



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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Audited Financial Statements

For the Year Ended June 30, 2020

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	16
Exhibit B – Statement of Activities	17
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	18
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	20
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Net Position	22
Exhibit F – Statement of Changes in Fiduciary Net Position	22
Notes to the Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	45
Budgetary Comparison Schedule – Vocational Educational Fund	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions (PERS)	48
Schedule of the District's Proportionate Share of the Net OPEB Liability	49
Schedule of District Contributions (OPEB)	49
Notes to the Required Supplementary Information	50
SUPPLEMENTARY INFORMATION	
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	54
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	56
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	57
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	62

## INDEPENDENT AUDITOR'S REPORT



**HOLT & ASSOCIATES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

### INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Forrest County Agricultural High School

#### **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 Forrest County Agricultural High School as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Forrest County Agricultural High School's basic financial statements as listed in the table of contents.

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

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

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

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

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

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

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 Forrest County Agricultural High School, 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 and the Net OPEB Liability, and the Schedule of District Contributions for the Net Pension Liability and the Net OPEB Liability on pages 6-14, 45, 46, 47, and 48 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 Forrest County Agricultural High School's basic financial statements. The accompanying 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 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 November 3, 2020 on our consideration of the Forrest County Agricultural High School'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 Forrest County Agricultural High School'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 Forrest County Agricultural High School's internal control over financial reporting and compliance.

*Holt & Associates, PLLC*

Laurel, MS  
November 3, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS



**FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020**

The following discussion and analysis of Forrest County Agricultural High School'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 increased \$615,174 (including a change in accounting principle of \$15,075) which represents an 25% increase from fiscal year 2019. Total net position for 2019 decreased \$336,011, which represents an 16% decrease from fiscal year 2018.
- General revenues amounted to \$5,772,676 and \$4,858,181, or 79% and 79% 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 \$1,490,336, or 21% of total revenues for 2020, and \$1,298,948, or 21% of total revenues for 2019.
- The District had \$6,662,913 and \$6,493,140 in expenses for fiscal years 2020 and 2019; only \$1,490,336 for 2020 and \$1,298,948 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$5,772,676 for 2020 were adequate and \$4,858,181 for 2019 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$5,229,846 in revenues and \$4,524,845 in expenditures for 2020, and \$5,086,992 in revenues and \$4,406,693 in expenditures in 2019. The General Fund's fund balance decreased by \$22,394, including a decrease in inventory of \$13,000 and an increase due to change in accounting principle of \$15,075 from 2019 to 2020 and increased by \$88,861, including a decrease in inventory of \$3,425 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, increased by \$870,305 for 2020 and decreased by \$70,909 for 2019. The increase in 2020 was due primarily to the donation/purchase of the safety room/building.
- The liability for compensated absences decreased by \$2,351 for 2020 and increased by \$5,603 for 2019.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serve 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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

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

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

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

**Notes to the financial statements**

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

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**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, 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 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 by \$1,838,042 as of June 30, 2020.

The District's financial position is a product of several financial transactions including the net result of activities, the net pension and net other post retirement benefits liabilities, the acquisition and disposal of capital assets and the depreciation of capital assets.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Current assets	\$ 1,652,249	\$ 1,656,205	(0.24) %
Capital assets, net	6,062,397	5,192,092	16.76 %
<b>Total assets</b>	<b><u>7,714,646</u></b>	<b><u>6,848,297</u></b>	<b>12.65 %</b>
 <b>Deferred outflows of resources</b>	 <b><u>775,288</u></b>	 <b><u>627,329</u></b>	 <b>23.59 %</b>
Current liabilities	20,707	47,105	(56.04) %
Long-term debt outstanding	43,129	45,480	(5.17) %
Net OPEB liability	554,933	528,504	5.00 %
Net pension liability	9,082,560	8,984,798	1.09 %
<b>Total liabilities</b>	<b><u>9,701,329</u></b>	<b><u>9,605,887</u></b>	<b>0.99 %</b>
 <b>Deferred inflows of resources</b>	 <b><u>626,647</u></b>	 <b><u>322,955</u></b>	 <b>94.04 %</b>
 <b>Net position:</b>			
Net investment in capital assets	6,062,397	5,192,092	16.76 %
Restricted	336,908	301,847	11.62 %
Unrestricted	(8,237,347)	(7,947,155)	(3.65) %
<b>Total net position</b>	<b><u>\$ (1,838,042)</u></b>	<b><u>\$ (2,453,216)</u></b>	<b>25.08 %</b>

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions and other post-employment benefits (OPEB), management presents the following additional information:

Total unrestricted net position (deficit) \$ (8,237,347)

Less unrestricted deficit in net position resulting from recognition of the:

Net pension liability, including the deferred outflows and deferred inflows related to pensions 8,932,475

Net other post-retirement benefit liability, including the deferred outflows and deferred inflows related to other post-employment benefits 556,377

Unrestricted net position, exclusive of the net pension and OPEB liability effect \$ 1,251,505

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

- Increase in net capital assets in the amount of \$870,305.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$7,263,012 and \$6,157,129, respectively. The total cost of all programs and services was \$6,662,913 for 2020 and \$6,493,140 for 2019.

