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NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2020

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
North Bolivar Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the North Bolivar Consolidated School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Title I A Basic Fund	Unmodified
EHA Part B Fund	Unmodified
FY20 3 Mill Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on the Governmental Activities

The North Bolivar Consolidated School District did not properly reconcile and verify the entries in the accounting software and the related presentation on the financial statements of the Capital Assets that have a material effect on assets for governmental activities. Due to the significance of this matter with the North Bolivar Consolidated School District's records, we were unable to satisfy ourselves as to the fair presentation of the capital assets.

Qualified Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the Governmental activities and capital asset information of the North Bolivar Consolidated School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, except the items noted in "Basis for Qualified Opinion on the Governmental Activities", the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 5-13 and 45-51 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 North Bolivar Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 April 23, 2021, on our consideration of the North Bolivar Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Bolivar Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Bolivar Consolidated School District's internal control over financial reporting and compliance.

Brown CPA, PLLC
Ridgeland, Mississippi
April 23, 2021

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

The following discussion and analysis of North Bolivar Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2020 increased \$1,735,492, including a prior period adjustment of (\$209,353), which represents a 14% increase from fiscal year 2019. Total net position for 2019 increased \$1,953,288, including a prior period adjustment of \$63,340, which represents a 14% increase from fiscal year 2018.
- General revenues amounted to 8,129,768 and 8,195,262, or 68% and 72% 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 \$3,859,888, or 32% of total revenues for 2020, and \$3,204,915, or 28% of total revenues for 2019.
- The District had \$10,044,811 and \$9,510,229 in expenses for fiscal years 2020 and 2019; only \$3,859,888 for 2020 and \$3,204,915 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$8,129,768 for 2020 and 8,195,262 for 2019 were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,730,068 in revenues and \$7,290,929 in expenditures for 2020, and \$7,829,907 in revenues and \$6,518,619 in expenditures in 2019. The General Fund's fund balance increased by \$996,115, including a prior period adjustment of \$59,430, from 2019 to 2020, and increased by \$1,443,940, including a prior period adjustment of \$138,056, from 2018 to 2019.
- Capital assets, net of accumulated depreciation, increased by \$649,445 for 2020 and decreased by \$199,724 for 2019. The increase for 2020 was due primarily to the addition of construction in progress assets and other prior period adjustments made to assets and accumulated depreciation.
- Long-term debt increased by \$1,077,665 for 2020 and decreased by \$62,949 for 2019. The increase for 2020 was due primarily to the addition of a limited-tax note and a shortfall note. The liability for compensated absences increased by \$5,866 for 2020 and increased by \$1,051 for 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10,525,895 as of June 30, 2020.

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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

	June 30, 2020	June 30, 2019	Percentage Change
Current assets	\$ 4,940,050	\$ 3,816,750	29.43 %
Restricted assets	5,329	5,324	0.09 %
Capital assets, net	2,779,886	2,130,441	30.48 %
Total assets	7,725,265	5,952,515	29.78 %
 Deferred outflows of resources	 1,260,757	 974,659	 29.35 %
 Current liabilities	 128,008	 99,652	 28.46 %
Long-term debt outstanding	1,407,290	329,625	326.94 %
Net OPEB liability	1,039,065	1,162,361	(10.61) %
Net pension liability	13,759,738	14,316,830	(3.89) %
Total liabilities	16,334,101	15,908,468	2.68 %
 Deferred inflows of resources	 3,177,816	 3,280,093	 (3.12) %
 Net position:			
Net investment in capital assets	1,695,062	1,858,441	(8.79) %
Restricted	1,076,526	1,198,868	(10.20) %
Unrestricted	(13,297,483)	(15,318,696)	13.19 %
Total net position	\$ (10,525,895)	\$ (12,261,387)	14.15 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (13,297,483)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	16,715,862
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 3,418,379</u>

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 \$649,445.
- Increase in long term debt of \$1,077,665.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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 \$11,989,656 and \$11,400,177, respectively. The total cost of all programs and services was \$10,044,811 for 2020 and \$9,510,229 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

