 84 – Fiduciary Activities	\$ 54,689
Total		\$ 54,689

**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 Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 56 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

**BOONEVILLE SCHOOL DISTRICT**  
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**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.

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 \$110,921.

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 \$1,224,817. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

<u>Year Ending June 30</u>	<u>Amount</u>
2021	152,000
2022	152,000
2023	152,000
2024	152,000
2025	152,000
2026-2027	304,000
Total	\$ <u>1,064,000</u>

**Note 13 - Alternative School Consortium**

The school district entered into an Alternative School Agreement dated July 1, 1995 creating the Northeast Mississippi Regional Alternative Education Cooperative (NEMRAEC). This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Booneville School District, Baldwin School District and Prentiss County School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Booneville School District has been designated as the lead school district for NEMRAEC, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures, and Changes in Fund Balance is presented to detail the financial activity of the Northeast Mississippi Regional Alternative Education Cooperative.

**BOONEVILLE SCHOOL DISTRICT**  
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Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2020

**Revenues**

Local sources:	
Tuition from other LEA's within the state:	
Baldwyn School District	\$ 128,302
Prentiss County School District	<u>128,755</u>
Total tuition from other LEA's within the state	257,057
Interest	<u>1,920</u>
Total local sources	<u>258,977</u>
Total Revenues	<u><u>258,977</u></u>

**Expenditures**

Salaries	268,339
Employee benefits	92,097
Purchased property services	21,734
Supplies	4,384
Other	<u>3,733</u>
Total Expenditures	<u>390,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,310)</u>

**Other Financial Sources (Uses):**

Operating transfers in	<u>116,075</u>
Total Other Financing Sources (Uses)	<u><u>116,075</u></u>

Net Change in Fund Balance	<u>(15,235)</u>
Fund Balance:	
July 1, 2019	<u>57,607</u>
June 30, 2020	<u><u>\$ 42,372</u></u>

**Note 14 - Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated January 1, 1984, creating the Prentiss County Career and Technology Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Booneville School District and the Prentiss County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Prentiss County School District has been designated as the fiscal agent for the Prentiss County Career and Technology Center, and the operations of the consortium are included in its financial statements.

**Note 15 – Mississippi Public School Consortium for Educational Access**

The school district entered into a cooperative agreement dated June 15, 2018, creating the Mississippi Public School Consortium for Educational Access. This consortium was created pursuant to the provisions of Section 37-31-7, Miss. Code Ann. (1972) and approved by the Mississippi Department of Education. The consortium includes the Scott County School District, Aberdeen School District, Booneville School District,



**BOONEVILLE SCHOOL DISTRICT**  
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Coahoma Agriculture High School, Holmes County Consolidated School District, Pontotoc County School District, Quitman County School District and the South Panola School District. The agreement shall end on May 31, 2021.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional education center. Any such agreement should designate the fiscal agent, provide the method of financing for the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Scott County School District has been designated as the fiscal agent for the Mississippi Public School Consortium for Educational Access, and the operations of the center are included in its financial statements.

**Note 16 - Effects of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$16,668,761) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflows of resources related to pension in the amount of \$1,177,660 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$187,840 balance of deferred outflow of resources related to pensions, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$16,668,761) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$327,844 balance of 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 3 years

The unrestricted net position amount of (\$16,668,761) 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 \$40,312 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 \$91,408 balance of 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.

The unrestricted net position amount of (\$16,668,761) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$86,954 balance of 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 17 – Alcorn Juvenile Detention Center**

The Mississippi Code of 1972 Annotated Section 43-21-321 requires that educational services are provided to students detained in a juvenile detention facility. In an effort to ensure that academic and behavioral concerns are addressed, the Mississippi Department of Education has set standards for the provision of educational services in accordance with all applicable federal and state laws.

The District participates in the Alcorn County Juvenile Detention Center. The District paid \$4,753 to Corinth School District who serves as the sponsoring school district.