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

**Table 2**

**Changes in Net Position**

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 269,113	\$ 239,425	12.40 %
Operating grants and contributions	1,221,223	1,059,523	15.26 %
General revenues:			
Property taxes	1,965,613	1,951,804	0.71 %
Grants and contributions not restricted	2,811,154	2,787,065	0.86 %
Investment earnings	10,858	8,080	34.38 %
Other	985,051	111,232	785.58 %
<b>Total revenues</b>	<b>7,263,012</b>	<b>6,157,129</b>	<b>17.96 %</b>
<b>Expenses:</b>			
Instruction	3,535,734	3,383,428	4.50 %
Support services	1,830,292	1,821,769	0.47 %
Non-instructional	379,957	371,596	2.25 %
OPEB expense	26,067	834	3,025.54 %
Pension expense	890,863	915,513	(2.69) %
<b>Total expenses</b>	<b>6,662,913</b>	<b>6,493,140</b>	<b>2.61 %</b>
<b>Increase (Decrease) in net position</b>	<b>600,099</b>	<b>(336,011)</b>	<b>278.60 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(2,453,216)</b>	<b>(2,117,205)</b>	<b>(15.87) %</b>
<b>Change in accounting principle</b>	<b>15,075</b>	<b>-</b>	<b>N/A %</b>
<b>Net Position, July 1, as restated</b>	<b>(2,438,141)</b>	<b>(2,117,205)</b>	<b>(15.16) %</b>
<b>Net Position, June 30</b>	<b>\$ (1,838,042)</b>	<b>\$ (2,453,216)</b>	<b>25.08 %</b>

**Governmental activities**

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, pension expense, and OPEB expense. 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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
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	\$ 3,535,734	\$ 3,383,428	4.50
Support services	1,830,292	1,821,769	0.47
Non-instructional	379,957	371,596	2.25
OPEB Expense	26,067	834	3,025.54
Pension Expense	890,863	915,513	(2.69)
<b>Total expenses</b>	<b>\$ 6,662,913</b>	<b>\$ 6,493,140</b>	<b>2.61</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ (2,603,405)	\$ (2,548,042)	(2.17)
Support services	(1,630,102)	(1,685,385)	3.28
Non-instructional	(22,140)	(44,418)	50.16
OPEB Expense	(26,067)	(834)	(3,025.54)
Pension Expense	(890,863)	(915,513)	2.69
<b>Total net (expense) revenue</b>	<b>\$ (5,172,577)</b>	<b>\$ (5,194,192)</b>	<b>0.42</b>

Net cost of governmental activities (\$5,172,577 for 2020 and \$5,194,192 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$1,965,613 for 2020 and \$1,951,804 for 2019) and state and federal revenues (\$2,811,154 for 2020 and \$2,787,065 for 2019).

- Investment earnings amounted to \$10,858 for 2020 and \$8,080 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 \$1,631,542, an increase of \$22,442, including a decrease in inventory of \$6,464 and an increase of \$15,075 due to change in accounting principle. \$1,025,241, or 63% 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 \$606,301, or 37% is either non-spendable, restricted, committed or assigned to indicate

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

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 decrease in fund balance in the General Fund for the fiscal year was \$22,394 which includes a decrease in inventory of \$13,000 and implementation of GASB 84 of \$15,075. The fund balance of Other Governmental Funds showed an increase in the amount of \$39,444 which includes an increase in inventory of \$6,536. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Capital Improvement Fund	\$ 5,392
Vocational Education Fund	No increase or decrease

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2020, the District's total capital assets were \$9,262,815 including land, school buildings, building improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$1,101,860 from 2019. Total accumulated depreciation as of June 30, 2020, was \$3,200,418, and total depreciation expense for the year was \$236,055, resulting in total net capital assets of \$6,062,397.

**Table 4**

**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 640	\$ 640	- %
Buildings	4,788,840	3,824,148	25.23 %
Building improvements	694,049	739,168	(6.10) %
Improvements other than buildings	445,837	470,679	(5.28) %
Mobile equipment	123,739	132,249	(6.43) %
Furniture and equipment	9,292	25,208	(63.14) %
<b>Total</b>	<b><u>\$ 6,062,397</u></b>	<b><u>\$ 5,192,092</u></b>	<b>16.76 %</b>

Additional information on the District's capital assets can be found in Note 4 included in this report.



FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020

**Debt Administration.** At June 30, 2020, the District had \$43,129 in outstanding long-term debt, of which \$2,156 is due within one year. The liability for compensated absences decreased \$2,351 from the prior year.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	Percentage <u>Change</u>
Compensated absences payable	43,129	45,480	-5% %
<b>Total</b>	<b>\$ <u>43,129</u></b>	<b>\$ <u>45,480</u></b>	<b><u>-5%</u> %</b>

Additional information on the District's long-term debt can be found in Note 5 included in this report.

## **CURRENT ISSUES**

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

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

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

The District is dealing with the many challenges that have arisen due to the COVID-19 pandemic. The District anticipates an influx of federal and state funding to combat the issues that have been identified during the pandemic.

## **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 Forrest County Agricultural High School, 215 Old Highway 49 E., Brooklyn, Mississippi, 39425.

## FINANCIAL STATEMENTS

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Statement of Net Position**  
**June 30, 2020**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 973,140
Investments	452,319
Due from other governments	160,873
Inventories	65,917
Capital assets, non-depreciable:	
Land	640
Capital assets, net of accumulated depreciation:	
Buildings	4,788,840
Building improvements	694,049
Mobile equipment	123,739
Furniture and equipment	9,292
Improvements other than buildings	445,837
Total Assets	<u>7,714,646</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflow related to OPEB	65,699
Deferred outflow related to pensions	709,589
Total Deferred Outflows of Resources	<u>775,288</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	20,707
Unearned revenue	-
Long-term liabilities, due within one year:	
Non-capital related liabilities	2,156
Net OPEB liability	20,890
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	40,973
Net OPEB liability	534,043
Net pension liability	9,082,560
Total Liabilities	<u>9,701,329</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflow related to OPEB	67,143
Deferred inflow related to pensions	559,504
Total Deferred Inflows of Resources	<u>626,647</u>
<b>Net Position</b>	
Net investment in capital assets	6,062,397
Restricted for:	
Expendable:	
School-based activities	227,834
Capital projects	94,021
Unemployment benefits	15,053
Unrestricted	(8,237,347)
Total Net Position (deficit)	<u>\$ (1,838,042)</u>

The accompanying notes are an integral part of this statement.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2020**

for the Year Ended June 30, 2019

					Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 3,535,734	\$ 203,929	\$ 728,400	\$ -	\$ (2,603,405)
Support services	1,830,292	-	200,190	-	(1,630,102)
Non-instructional	379,957	65,184	292,633	-	(22,140)
OPEB expense	26,067	-	-	-	(26,067)
Pension expense	890,863	-	-	-	(890,863)
Total Governmental Activities	\$ 6,662,913	\$ 269,113	\$ 1,221,223	\$ -	\$ (5,172,577)
General Revenues:					
Taxes:					
General purpose levies					1,965,613
Unrestricted grants and contributions:					
State					2,806,529
Federal					4,625
Unrestricted investment earnings					10,858
Other					985,051
Total General Revenues					5,772,676
Change in Net Position					600,099
Net Position (deficit) - Beginning, as previously reported					(2,453,216)
Change in Accounting Principle					15,075
Net Position (deficit) - Beginning- as restated					(2,438,141)
Net Position (deficit) - Ending					\$ (1,838,042)

The accompanying notes are an integral part of this statement.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2020**

	Major Funds			Other	Total
	General	Vocational	Capital	Governmental	Governmental
	Fund	Educational	Improvement	Funds	Funds
		Fund	Fund		
<b>Assets</b>					
Cash and cash equivalents	\$ 881,165	\$ 4,990	2,400	\$ 84,585	\$ 973,140
Investments	107,633	-	329,715	14,971	452,319
Due from local sources	43,917	-	-	-	43,917
Due from state sources	30,821	-	-	1,826	32,647
Due from federal sources	-	-	-	84,309	84,309
Due from other funds	238,094	-	-	-	238,094
Inventories	48,700	-	-	17,217	65,917
Total assets	\$ 1,350,330	\$ 4,990	\$ 332,115	\$ 202,908	\$ 1,890,343
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 6,996	\$ 4,990	-	\$ 8,721	\$ 20,707
Due to other funds	-	-	238,094	-	238,094
Total Liabilities	6,996	4,990	238,094	8,721	258,801
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	48,700	-	-	17,217	65,917
<b>Restricted:</b>					
Capital projects	-	-	94,021	-	94,021
Grant activities	-	-	-	102,953	102,953
Unemployment benefits	-	-	-	15,053	15,053
Food service	-	-	-	58,964	58,964
<b>Assigned:</b>					
Activity funds	100,594	-	-	-	100,594
Capital projects	168,799	-	-	-	168,799
<b>Unassigned</b>	1,025,241	-	-	-	1,025,241
Total Fund Balances	1,343,334	-	94,021	194,187	1,631,542
Total Liabilities and Fund Balances	\$ 1,350,330	\$ 4,990	\$ 332,115	\$ 202,908	\$ 1,890,343