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 581,275	\$ 167,279	247.49 %
Operating grants and contributions	3,278,613	3,037,636	7.93 %
General revenues:			
Property taxes	1,869,861	1,778,184	5.16 %
Grants and contributions not restricted	5,763,149	5,885,698	(2.08) %
Investment earnings	2,420	1,417	70.78 %
Sixteenth section sources	290,788	298,184	(2.48) %
Other	203,550	231,779	(12.18) %
Total revenues	<u>11,989,656</u>	<u>11,400,177</u>	5.17 %
Expenses:			
Instruction	5,210,511	4,467,000	16.64 %
Support services	4,205,086	3,986,445	5.48 %
Non-instructional	632,976	754,507	(16.11) %
Sixteenth section	8,245	105	7,752.38 %
Pension expense	(58,980)	246,245	(123.95) %
OPEB expense	10,783	47,165	(77.14) %
Interest on long-term liabilities	36,190	8,762	313.03 %
Total expenses	<u>10,044,811</u>	<u>9,510,229</u>	5.62 %
Increase (Decrease) in net position	<u>1,944,845</u>	<u>1,889,948</u>	2.90 %
Net Position, July 1, as previously reported	<u>(12,261,387)</u>	<u>(14,214,675)</u>	13.74 %
Prior Period Adjustment	<u>(209,353)</u>	<u>63,340</u>	(430.52) %
Net Position, July 1, as restated	<u>(12,470,740)</u>	<u>(14,151,335)</u>	11.88 %
Net Position, June 30	<u><u>\$ (10,525,895)</u></u>	<u><u>\$ (12,261,387)</u></u>	14.15 %

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2020	2019	
Instruction	\$ 5,210,511	\$ 4,467,000	16.64 %
Support services	4,205,086	3,986,445	5.48 %
Non-instructional	632,976	754,507	(16.11) %
Sixteenth section	8,245	105	7,752.38 %
Pension Expense	(58,980)	246,245	(123.95) %
OPEB Expense	10,783	47,165	(77.14) %
Interest on long-term liabilities	36,190	8,762	313.03 %
Total expenses	\$ 10,044,811	\$ 9,510,229	5.62 %

	Net (Expense) Revenue		Percentage Change
	2020	2019	
Instruction	\$ (3,567,930)	\$ (3,196,118)	(11.63) %
Support services	(2,675,331)	(2,978,810)	10.19 %
Non-instructional	54,576	171,891	(68.25) %
Sixteenth section	(8,245)	(105)	(7,752.38) %
Pension Expense	58,980	(246,245)	123.95 %
OPEB Expense	(10,783)	(47,165)	77.14 %
Interest on long-term liabilities	(36,190)	(8,762)	(313.03) %
Total net (expense) revenue	\$ (6,184,923)	\$ (6,305,314)	1.91 %

- Net cost of governmental activities (\$6,184,923 for 2020 and \$6,305,314 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$1,869,861 for 2020 and \$1,778,184 for 2019) and state and federal revenues (\$5,763,149 for 2020 and 5,885,698 for 2019). In addition, there was \$290,788 and \$298,184 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$2,420 for 2020 and \$1,417 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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,851,677, an increase of \$1,122,823, which includes an increase in inventory of \$156 and a prior period adjustment of (\$56,210). \$3,494,601, or 72% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,357,076, or 28% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$996,115, which includes a prior period adjustment of \$59,430. The fund balance of Other Governmental Funds showed a decrease in the amount of \$89,777, which includes an increase in inventory of \$156 and a prior period adjustment of (\$25,497). The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I-A Basic Fund	\$ no increase or decrease
EHA Part B Fund	(4,691)
FY20 3 Mill Fund	221,176

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 funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2020, the District's total capital assets were \$6,319,782, including land, school buildings, building improvements and other improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$109,969 from 2019. Total accumulated depreciation as of June 30, 2020, was \$3,539,896, and total depreciation expense for the year was \$138,722, resulting in total net capital assets of \$2,779,886.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Land	\$ 37,690	\$ 37,690	0.00 %
Construction in Progress	836,795	-	N/A %
Buildings	1,074,528	1,267,476	(15.22) %
Building improvements	451,075	471,887	(4.41) %
Mobile equipment	271,033	340,107	(20.31) %
Furniture and equipment	108,765	13,281	718.95 %
Total	\$ 2,779,886	\$ 2,130,441	30.48 %