**Note 18 - 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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**For Year Ended June 30, 2020**

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 is currently evaluating the impact of the COVID-19 pandemic on the District and has concluded that while it is reasonably possible that the virus could have a negative impact on the District's financial position and results of its operations, the specific financial impact is not readily determinable as of the date of these financial statements. Management of the Booneville School District evaluated the activity of the district through September 28, 2021, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

- On October 13, 2020, the District issued a shortfall note with FM bank in the amount of \$116,569 at an interest rate of 1.97%.
- On August 10, 2021, the Board adopted a resolution and engaged Butler Snow LLP as Bond Counsel to prepare documents and proceed with the sale and issuance of general obligation bonds not to exceed an aggregate principal amount of \$3,000,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BOONEVILLE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,741,410	\$ 2,830,240	\$ 2,994,881	\$ (911,170)	\$ 164,641
State sources	7,039,239	6,932,731	6,932,731	(106,508)	-
Federal sources	41,000	37,345	212,806	(3,655)	175,461
Total Revenues	<u>10,821,649</u>	<u>9,800,316</u>	<u>10,140,418</u>	<u>(1,021,333)</u>	<u>340,102</u>
<b>Expenditures:</b>					
Instruction	7,273,761	6,588,115	6,956,755	685,646	(368,640)
Support services	3,345,169	3,196,060	3,193,318	149,109	2,742
Noninstructional services	175,600	58,697	58,697	116,903	-
Facilities acquisition and construction	-	44,527	-	(44,527)	44,527
Debt Service:					
Principal	-	47,665	47,665	(47,665)	-
Interest	-	8,640	8,640	(8,640)	-
Total Expenditures	<u>10,794,530</u>	<u>9,943,704</u>	<u>10,265,075</u>	<u>850,826</u>	<u>(321,371)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>27,119</u>	<u>(143,388)</u>	<u>(124,657)</u>	<u>(170,507)</u>	<u>18,731</u>
<b>Other Financing Sources (Uses):</b>					
Indirect costs	4,999	7,294	-	2,295	(7,294)
Bonds and notes issued	-	159,264	159,264	159,264	-
Operating transfers in	-	24,358	7,294	24,358	(17,064)
Operating transfers out	(38,000)	(24,632)	(274)	13,368	24,358
Total Other Financing Sources (Uses)	<u>(33,001)</u>	<u>166,284</u>	<u>166,284</u>	<u>199,285</u>	<u>-</u>
Net Change in Fund Balances	<u>(5,882)</u>	<u>22,896</u>	<u>41,627</u>	<u>28,778</u>	<u>18,731</u>
<b>Fund Balances:</b>					
July 1, 2019 as previously reported	1,067,891	1,067,891	1,067,891	-	-
Prior period adjustments	-	-	54,689	-	54,689
July 1, 2019, as restated	<u>1,067,891</u>	<u>1,067,891</u>	<u>1,122,580</u>	<u>-</u>	<u>54,689</u>
June 30, 2020	<u>\$ 1,062,009</u>	<u>\$ 1,090,787</u>	<u>\$ 1,164,207</u>	<u>\$ 28,778</u>	<u>\$ 73,420</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - Title I Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 406,033	\$ 400,836	\$ 400,836	\$ (5,197)	\$ -
Total Revenues	<u>406,033</u>	<u>400,836</u>	<u>400,836</u>	<u>(5,197)</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	346,033	342,217	342,217	3,816	-
Support services	<u>55,000</u>	<u>53,620</u>	<u>53,620</u>	<u>1,380</u>	<u>-</u>
Total Expenditures	<u>401,033</u>	<u>395,837</u>	<u>395,837</u>	<u>5,196</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>5,000</u>	<u>4,999</u>	<u>4,999</u>	<u>(1)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	<u>(5,000)</u>	<u>(4,999)</u>	<u>(4,999)</u>	<u>1</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(4,999)</u>	<u>(4,999)</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - IDEA Part B Fund**  
**For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 312,059	\$ 295,636	\$ 295,636	\$ (16,423)	\$ -
Total Revenues	<u>312,059</u>	<u>295,636</u>	<u>295,636</u>	<u>(16,423)</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	196,214	183,368	183,368	12,846	-
Support services	111,175	110,374	110,374	801	-
Noninstructional services	500	-	-	500	-
Total Expenditures	<u>307,889</u>	<u>293,742</u>	<u>293,742</u>	<u>14,147</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>4,170</u>	<u>1,894</u>	<u>1,894</u>	<u>(2,276)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(4,170)	(1,894)	(1,894)	2,276	-
Total Other Financing Sources (Uses)	<u>(4,170)</u>	<u>(1,894)</u>	<u>(1,894)</u>	<u>2,276</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BOONEVILLE SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PERS**  
**Last 10 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	0.099712%	0.099898%	0.100900%	0.100400%	0.095952%	0.094375%
District's proportionate share of the net pension liability	\$ 17,541,308	\$ 16,616,005	\$ 16,770,594	\$ 17,933,947	\$ 14,832,287	\$ 11,455,397
District's covered payroll	\$ 6,493,956	\$ 6,379,448	\$ 6,471,860	\$ 6,422,914	\$ 5,994,540	\$ 5,766,813
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%	198.64%
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 amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