The accompanying notes are an integral part of this statement.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Governmental Funds**

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

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 1,631,542

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

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

Land	\$	640	
Buildings		6,840,133	
Building improvements		1,127,968	
Mobile equipment		374,569	
Furniture and equipment		238,300	
Improvements other than buildings		681,205	
Accumulated depreciation		<u>(3,200,418)</u>	6,062,397

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

Net pension liability		(9,082,560)	
Net OPEB liability		(554,933)	

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

Deferred outflows of resources related to pensions		709,589	
Deferred outflows of resources related to OPEB		65,699	
Deferred inflows of resources related to OPEB		(67,143)	
Deferred inflows of resources related to pensions		<u>(559,504)</u>	(9,488,852)

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

Compensated absences		<u>(43,129)</u>	<u>(43,129)</u>
----------------------	--	-----------------	-----------------

**Net Position of governmental activities** **\$ (1,838,042)**

The accompanying notes are an integral part of this statement.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

**Exhibit D**

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Vocational Educational Fund	Capital Improvement Fund		
<b>Revenues:</b>					
Local sources	\$ 2,241,541	\$ -	\$ 939,826	\$ 65,966	\$ 3,247,333
State sources	2,983,639	275,723	-	31,705	3,291,067
Federal sources	4,666	17,883	-	702,063	724,612
Total Revenues	5,229,846	293,606	939,826	799,734	7,263,012
<b>Expenditures:</b>					
Instruction	2,658,298	865,650	-	337,194	3,861,142
Support services	1,866,547	-	-	107,249	1,973,796
Noninstructional services	-	-	-	322,383	322,383
Facilities Acquisition and Construction	-	-	1,091,360	-	1,091,360
Total Expenditures	4,524,845	865,650	1,091,360	766,826	7,248,681
Excess (Deficiency) of Revenues over (under) Expenditures	705,001	(572,044)	(151,534)	32,908	14,331
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	572,044	156,926	-	728,970
Operating transfers out	(729,470)	-	-	-	(729,470)
Total Other Financing Sources (Uses)	(729,470)	572,044	156,926	-	(500)
Net Change in Fund Balances	(24,469)	-	5,392	32,908	13,831
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	1,365,728	-	88,629	154,743	1,609,100
Change in Accounting Principle	15,075	-	-	-	15,075
July 1, 2019, as restated	1,380,803	-	88,629	154,743	1,624,175
Increase (Decrease) in inventory	(13,000)	-	-	6,536	(6,464)
June 30, 2020	\$ 1,343,334	\$ -	\$ 94,021	\$ 194,187	\$ 1,631,542

The accompanying notes are an integral part of this statement.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ 13,831**

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	\$ 1,106,860	
Depreciation expense	<u>(236,055)</u>	870,805

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale or disposal increases financial resources. Thus, the change in Net Position differs from the change in fund

	<u>(500)</u>	(500)
--	--------------	-------

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

The activities include:

Recording of OPEB expense for the current period	(26,067)	
Recording of pension expense for the current period	(890,863)	
Recording of the district's proportionate share of contribution to the OPEB plan	654	
Contributions subsequent to the measurement date-OPEB	20,890	
Contributions subsequent to the measurement date-Pension	<u>615,461</u>	(279,925)

4. 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	2,352	
Change in inventory	<u>(6,464)</u>	<u>(4,112)</u>

**Change in Net Position of governmental activities** **\$ 600,099**

The accompanying notes are an integral part of this statement.



**FORREST COUNTY AGRICULTURAL HIGH SCHOOL****Fiduciary Funds****Statement of Fiduciary Net Position  
June 30, 2020****Exhibit E**

	Private Purpose Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ -
Total Assets	<u>\$ -</u>
<b>Net Position</b>	
Restricted for school activities	\$ -
Total Net Position	<u>\$ -</u>

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL****Fiduciary Funds****Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2020****Exhibit F**

	Private-Purpose Trust Funds
<b>Additions</b>	
Interest in Investments	\$ 526
Operating transfer	500
Contributions and donations from private sources	800
Total Additions	<u>1,826</u>
<b>Deductions</b>	
Scholarship monies paid to FCAHS Alumni Assoc	<u>62,202</u>
Total Deductions	<u>62,202</u>
<b>Change in Net Position</b>	<u>(60,376)</u>
<b>Net Position</b>	
July 1, 2019, as previously reported	61,636
Change in Accounting Principles	<u>(1,260)</u>
July 1, 2019, as restated	60,376
June 30, 2020	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## 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 a "primary government." The school district is governed by a six-member board to which one member is an at large member (elected superintendent of Forrest County School District), two members are appointed by the Forrest County School District Board and three members are appointed by the Forrest County Board of Supervisors.

For financial reporting purposes, Forrest County Agricultural High School 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.

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Vocational Educational Fund- This fund is used for tracking all revenues and expenditures for the vocational education program.