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Debt Administration. At June 30, 2020, the District had \$1,407,290 in outstanding long-term debt, of which \$111,690 is due within one year. The District made principal payments totaling \$85,958 on outstanding long-term debt. The liability for compensated absences increased \$5,866 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Three Mill notes payable	\$ 1,306,000	\$ 272,000	380.15 %
Shortfall notes payable	37,799	-	N/A %
Compensated absences payable	63,491	57,625	10.18 %
Total	\$ 1,407,290	\$ 329,625	326.94 %

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

CURRENT ISSUES

The North Bolivar Consolidated School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the North Bolivar Consolidated School District, 204 North Edwards Street, Mound Bayou, MS 38762.

FINANCIAL STATEMENTS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,448,113
Due from other governments	479,753
Inventories	12,184
Restricted assets	5,329
Capital assets, non-depreciable:	
Land	37,690
Construction in progress	836,795
Capital assets, net of accumulated depreciation:	
Buildings	1,074,528
Building improvements	451,075
Mobile equipment	271,033
Furniture and equipment	108,765
Total Assets	<u>7,725,265</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	1,126,582
Deferred outflows - OPEB	134,175
Total Deferred Outflows of Resources	<u>1,260,757</u>
Liabilities	
Accounts payable and accrued liabilities	93,702
Interest payable on long-term liabilities	34,306
Long-term liabilities, due within one year:	
Capital related liabilities	90,000
Non-capital related liabilities	21,690
Net OPEB liability	44,814
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,216,000
Non-capital related liabilities	79,600
Net pension liability	13,759,738
Net OPEB liability	994,251
Total Liabilities	<u>16,334,101</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	2,847,356
Deferred inflows - OPEB	330,460
Total Deferred Inflows of Resources	<u>3,177,816</u>
Net Position	
Net investment in capital assets	1,695,062
Restricted for:	
Expendable:	
School-based activities	672,256
Debt service	278,829
Capital improvements	73,687
Forestry improvements	19,364
Unemployment benefits	27,061
Non-expendable:	
Sixteenth section	5,329
Unrestricted	(13,297,483)
Total Net Position (deficit)	<u>\$ (10,525,895)</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

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

Exhibit B

						Net (Expense)
						Revenue and
						Changes in
						Net Position
						</

General Revenues:

Taxes:

General purpose levies 1,805,721

Debt purpose levies 64,140

Unrestricted grants and contributions:

State 5,763,079

Federal 70

Unrestricted investment earnings 2,420

Sixteenth section sources 290,788

Other 203,550

Total General Revenues 8,129,768

Change in Net Position 1,944,845

Net Position - Beginning, as previously reported (12,261,387)

Prior Period Adjustments (209,353)

Net Position - Beginning, as restated (12,470,740)

Net Position (deficit) - Ending \$ (10,525,895)