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

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

**BOONEVILLE SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PERS**  
**Last 10 Fiscal Years**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 1,177,660	\$ 1,022,799	\$ 1,004,763	\$ 1,019,318	\$ 1,011,609	\$ 944,140
Contributions in relation to the contractually required contribution	(1,177,660)	(1,022,799)	(1,004,763)	(1,019,318)	(1,011,609)	(944,140)
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	6,768,161	6,493,956	6,379,448	6,471,860	6,422,914	5,994,540
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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.

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



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

		<u>2020</u>		<u>2019</u>		<u>2018</u>
District's proportion of the net OPEB liability	%	0.12884263	%	0.12766384	%	0.13024064
District's proportionate share of the net OPEB liability	\$	1,093,283	\$	987,542	\$	1,021,880
District's covered-employee payroll	\$	6,493,956	\$	6,379,448	\$	6,471,860
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		16.84%		15.48%		15.79%
Plan fiduciary net position as a percentage of the total OPEB liability		0.12%		0.13%		0.00%

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

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

**BOONEVILLE SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**OPEB**  
**Last 10 Fiscal Years**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Actuarially determined contribution	\$ 40,312	\$ 43,882	\$ 43,564
Contributions in relation to the actuarially determined contribution	<u>(40,312)</u>	<u>(43,882)</u>	<u>(43,564)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 6,768,161	 6,493,956	 6,379,448
Contributions as a percentage of covered-employee payroll	0.60%	0.68%	0.68%

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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2020**

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Change 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.

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2020**

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

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%.

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 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

**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information**  
**For the Year Ended June 30, 2020**

OPEB Schedules

(1) *Changes of assumptions*

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

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

2019: The discount rate was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 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	7.25%
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 OPEB plan investment expense, including price inflation	3.89%

## **SUPPLEMENTARY INFORMATION**

**BOONEVILLE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Catalog of Federal Domestic Assistance No.</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	205MS326N1099	\$ 83,954
National school lunch program	10.555	205MS326N1099	312,864
Subtotal			396,818
COVID-19 Summer food service program for children	10.559	205MS326N1099	43,715
Total child nutrition cluster			440,533
Total passed-through Mississippi Department of Education			440,533
<b>Total U.S. Department of Agriculture</b>			<b>440,533</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.XXX	N/A	175,461
<b>Total Federal Communications Commission</b>			<b>175,461</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A190024	400,836
Rural education	84.358	ES358B190024	21,301
Student support and academic enrichment program	84.424	ES424A190025	25,955
COVID-19 Education Stabilization Fund (ESSER)	84.425D	ES425D200031	12,348
Subtotal			460,440
Special education cluster:			
Special education-grants to states	84.027	H027A190108	295,636
Special education-preschool grants	84.173	H173A190113	20,444
Total special education cluster			316,080
Total passed-through Mississippi Department of Education			776,520
<b>Total U.S. Department of Education</b>			<b>776,520</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education:			
Medicaid cluster:			
Medical assistance program	93.778	2005MS5ADM	9,801
Total Medicaid cluster			9,801
Total passed through Mississippi Department of Education			9,801
<b>Total U.S. Department of Health and Human Services</b>			<b>9,801</b>
<b>Total Federal Awards</b>			<b>\$ 1,402,315</b>

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

**BOONEVILLE SCHOOL DISTRICT**  
**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**  
**For the 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 \$	9,317,084	7,367,069	531,806	617,097	801,112
Other	<u>2,849,412</u>	<u>976,328</u>	<u>137,708</u>	<u>8,660</u>	<u>1,726,716</u>
Total	\$ <u>12,166,496</u>	<u>8,343,397</u>	<u>669,514</u>	<u>625,757</u>	<u>2,527,828</u>
Total number of students *	<u>1,265</u>				
Cost per student \$	<u>9,618</u>	<u>6,596</u>	<u>529</u>	<u>495</u>	<u>1,998</u>

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

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

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

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

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

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



**BOONEVILLE SCHOOL DISTRICT**  
**Notes to the Supplementary Information**  
**For the Year Ended June 30, 2020**

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Booneville 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 Booneville School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Booneville School District.