Capital Improvement Fund- This is the school's restricted fund for capital improvements to buildings. Revenue is generated by interest on investments as well as money received from Forrest County earmarked for capital improvements.

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

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Private-purpose Trust Fund - The funds reported in the school district were scholarships funds held in trust to provide scholarships to graduating seniors.

Additionally, the school district reports the following fund types:

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

#### 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 expenditures for capital outlays, including 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.

#### FIDUCIARY FUNDS

Private-purpose Trust Funds- Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organization or other governments.

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

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

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

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

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

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

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

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

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

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

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

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

#### **D. Encumbrances**

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

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

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

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

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

###### **Investments**

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

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

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. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

### 6. Deferred outflows/inflows of resources

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

Deferred outflow related to OPEB  
Deferred outflow related to Pensions

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 school district has incurred the following deferred inflows of resources:

Deferred inflow related to OPEB  
Deferred inflow related to Pensions

See Notes 6 and 7 for further details.

### 7. Compensated Absences

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

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

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

#### 8. 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.

#### 9. 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.

#### 10. 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.

#### 11. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest



## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

level of decision-making authority. This formal action is the approval of the commitment by the school board. Currently there is no committed fund balance for this school district.

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

#### 12. 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.

#### **F. Change in Accounting Principles**

During the year ended June 30, 2020, the School early adopted new accounting guidance implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes a criterion for identifying and reporting fiduciary activities. The implementation of this statement has resulted in a restatement of the fund balance and net position, to reflect these changes.

Beginning net position has been restated to reflect this change.

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

	<u>General Fund</u>
Balance July 1, 2019	\$ 1,365,728
GASB 84	15,075
Balance July 1, restated	<u>\$ 1,380,803</u>

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

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

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

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

#### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$973,140.

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

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

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 \$1,927,540 was exposed to custodial credit risk.

### Investments

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

Investment Type	Maturities (in years)	Fair Value
Certificate of deposit	1 year	\$ 107,633
Certificate of deposit	1 year	329,715
Certificate of deposit	1 year	14,971
Total Governmental Funds		<u>\$ 452,319</u>

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

Certificates of deposit are valued at amortized cost, which approximates fair value. These are included in investments as a Level 2 measurement.

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

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

**Custodial Credit Risk - Investments.** Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2020, the district did not have any investments to which this would apply.

**Concentration of Credit Risk.** Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2020, the district did not have any investments to which this would apply.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL

Notes to the Financial Statements  
For Year Ended June 30, 2020

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

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

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

Receivable Fund	Payable Fund	Amount
	Capital Improvement	
General Fund	Fund	\$ 238,094
Total		<u>\$ 238,094</u>

The purpose of the inter-fund loans was to cover expenditures in the capital improvement fund.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Vocational Educational Fund	\$ 572,044
	Capital Improvement Fund	156,926
	Fiduciary Fund	<u>500</u>
Total		<u>\$ 729,470</u>

The transfers were primarily for the following: indirect cost transfers, vocational and debt service transfers.

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

### Note 4 – Capital Assets

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

	7/1/2019	Increases	Decreases	6/30/2020
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 640	\$ -	\$ -	\$ 640
Total non-depreciable capital assets	640	-	-	640
<u>Depreciable capital assets:</u>				
Buildings	5,748,773	1,091,360	-	6,840,133
Building improvements	1,127,968	-	-	1,127,968
Mobile equipment	364,069	15,500	5,000	374,569
Furniture and equipment	238,300	-	-	238,300
Improvements other than buildings	681,205	-	-	681,205
Total depreciable capital assets	8,160,315	1,106,860	5,000	9,262,175
<u>Less accumulated depreciation for:</u>				
Buildings	1,924,625	126,668	-	2,051,293
Building improvements	388,800	45,119	-	433,919
Mobile equipment	231,820	23,510	4,500	250,830
Furniture and equipment	213,092	15,916	-	229,008
Improvements other than buildings	210,526	24,842	-	235,368
Total accumulated depreciation	2,968,863	236,055	4,500	3,200,418
Total depreciable capital assets, net	5,191,452	870,805	500	6,061,757
Governmental activities capital assets, net	\$ 5,192,092	\$ 870,805	\$ 500	\$ 6,062,397

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 78,289
Support services	87,857
Non-instructional	69,909
Total depreciation expense - Governmental activities	<u>\$ 236,055</u>

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

### Note 5 – Long-term Liabilities

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

	Balance 7/1/2019	Additions	Retirements	Balance 6/30/2020	Amounts due within one year
A. Compensated absences payable	45,480	-	2,351	43,129	2,156
Total	\$ 45,480	\$ -	\$ 2,351	\$ 43,129	\$ 2,156

#### A. Compensated absences payable

As more fully explained in Note 1(E)(7), 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 6 – Defined Benefit Pension Plan