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2020

Exhibit C

	Major Funds				Other	Total
	General	Title I	EHA Part B	FY20 3 Mill	Governmental	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
Assets						
Cash and cash equivalents	\$ 2,810,039	\$ -	\$ -	\$ 550,220	\$ 1,093,183	\$ 4,453,442
Due from other governments	80,507	-	-	-	210,686	291,193
Due from other funds	664,825	78,129	82,955	-	10,124	836,033
Advance to other funds	2,000	-	-	-	-	2,000
Inventories	-	-	-	-	12,184	12,184
Total assets	<u>\$ 3,557,371</u>	<u>\$ 78,129</u>	<u>\$ 82,955</u>	<u>\$ 550,220</u>	<u>\$ 1,326,177</u>	<u>\$ 5,594,852</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 25,663	\$ -	\$ -	\$ 56,307	\$ 11,732	\$ 93,702
Due to other funds	10,039	78,129	82,955	272,737	205,613	649,473
Total Liabilities	<u>35,702</u>	<u>78,129</u>	<u>82,955</u>	<u>329,044</u>	<u>217,345</u>	<u>743,175</u>
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	12,184	12,184
Permanent fund principal	-	-	-	-	5,329	5,329
Advances	2,000	-	-	-	-	2,000
Restricted:						
Debt service	-	-	-	-	313,135	313,135
Capital projects	-	-	-	221,176	73,687	294,863
Forestry improvement purposes	-	-	-	-	19,364	19,364
Grant activities	-	-	-	-	230,848	230,848
Unemployment benefits	-	-	-	-	27,061	27,061
Food service	-	-	-	-	427,224	427,224
Assigned:						
Activity funds	25,068	-	-	-	-	25,068
Unassigned	3,494,601	-	-	-	-	3,494,601
Total Fund Balances	<u>3,521,669</u>	<u>-</u>	<u>-</u>	<u>221,176</u>	<u>1,108,832</u>	<u>4,851,677</u>
Total Liabilities and Fund Balances	<u>\$ 3,557,371</u>	<u>\$ 78,129</u>	<u>\$ 82,955</u>	<u>\$ 550,220</u>	<u>\$ 1,326,177</u>	<u>\$ 5,594,852</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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	\$	4,851,677
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	\$	37,690
Construction in progress		836,795
Buildings		2,556,790
Building improvements		787,349
Mobile equipment		1,668,826
Furniture and equipment		432,332
Accumulated depreciation		(3,539,896)
		<u>2,779,886</u>
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(13,759,738)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		1,126,582
Deferred inflows of resources related to pensions		(2,847,356)
		<u>(15,480,512)</u>
3. Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net OPEB liability		(1,039,065)
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to OPEB		134,175
Deferred inflows of resources related to OPEB		(330,460)
		<u>(1,235,350)</u>
4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Three mill notes payable		(1,343,799)
Compensated absences		(63,491)
Accrued interest payable		(34,306)
		<u>(1,441,596)</u>
Net Position of governmental activities	\$	<u>(10,525,895)</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

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

Exhibit D

	Major Funds				Other	Total
	General	Title I	EHA Part B	FY20 3 Mill	Governmental	Governmental
	Fund	A Basic	Fund	Fund	Funds	Funds
Revenues:						
Local sources	\$ 1,907,969	\$ -	\$ -	\$ -	\$ 269,352	\$ 2,177,321
State sources	5,530,664	-	-	-	636,878	6,167,542
Federal sources	70	993,862	396,542	-	1,483,747	2,874,221
Sixteenth section sources	291,365	-	-	-	5	291,370
Total Revenues	7,730,068	993,862	396,542	-	2,389,982	11,510,454
Expenditures:						
Instruction	3,904,231	643,766	159,133	-	1,158,756	5,865,886
Support services	3,378,453	273,644	230,072	42,029	517,931	4,442,129
Noninstructional services	-	49,703	-	-	671,504	721,207
Sixteenth section	8,245	-	-	-	-	8,245
Facilities acquisition and construction	-	-	-	836,795	-	836,795
Debt service:						
Principal	-	-	-	-	85,958	85,958
Interest	-	-	-	-	8,316	8,316
Total Expenditures	7,290,929	967,113	389,205	878,824	2,442,465	11,968,536
Excess (Deficiency) of Revenues over (under) Expenditures	439,139	26,749	7,337	(878,824)	(52,483)	(458,082)
Other Financing Sources (Uses):						
Insurance recovery	479,202	-	-	-	-	479,202
Proceeds of loans/notes	57,757	-	-	1,100,000	-	1,157,757
Operating transfers in	66,527	40,640	19,191	-	46,109	172,467
Operating transfers out	(105,940)	-	(8,465)	-	(58,062)	(172,467)
Total Other Financing Sources (Uses)	497,546	40,640	10,726	1,100,000	(11,953)	1,636,959
Net Change in Fund Balances	936,685	67,389	18,063	221,176	(64,436)	1,178,877
Fund Balances:						
July 1, 2019, as previously reported	2,525,554	-	4,691	-	1,198,609	3,728,854
Prior period adjustments	59,430	(67,389)	(22,754)	-	(25,497)	(56,210)
July 1, 2019, as restated	2,584,984	(67,389)	(18,063)	-	1,173,112	3,672,644
Increase (Decrease) in inventory	-	-	-	-	156	156
June 30, 2020	\$ 3,521,669	\$ -	\$ -	\$ 221,176	\$ 1,108,832	\$ 4,851,677