(2) Summary of Significant Accounting Policies

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

(3) Non-Cash Awards

The Booneville School District is the recipient of certain non-cash assistance in the form of donated commodities received from the U.S. Department of Agriculture. Revenues and expenditures are recorded for the value of commodities received. In addition, the Booneville School District may receive certain other non-cash assistance from federal and state awarding agencies. The amount of non-cash assistance received at June 30, 2020 was \$30,799.

(4) Indirect Cost Rate

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

## **OTHER INFORMATION**

**BOONEVILLE 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	\$ 2,994,881	\$ 2,882,665	\$ 2,399,778	\$ 2,498,892
State sources	6,932,731	6,637,468	6,636,651	7,051,363
Federal sources	212,806	54,126	68,628	67,179
Total Revenues	<u>10,140,418</u>	<u>9,574,259</u>	<u>9,105,057</u>	<u>9,617,434</u>
<b>Expenditures:</b>				
Instruction	6,956,755	6,301,250	6,108,259	6,161,213
Support services	3,193,318	3,173,407	3,015,091	3,043,004
Noninstructional services	58,697	68,658	71,372	69,716
Facilities acquisition and construction	-	-	7,775	35,000
Debt service:				
Principal	47,665	46,383	45,113	39,271
Interest	8,640	9,923	32,197	33,786
Other	-	900	2,048	2,048
Total Expenditures	<u>10,265,075</u>	<u>9,600,521</u>	<u>9,281,855</u>	<u>9,384,038</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(124,657)</u>	<u>(26,262)</u>	<u>(176,798)</u>	<u>233,396</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	159,264	102,580	-	68,188
Payment to QSCB debt escrow agent	-	-	(63,752)	(104,576)
Operating transfers in	7,294	8,358	9,285	4,636
Operating transfers out	(274)	-	(1,980)	(551)
Total Other Financing Sources (Uses)	<u>166,284</u>	<u>110,938</u>	<u>(56,447)</u>	<u>(32,303)</u>
Net Change in Fund Balances	41,627	84,676	(233,245)	201,093
<b>Fund Balances:</b>				
Beginning of period, as previously reported	1,067,891	983,215	1,216,460	1,015,367
Prior period adjustments	54,689	-	-	-
Beginning of period, as restated	<u>1,122,580</u>	<u>983,215</u>	<u>1,216,460</u>	<u>1,015,367</u>
End of Period	<u>\$ 1,164,207</u>	<u>\$ 1,067,891</u>	<u>\$ 983,215</u>	<u>\$ 1,216,460</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BOONEVILLE 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	\$ 3,586,294	\$ 3,472,646	\$ 3,104,778	\$ 2,997,082
State sources	7,208,653	6,890,777	6,912,090	7,605,135
Federal sources	1,391,877	1,405,772	1,104,586	1,144,768
Total Revenues	<u>12,186,824</u>	<u>11,769,195</u>	<u>11,121,454</u>	<u>11,746,985</u>
<b>Expenditures:</b>				
Instruction	7,749,875	7,100,702	6,882,144	6,729,443
Support services	3,477,519	3,533,579	3,553,630	3,707,320
Noninstructional services	518,094	542,243	515,549	537,802
Facilities acquisition and construction	-	-	7,775	35,000
Debt service:				
Principal	363,460	324,225	391,694	459,939
Interest	53,258	55,327	67,245	65,905
Other	4,290	4,290	4,298	4,248
Total Expenditures	<u>12,166,496</u>	<u>11,560,366</u>	<u>11,422,335</u>	<u>11,539,657</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>20,328</u>	<u>208,829</u>	<u>(300,881)</u>	<u>207,328</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	159,264	132,644	-	68,188
Payment held by QSCB escrow agent	129,414	139,288	148,752	154,576
Payment to QSCB bond escrow agent	(129,414)	(139,288)	(148,752)	(154,576)
Operating transfers in	7,568	8,358	11,265	5,187
Operating transfers out	(7,568)	(8,358)	(11,265)	(5,187)
Total Other Financing Sources (Uses)	<u>159,264</u>	<u>132,644</u>	<u>-</u>	<u>68,188</u>
Net Change in Fund Balances	179,592	341,473	(300,881)	275,516
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,625,230	2,281,614	2,582,757	2,304,642
Prior period adjustments	54,689	-	-	-
Beginning of period, as restated	<u>2,679,919</u>	<u>2,281,614</u>	<u>2,582,757</u>	<u>2,304,642</u>
Increase (Decrease) in reserve for inventory	<u>2,587</u>	<u>2,143</u>	<u>(262)</u>	<u>2,599</u>
End of Period	<u>\$ 2,862,098</u>	<u>\$ 2,625,230</u>	<u>\$ 2,281,614</u>	<u>\$ 2,582,757</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