#### General Information about the Pension Plan

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

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

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

**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 \$615,461, \$529,591 and \$543,302, 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 \$9,082,560 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 .051629 percent, which was based on a measurement date of June 30, 2019. This was a decrease of .002389 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 \$890,863. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	94,128	120,664
Net difference between projected and actual earnings on pension plan investments	-	438,840
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>615,461</u>	<u>-</u>
Total	<u>\$ 709,589</u>	<u>\$ 559,504</u>

\$615,461 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:

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

### Year Ending June 30:

2021	\$	(81,242)
2022		(256,951)
2023		(85,715)
2024		<u>(41,467)</u>
	\$	<u><u>(465,375)</u></u>

*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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100 %</u>	



# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 11,939,339	\$ 9,082,560	\$ 6,724,545

**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 7 – Other Postemployment Benefits (OPEB)

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

#### **Benefits provided.**

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school Districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

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 \$20,890 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 \$554,933 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 .06539 percent. This was a decrease of .0029 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 \$26,067. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows Resources
Differences between expected and actual experience	\$ 839	\$ 7,943
Changes in assumptions	41,372	28,776
Net difference between projected and actual earnings on OPEB plan investments	10	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,588	30,424
District contributions subsequent to the measurement date	<u>20,890</u>	<u>-</u>
Total	<u>\$ 65,699</u>	<u>\$ 67,143</u>

\$20,890 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 or resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Year Ending June 30:

2021	\$ (6,241)
2022	(6,241)
2023	(6,241)
2024	(5,078)
2025	504
Thereafter	<u>963</u>
	<u>\$ (22,334)</u>

*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

# FORREST COUNTY AGRICULTURAL HIGH SCHOOL

## Notes to the Financial Statements For Year Ended June 30, 2020

Single Equivalent Interest Rate, net  
of OPEB plan investment expense,  
including inflation

Measurement Date	3.50% percent
Prior Measurement Date	3.89% percent
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2019 decreasing to an
Pre-Medicare	ultimate rate of 4.75 percent by 2028

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

The demographic actuarial assumptions used in the June 30, 2019 valuation were based on the results of an 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 investment 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 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	\$ 616,434	\$ 554,933	\$ 502,314

*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

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 514,231	\$ 554,933	\$ 601,042

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

#### **Note 8– Qualified School Construction Bonds**

On August 1, 2012, Forrest County, Mississippi (primary government) issued G.O. Bonds, series 2012 (Qualified School Construction Bonds) on behalf of Forrest County Agricultural High School in the amount of \$3,000,000.

Pursuant to the bond documents, these bonds are to be repaid in full on August 1, 2027, from the proceeds of the County's debt sinking fund and are not a liability of Forrest County Agricultural High School and are therefore not reflected in the debt schedule of the District.

#### **Note 9 – 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.

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 10 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of \$(8,237,347) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$615,461 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$94,128 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 3 years.

The unrestricted net position amount of \$(8,237,347) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$559,504 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 4 years.

The unrestricted net position amount of \$(8,237,347) 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 \$20,890 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,

## FORREST COUNTY AGRICULTURAL HIGH SCHOOL

### Notes to the Financial Statements For Year Ended June 30, 2020

2021. The \$44,809 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 \$(8,237,347) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$67,143 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 11 – Risk Management**

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

#### **Note 12 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Forrest County Agricultural High School evaluated the activity of the district through November 3, 2020 and determined that the following subsequent event has occurred.

The School Board and Superintendent in March adhered to Governor Tate Reeves' Executive order to close schools through the remainder of the school year. This was in response to the recent COVID-19 (coronavirus) worldwide pandemic. The School District reopened in August 2020 with the option of virtual learning or returning to school with the guidance of the Mississippi State Department of Health and the Mississippi Department of Education. The related financial impact and duration cannot be reasonably estimated at this time.

## REQUIRED SUPPLEMENTARY INFORMATION

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Required Supplementary Information**

**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	\$ 2,296,826	\$ 2,241,323	\$ 2,241,541	\$ (55,503)	\$ 218
State sources	2,917,686	2,994,743	2,983,639	77,057	(11,104)
Federal sources	15,000	4,667	4,666	(10,333)	(1)
Total Revenues	5,229,512	5,240,733	5,229,846	11,221	(10,887)
<b>Expenditures:</b>					
Instruction	2,689,264	2,668,023	2,658,298	21,241	9,725
Support services	1,917,473	1,866,600	1,866,547	50,873	53
Noninstructional services	-	1,407	-	(1,407)	1,407
Total Expenditures	4,606,737	4,536,030	4,524,845	70,707	11,185
Excess (Deficiency) of Revenues over (under) Expenditures	622,775	704,703	705,001	81,928	298
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	547,724	565,022	-	17,298	(565,022)
Operating transfers out	(1,169,999)	(1,294,493)	(729,470)	(124,494)	565,023
Total Other Financing Sources (Uses)	(622,275)	(729,471)	(729,470)	(107,196)	1
Net Change in Fund Balances	500	(24,768)	(24,469)	(25,268)	299
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	1,365,728	1,365,728	1,365,728	-	-
GASB 84 implementation	-	-	15,075	-	15,075
July 1, 2019, as restated	1,365,728	1,365,728	1,380,803	-	15,075
Increase (Decrease) in Inventory	-	-	(13,000)	-	(13,000)
June 30, 2020	\$ 1,366,228	\$ 1,340,960	\$ 1,343,334	\$ (25,268)	\$ 2,374