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 1,178,877**

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	\$ 941,589	
Depreciation expense	<u>(138,722)</u>	802,867
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		
		(279)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Bonds and notes issued	(1,157,757)	
Payments of debt principal	85,958	
Accrued interest payable	<u>(27,874)</u>	(1,099,673)
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	58,980	
Contributions subsequent to the measurement date	<u>982,024</u>	1,041,004
5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
OPEB expense	(10,783)	
Contributions subsequent to the measurement date	<u>38,542</u>	27,759
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(5,866)	
Change in inventory	<u>156</u>	(5,710)
Change in Net Position of governmental activities		<u>\$ 1,944,845</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2020

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	215,458
Total Assets	<u>\$ 215,458</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 187,982
Due to other funds	25,476
Advances to other funds	2,000
Total Liabilities	<u>\$ 215,458</u>

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the 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 five-member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

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.

Title I-A Basic Fund - This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

EHA Part B Fund - This is a special revenue fund where federal revenue and expenditures are recorded for the federal grant Special Education – grants to states.

FY20 3 Mill Fund – This debt service fund accounts for proceeds from a limited tax promissory note and expenditures related to the district's capital project.

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

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

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

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

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

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

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 deferred inflows which are presented as deferred inflows related to pensions and deferred inflows related to OPEB.

See Note 13 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

12. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

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

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.

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 – Cash and Cash Equivalents

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,453,442 and \$215,458, respectively. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents in the amount of \$4,448,113 and the restricted assets in the amount of \$5,329 (see Note 4).

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2020, none of the district's bank balance of \$5,046,825 was exposed to custodial credit risk.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I A Basic Fund	\$ 78,129
	EHA Part B Fund	82,955
	FY20 3 Mill Fund	272,737
	Other Governmental Funds	205,613
	Fiduciary Funds	25,391
Other Governmental Funds	General Fund	10,039
	Fiduciary Funds	85
Total		<u>\$ 674,949</u>

The primary purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end and to reflect amounts due from agency funds.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary funds	\$ 2,000
Total		<u>\$ 2,000</u>

The primary purpose of the advance to/From other funds is to loan funds to the fiduciary fund.

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Title I-A Basic Fund	\$ 40,640
	EHA Part B Fund	19,191
	Other Governmental Funds	46,109
EHA Part B Fund	General Fund	8,465
Other Governmental Funds	General Fund	58,062
Total		<u>\$ 172,467</u>

The primary purpose of the transfers was to provide funds for general operating activities and to report indirect costs. All transfers were routine and consistent with the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$5,329 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 5 – Capital Assets

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

	Balance 7/1/2019	Increases	Decreases	Adjustments	Balance 6/30/2020
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 37,690	\$ -	\$ -	\$ -	37,690
Construction in progress	-	836,795	-	-	836,795
Total non-depreciable capital assets	37,690	836,795	-	-	874,485
<u>Depreciable capital assets:</u>					
Buildings	3,382,809	-	-	(826,019)	2,556,790
Building improvements	787,349	-	-	-	787,349
Mobile equipment	1,689,826	-	-	(21,000)	1,668,826
Furniture and equipment	312,139	104,794	27,883	43,282	432,332
Total depreciable capital assets	6,172,123	104,794	27,883	(803,737)	5,445,297
<u>Less accumulated depreciation for:</u>					
Buildings	2,115,333	27,746	-	(660,817)	1,482,262
Building improvements	315,462	31,494	-	(10,682)	336,274
Mobile equipment	1,349,719	48,359	-	(285)	1,397,793
Furniture and equipment	298,858	31,123	27,604	21,190	323,567
Total accumulated depreciation	4,079,372	138,722	27,604	(650,594)	3,539,896
Total depreciable capital assets, net	2,092,751	(33,928)	279	(153,143)	1,905,401
Governmental activities capital assets, net	\$ 2,130,441	\$ 802,867	\$ 279	\$ (153,143)	\$ 2,779,886