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



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**INDEPENDENT AUDITORS' 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  
Booneville 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 Booneville School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Booneville School District's basic financial statements, and have issued our report thereon dated September 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Booneville School District's internal control over financial reporting (internal control) as a basis for designing 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 Booneville School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Booneville School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 that we consider to be a material weakness.

**Compliance and Other Matters**

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

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Corinth, Mississippi  
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Booneville, Mississippi  
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Iuka, Mississippi  
Phone: (662) 423-5057

### **Booneville School District's Response to the Finding**

Booneville School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Booneville School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

### **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 "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
September 28, 2021



Member of:  
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Mississippi Society of Certified Public Accountants

Certified Public Accountants

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

Superintendent and School Board  
Booneville School District

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

We have audited Booneville 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 Booneville School District's major federal programs for the year ended June 30, 2020. Booneville School District's major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

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

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

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

In our opinion, Booneville School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control over Compliance**

Management of Booneville School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Booneville School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal



control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Booneville School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
September 28, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE  
LAWS AND REGULATIONS**



Member of:  
American Institute of Certified Public Accountants  
Alabama Society of Certified Public Accountants  
Mississippi Society of Certified Public Accountants

Certified Public Accountants

www.sparkscpas.com

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
Booneville School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Booneville School District as of and for the year ended June 30, 2020, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated September 28, 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 no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

### State Compliance Finding 1

#### Instance of Noncompliance with other state laws and regulations

Criteria: Section 31-7-13(b), Miss. Code Ann. (1972) instructs purchases involving an expenditure greater \$5,000 but not more than \$50,000, exclusive of freight and shipping charges, can be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written bids were obtained.

Red Bay, Alabama  
Phone: (256) 356-9375

Muscle Shoals, Alabama  
Phone: (256) 314-5082

Corinth, Mississippi  
Phone: (662) 286-7082

Booneville, Mississippi  
Phone: (662) 728-6172

Iuka, Mississippi  
Phone: (662) 423-5057

Condition: During the test for state legal compliance with bid laws, one exception was noted where the District did not obtain two competitive written quotes prior to the purchase.

Cause: The District did not have a strong system in place to ensure compliance with Section 31-7-13(b) Miss. Code Ann. (1972).

Effect: Failure to obtain two competitive written quotes before purchasing an expenditure greater than \$5,000 but not greater than \$50,000 could result in misappropriation or loss of public funds.

Recommendation: The District should comply with Section 31-7-13(b) Miss. Code Ann. (1972) by obtaining two competitive written quotes for purchases of expenditures greater than \$5,000 but not greater than \$50,000.

Response: We are currently working to ensure this issue is corrected for the 2021-2022 school year. Due to the timing difference of the audit, we understand this could not be corrected for the 2020-2021 school year, but we are taking the appropriate action to ensure the District is obtaining two competitive written quotes on all applicable purchases between \$5,001 and \$50,000 in accordance with the state purchase laws.

#### State Compliance Finding:2

Instance of Noncompliance with other state laws and regulations

Criteria: Section 25-1-15, Mississippi Code Annotated (1972), states, "A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee."

Condition: During our review of the District's surety bonds for state legal compliance with applicable laws, it was noted that the Superintendent was bonded for an indefinite period instead of being bonded for a definite four-year period.

Cause: The District did not have a strong system in place to ensure compliance with Section 25-1-15 Miss. Code Ann. (1972).

Effect: Failure to be bonded for definite periods could limit the amount available for recovery if fraud occurred over multiple time periods.