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



**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Vocational Educational 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>					
State sources	\$ 277,681	\$ 275,724	\$ 275,723	\$ (1,957)	\$ (1)
Federal sources	14,565	17,883	17,883	3,318	-
Total Revenues	292,246	293,607	293,606	1,361	(1)
<b>Expenditures:</b>					
Instruction	864,522	865,656	865,650	(1,134)	6
Total Expenditures	864,522	865,656	865,650	(1,134)	6
Excess (Deficiency) of Revenues over (under) Expenditures	(572,276)	(572,049)	(572,044)	227	5
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	572,276	572,044	572,044	(232)	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	572,276	572,044	572,044	(232)	-
Net Change in Fund Balances	-	(5)	-	(5)	5
<b>Fund Balances:</b>					
July 1, 2019	-	-	-	-	-
June 30, 2020	\$ -	\$ (5)	\$ -	(5)	\$ 5

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

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Required Supplementary Information**

**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 (asset)	0.051629%	0.054018%	0.052795%	0.051755%	0.050068%	0.050000%
District's proportionate share of the net pension liability (asset) as a percentage of covered payroll	9,082,560	8,984,798	\$ 8,776,321	\$ 9,244,735	\$ 7,739,526	\$ 6,069,085
District's covered payroll	3,362,483	3,449,537	3,386,806	3,310,889	3,127,981	3,067,606
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.11%	260.46%	259.13%	279.22%	247.43%	197.84%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	63%	61%	57%	62%	67%

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

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

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

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>
Contractually required contribution	\$ 615,461	\$ 529,591	\$ 543,302	\$ 533,422	\$ 521,465	\$ 492,657
Contributions in relation to the contractually required contribution	615,461	529,591	543,302	533,422	521,465	492,657
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	3,537,132	3,362,483	3,449,537	3,386,806	3,310,889	3,127,981
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL****Required Supplementary Information****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****OPEB****Last 10 Fiscal Years\***

	<b>2020</b>	<b>2019*</b>	<b>2018*</b>
District's proportion of the net OPEB liability (asset)	0.065390%	0.068322%	0.070090%
District's proportionate share of the net OPEB liability (asset)	\$ 554,933	528,504	549,932
District's covered employee payroll	3,537,132	3,362,483	3,449,537
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.69%	15.72%	15.94%
Plan fiduciary net position as a percentage of the total OPEB liability	0.120000%	0.130000%	0.000000%

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

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

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

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL****Required Supplementary Information****SCHEDULE OF DISTRICT CONTRIBUTIONS****OPEB****Last 10 Fiscal Years**

	<b>2020</b>	<b>2019*</b>	<b>2018*</b>
Actuarially determined contribution	\$ 20,890	\$ 22,243	\$ 23,444
Contributions in relation to the actuarially determined contribution	20,890	22,243	23,444
Contribution deficiency (excess)	\$ -	-	-
District's covered employee payroll	3,537,132	3,362,483	3,449,537
Contributions as a percentage of covered employee payroll	0.59%	0.66%	0.68%

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

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

\*Prior year information is based on historical amounts reported in prior year audit report(s).

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
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) *Changes of assumptions*

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

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

2017:

- The expectation of retired life mortality as changed to the RP-2014 Healthy Annuitant Blue Collar Table projected using Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

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

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.

FORREST COUNTY AGRICULTURAL HIGH SCHOOL  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2020

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 Pre-Medicare	7.25%
Ultimate health care cost trend rates	
Medicare Supplement Claims Pre-Medicare	4.75%
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

## SUPPLEMENTARY INFORMATION



**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds**

**For the Year Ended June 30, 2020**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 4,864,241	3,632,664	412,613	235,011	583,953
Other	2,384,440	590,786	69,446	10,203	1,714,005
Total	<u>\$ 7,248,681</u>	<u>4,223,450</u>	<u>482,059</u>	<u>245,214</u>	<u>2,297,958</u>
Total number of students *	<u>553</u>				
Cost per student	<u>\$ 13,107</u>	<u>7,637</u>	<u>872</u>	<u>443</u>	<u>4,155</u>