Adjustments were needed to correct cost and accumulated depreciation for various asset groups.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 67,655
Support services	58,382
Non-instructional	12,685
Total depreciation expense - Governmental activities	<u>\$ 138,722</u>

The details of construction-in-progress are as follows:

	Spent to June 30, 2020	Remaining Commitment
Governmental Activities:		
Northside High and ITM Elem Roof Project	\$ 836,795	\$ 263,205
Total Construction-In-Progress	<u>\$ 836,795</u>	<u>\$ 263,205</u>

The construction project included in governmental activities is funded, in part, with insurance proceeds.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 6 – Long-term Liabilities

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

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Amounts due within one year
A. Three Mill notes payable	\$ 272,000	\$ 1,100,000	\$ 66,000	\$ 1,306,000	\$ 90,000
B. Shortfall notes payable	-	57,757	19,958	37,799	18,515
C. Compensated absences payable	57,625	5,866		63,491	3,175
Total	<u>\$ 329,625</u>	<u>\$ 1,163,623</u>	<u>\$ 85,958</u>	<u>\$ 1,407,290</u>	<u>\$ 111,690</u>

A. Three Mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes series 2012	3.05%	9/21/2012	9/21/2022	\$ 627,000	\$ 206,000
Limited tax notes series 2019	3.03%	9/20/2019	9/20/2032	1,100,000	1,100,000
Total				<u>\$ 1,727,000</u>	<u>\$ 1,306,000</u>

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

1. Three mill note issue of September 21, 2012

Year Ending June 30	Principal	Interest	Total
2021	\$ 67,000	\$ 6,283	\$ 73,283
2022	69,000	4,240	73,240
2023	70,000	2,135	72,135
Total	<u>\$ 206,000</u>	<u>\$ 12,658</u>	<u>\$ 218,658</u>

This debt will be retired from the Three Mill Note Retirement Fund (Debt Service Fund).

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Three mill note issue of September 20, 2019

Year Ending June 30	Principal	Interest	Total
2021	\$ 23,000	\$ 36,300	\$ 59,300
2022	23,000	35,541	58,541
2023	24,000	34,782	58,782
2024	26,000	33,990	59,990
2025	98,000	33,132	131,132
2026	101,000	29,898	130,898
2027	105,000	26,565	131,565
2028	109,000	23,100	132,100
2029	111,000	19,503	130,503
2030	114,000	15,840	129,840
2031	118,000	12,078	130,078
2032	122,000	8,184	130,184
2033	126,000	4,158	130,158
Total	<u>\$ 1,100,000</u>	<u>\$ 313,071</u>	<u>\$ 1,413,071</u>

This debt will be retired from the Three Mill Note Retirement Fund (Debt Service Fund).

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2021	\$ 90,000	\$ 42,583	\$ 132,583
2022	92,000	39,781	131,781
2023	94,000	36,917	130,917
2024	26,000	33,990	59,990
2025	98,000	33,132	131,132
2026	101,000	29,898	130,898
2027	105,000	26,565	131,565
2028	109,000	23,100	132,100
2029	111,000	19,503	130,503
2030	114,000	15,840	129,840
2031	118,000	12,078	130,078
2032	122,000	8,184	130,184
2033	126,000	4,158	130,158
Total	<u>\$ 1,306,000</u>	<u>\$ 325,729</u>	<u>\$ 1,631,729</u>

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note payable series 2019	4.15%	8/30/2019	9/3/2021	\$ 57,757	\$ 37,799
Total				<u>\$ 57,757</u>	<u>\$ 37,799</u>

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

Year Ending June 30	Principal	Interest	Total
2021	18,515	1,569	20,084
2022	19,284	800	20,084
Total	<u>\$ 37,799</u>	<u>\$ 2,369</u>	<u>\$ 40,168</u>

This debt will be retired from the shortfall debt service fund.