Recommendation: The District should comply with Section 25-1-15 Miss. Code Ann. (1972) by insuring the Superintendent is bonded for a definite four-year period.

Response: We are currently working to ensure this issue is corrected for the 2021-2022 school year. Due to the timing difference of the audit, we understand this could not be corrected for the 2020-2021 school year, but we are taking the appropriate action to ensure the District's surety bonds are for definite periods in in order to comply with State laws.

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

The Booneville 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.

*The Sparks CPA Firm, P.C.*

The Sparks CPA Firm, P.C.  
Certified Public Accountants  
Booneville, Mississippi  
September 28, 2021

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

**BOONEVILLE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

Section 1: Summary of Auditors' Results

Financial Statements:

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditors' report issued:                      | Unmodified    |
| 2. | Internal control over financial reporting:            |               |
|    | a. Material weaknesses identified?                    | Yes           |
|    | b. Significant deficiencies identified?               | None reported |
| 3. | Noncompliance material to financial statements noted? | No            |

Federal Awards:

- |    |   |               |
|----|---|---------------|
| 4. | Internal control over major programs:   |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified?   | None reported |
| 5. | Type of auditors' 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>
<b>Title I, Part A</b>	
84.010	Title I Grants to Local Educational Agencies

**Special Education Cluster**

84.027	Special Education – grants to states
84.173	Special Education – preschool grants

- |     |   |           |
|-----|---|-----------|
| 8.  | Dollar threshold used to distinguish between type A and type B:   | \$750,000 |
| 9.  | Auditee qualified as low-risk auditee?  | No        |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | Yes       |

**BOONEVILLE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

Section II: Financial Statement Findings

Finding 2020-001

Material Weakness over Internal Control

Criteria: Management is responsible for establishing a system of internal controls that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. The District should review the credit card statement detail and provide reconciliation records to prevent misappropriation of assets. The District should also ensure that the employee responsible for printing payroll checks is not the individual responsible for reconciling the payroll clearing bank account.

Condition: During test work, it was noted that the District has several credit card clearing accounts that are neither maintained on the District's general ledger or reconciled monthly. It was also noted that the employee responsible for printing payroll checks is also responsible for reconciling the payroll clearing bank account.

Cause: Not maintaining proper accounting records for credit card clearing accounts and not having appropriate segregation of duties around monthly reconciling of the payroll clearing account.

Effect: Improper segregation of duties around the monthly reconciling of the payroll clearing bank account and not maintaining the credit card clearing accounts on the District's general ledger or properly reconciling the charges could lead to the misappropriation of assets.

Recommendation: We recommend management properly record the credit card clearing accounts in the general ledger and regularly review and reconcile the credit card clearing accounts. We also recommend management designate an employee who is not responsible for printing payroll checks to reconcile the payroll clearing bank account.

Response: We are currently working to ensure this issue is corrected for the 2021-2022 school year. Due to the timing difference of the audit, we understand this could not be corrected for the 2020-2021 school year, but we are taking the appropriate action to ensure the District is recording and reconciling the credit card accounts and that the District has the appropriate segregation of duties around the monthly reconciliation of the payroll clearing bank account. The reports and reconciliations are presented to the Board.

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 PLAN AND SUMMARY OF PRIOR  
AUDIT FINDINGS**



201 N. First Street  
Booneville, MS 38829

662-728-2171  
662-728-4940 (Fax)

### Corrective Action Plan

As required by 2 CFR 200.511 (a), the Booneville 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.

2020-001      a.      Name of Contact Person Responsible for Corrective Action

Name: Monte Lambert  
Title: Finance Director  
Phone Number: 662-728-2171

b.      Corrective Action Planned:

We are currently working to ensure this issue is corrected for the 2021-2022 school year. Due to the timing difference of the audit, we understand this could not be corrected for the 2020-2021 school year, but we are taking the appropriate action to ensure the District is recording and reconciling the credit card accounts and that the District has the appropriate segregation of duties around the monthly reconciliation of the payroll clearing bank account. The reports and reconciliations are presented to the Board.

c.      Anticipated Completion Date:

9/28/21



201 N. First Street  
Booneville, MS 38829

662-728-2171  
662-728-4940 (Fax)

### **Auditee's Summary of Prior Audit Findings**

As required by *Title 2 U.S. Code of Federal (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG)*, Booneville School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2020.

Finding 2019-001 – Repeat finding for FY20