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

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

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

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

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

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

## OTHER INFORMATION

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2020	2019*	2018*	2017*
<b>Revenues:</b>				
Local sources	\$ 2,241,541	\$ 2,218,940	\$ 2,347,838	\$ 2,175,263
State sources	2,983,639	2,856,736	2,774,200	2,749,951
Federal sources	4,666	11,316	18,884	21,775
Total Revenues	5,229,846	5,086,992	5,140,922	4,946,989
<b>Expenditures:</b>				
Instruction	2,658,298	2,488,307	2,558,974	2,576,359
Support services	1,866,547	1,918,386	1,794,037	1,739,811
Facilities acquisition and construction	-	-	-	3,215
Total Expenditures	4,524,845	4,406,693	4,353,011	4,319,385
Excess (Deficiency) of Revenues over (under) Expenditures	705,001	680,299	787,911	627,604
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	-	3,581	-	5,816
Sale of other property	-	1,441	-	12,500
Operating transfers in	-	-	-	-
Operating transfers out	(729,470)	(593,035)	(679,980)	(586,718)
Total Other Financing Sources (Uses)	(729,470)	(588,013)	(679,980)	(568,402)
Net Change in Fund Balances	(24,469)	92,286	107,931	59,202
<b>Fund Balances:</b>				
Beginning of period, as previously stated	1,365,728	1,276,867	1,159,286	1,095,059
GASB 84	15,075	-	-	-
Beginning of period, restated	1,380,803	1,276,867	1,159,286	1,095,059
Increase (Decrease) in reserve for inventory	(13,000)	(3,425)	9,650	5,025
End of Period	\$ 1,343,334	\$ 1,365,728	\$ 1,276,867	\$ 1,159,286

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**FORREST COUNTY AGRICULTURAL HIGH SCHOOL**

**Other Information**

**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	\$ 3,247,333	\$ 2,309,859	\$ 2,444,477	\$ 2,274,485
State sources	3,291,067	3,198,673	3,124,213	3,047,321
Federal sources	724,612	647,914	678,396	672,058
Total Revenues	7,263,012	6,156,446	6,247,086	5,993,864
<b>Expenditures:</b>				
Instruction	3,861,142	3,644,155	3,744,472	3,776,910
Support services	1,973,796	2,025,091	1,919,632	1,798,915
Noninstructional services	322,383	381,114	310,623	336,168
Facilities acquisition and construction	1,091,360	-	-	-
Debt Service:				
Principal	-	-	125,783	67,000
Interest	-	-	1,715	2,374
Total Expenditures	7,248,681	6,050,360	6,102,225	5,981,367
Excess (Deficiency) of Revenues over (under) Expenditures	14,331	106,086	144,861	12,497
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	-	3,581	-	5,816
Sale of other property	-	1,441	-	12,500
Operating transfers in	728,970	593,072	679,980	619,740
Operating transfers out	(729,470)	(593,072)	(679,980)	(619,740)
Total Other Financing Sources (Uses)	(500)	5,022	0	18,316
Net Change in Fund Balances	13,831	111,108	144,861	30,813
Fund Balances:				
Beginning of period, as previously stated	1,609,100	1,504,769	1,344,438	1,308,995
GASB 84	15,075	-	-	-
Beginning of period, restated	1,624,175	1,504,769	1,344,438	1,308,995
Increase (Decrease) in reserve for inventory	(6,464)	(6,777)	15,470	4,630
End of Period	\$ 1,631,542	\$ 1,609,100	\$ 1,504,769	\$ 1,344,438

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE



W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

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

Superintendent and School Board  
Forrest County Agricultural High School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Forrest County Agricultural High School as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Forrest County Agricultural High School's basic financial statements and have issued our report thereon dated November 3, 2020.

**Internal Control over Financial Reporting**

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

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

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

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Forrest County Agricultural High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Holt & Associates, PLLC*

Laurel, MS

November 3, 2020

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





W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

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

Superintendent and School Board  
Forrest County Agricultural High School

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Forrest County Agricultural High School as of and for the year ended June 30, 2020, which collectively comprise Forrest County Agricultural High School's basic financial statements and have issued our report thereon dated November 3, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure 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.

2815 HIGHWAY 15 NORTH | LAUREL, MISSISSIPPI 39440  
10 BELLEGRASS BLVD. | HATTIESBURG, MISSISSIPPI 39402  
PHONE 601-649-3000 | FAX 601-649-3050  
WWW.HOLTACCOUNTING.COM

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

**Finding #1**

Condition: The School District's fund for Extended School Year was not budgeted. According to Section 37-61-19, Miss. Code Ann. (1972), all funds for the School District should be budgeted.

Recommendation: We recommend the School District take greater care in reviewing operations and amending the budget as circumstances require.

Response: The School District concurs with the audit finding and will ensure all funds are budgeted in the future. The amendment will be presented to the School Board at the meeting on November 12, 2020.

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

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

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

*Holt & Associates, PLLC*

Laurel, MS

November 3, 2020