C. Compensated absences payable

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.4% 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 \$982,024, \$802,303 and \$865,676, 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 \$13,759,738 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2020 net pension liability was 0.078216 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.007859 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of (\$58,980). 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	\$ 8.958	\$ 19,804
Net difference between projected and actual earnings on pension plan investments		1,186,625
Changes of assumptions	135,600	
Changes in proportion and differences between District contributions and proportionate share of contributions		1,640,927
District contributions subsequent to the measurement date	982,024	
Total	\$ <u>1,126,582</u>	\$ <u>2,847,356</u>

\$982,024 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:

Year Ending June 30:	
2021	\$ (1,186,792)
2022	(1,347,665)
2023	(231,160)
2024	62,819

Actuarial assumptions. The total pension liability in the 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:

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

<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	100	%		

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 18,087,652	\$ 13,759,738	\$ 10,187,433

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

Note 8 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$38,542 for the year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$1,039,065 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2019, the District's proportion was 0.12245312 percent. This was a decrease of 0.02781007 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 \$10,783. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,571	\$ 14,873
Changes of assumptions	77,465	53,881
Net difference between projected and actual earnings on OPEB plan investments	20	
Changes in proportion and differences between District contributions and proportionate share of contributions	16,577	261,706
District contributions subsequent to the measurement date	38,542	
Total	\$ <u>134,175</u>	\$ <u>330,460</u>

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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\$38,542 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2021	\$ (48,488)
2022	(48,488)
2023	(48,488)
2024	(47,260)
2025	(32,363)
Thereafter	(9,740)

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

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

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

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

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

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

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

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2019, the trust has \$1,017,904. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2018 and the June 30, 2019 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2019 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 1,154,220	\$ 1,039,065	\$ 940,539

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 962,854	\$ 1,039,065	\$ 1,125,399

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/>.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 9 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30	Amount
2021	\$ 206,000
2022	146,000
2023	86,000
2024	86,000
Total	<u>\$ 524,000</u>

Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct cost and accumulated depreciation of capital assets	\$ (153,143)
Increase or decrease in a prior period revenue or expenditure	<u>(56,210)</u>
Total	<u>\$ (209,353)</u>

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

Fund	Explanation	Amount
General Fund	Increase or decrease in a prior period revenue or expenditure	\$ 59,430
Title I A Basic Fund	Increase or decrease in a prior period revenue or expenditure	(67,389)
EHA Part B Fund	Increase or decrease in a prior period revenue or expenditure	(22,754)
Other Governmental Funds	Increase or decrease in a prior period revenue or expenditure	<u>(25,497)</u>
Total		<u>\$ (56,210)</u>

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 11 – Contingencies

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

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

Note 12 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$13,297,483) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$982,024 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$144,558 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 (\$13,297,483) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$2,847,356 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 (\$13,297,483) 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 \$38,542 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$95,633 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 (\$13,297,483) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$330,460 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.

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 14 – Insurance Loss Recoveries

The North Bolivar Consolidated School District received \$479,202 in insurance loss recoveries related to property damage during the 2019-2020 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services within support services.

Note 15 – Washington County Juvenile Detention Center Consortium

The North Bolivar Consolidated School District entered into a Juvenile Detention Center Agreement dated August 16, 2018 creating the Washington County Juvenile Detention Center. This program was in accordance with Section 43-21-321, Miss. Code Ann. (1972) which states sponsoring school district must provide educational services to youths detained in juvenile centers. It was approved by the Mississippi Department of Education and includes the Greenville Public School District, Cleveland School District, Grenada School District, Hollandale School District, Leland School District, Quitman County School District, West Bolivar Consolidated School District, Western Line School District, and the Washington County Youth Court. The Greenville Public School District has been designated as the lead school district for the Washington County Juvenile Detention Center and the operations of the program are included in its financial statements.

Note 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the North Bolivar Consolidated School District evaluated the activity of the district through April 23, 2021, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
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
Revenues:					
Local sources	\$ 1,823,940	\$ 1,819,262	\$ 1,907,969	\$ (4,678)	\$ 88,707
State sources	5,414,412	5,530,664	5,530,664	116,252	-
Federal sources	10,000	70	70	(9,930)	-
Sixteenth section sources	-	-	291,365	-	291,365
Total Revenues	7,248,352	7,349,996	7,730,068	101,644	380,072
Expenditures:					
Instruction	3,884,452	3,294,241	3,904,231	590,211	(609,990)
Support services	3,105,036	3,258,503	3,378,453	(153,467)	(119,950)
Sixteenth section	-	-	8,245	-	(8,245)
Facilities acquisition and construction	20,000	-	-	20,000	-
Total Expenditures	7,009,488	6,552,744	7,290,929	456,744	(738,185)
Excess (Deficiency) of Revenues over (under) Expenditures	238,864	797,252	439,139	558,388	(358,113)
Other Financing Sources (Uses):					
Insurance recovery	14,000	479,202	479,202	465,202	-
Proceeds of loans	57,758	57,757	57,757	(1)	-
Operating transfers in	608,200	68,062	66,527	(540,138)	(1,535)
Operating transfers out	(916,383)	(639,851)	(105,940)	276,532	533,911
Other financing uses	-	-	-	-	-
Total Other Financing Sources (Uses)	(236,425)	(34,830)	497,546	201,595	532,376
Net Change in Fund Balances	2,439	762,422	936,685	759,983	174,263
Fund Balances:					
July 1, 2019, as previously reported	500,000	1,659,324	2,525,554	1,159,324	866,230
Prior Period adjustments	-	58,945	59,430	58,945	485
July 1, 2019, as restated	500,000	1,718,269	2,584,984	1,218,269	866,715
June 30, 2020	\$ 502,439	\$ 2,480,691	\$ 3,521,669	\$ 1,978,252	\$ 1,040,978

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I-A Basic Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Actual (GAAP Basis)	Variances	
					Positive (Negative)	
	Original	Final	Original to Final		Final to Actual	
Revenues:						
Federal sources	\$ 1,024,253	\$ 1,391,004	\$ 993,862	\$ 366,751	\$ (397,142)	
Total Revenues	1,024,253	1,391,004	993,862	366,751	(397,142)	
Expenditures:						
Instruction	431,508	857,842	643,766	(426,334)	214,076	
Support services	333,714	312,888	273,644	20,826	39,244	
Noninstructional services	82,028	62,240	49,703	19,788	12,537	
Total Expenditures	847,250	1,232,970	967,113	(385,720)	265,857	
Excess (Deficiency) of Revenues over (under) Expenditures	177,003	158,034	26,749	(18,969)	(131,285)	
Other Financing Sources (Uses):						
Operating transfers in	-	-	40,640	-	40,640	
Operating transfers out	(177,003)	(173,803)	-	3,200	173,803	
Total Other Financing Sources (Uses)	(177,003)	(173,803)	40,640	3,200	214,443	
Net Change in Fund Balances	-	(15,769)	67,389	(15,769)	83,158	
Fund Balances:						
July 1, 2019, as previously reported	-	15,769	-	15,769	(15,769)	
Prior period adjustments	-	-	(67,389)	-	(67,389)	
July 1, 2019, as restated	-	15,769	(67,389)	15,769	(83,158)	
June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	

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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
EHA Part B Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 347,531	\$ 470,934	\$ 396,542	\$ 123,403	\$ (74,392)
Total Revenues	347,531	470,934	396,542	123,403	(74,392)
Expenditures:					
Instruction	100,020	193,985	159,133	(93,965)	34,852
Support services	242,261	271,440	230,072	(29,179)	41,368
Noninstructional services	250	200	-	50	200
Total Expenditures	342,531	465,625	389,205	(123,094)	76,420
Excess (Deficiency) of Revenues over (under) Expenditures	5,000	5,309	7,337	309	2,028
Other Financing Sources (Uses):					
Operating transfers in	(5,000)	(10,000)	19,191	(5,000)	29,191
Operating transfers out	-	-	(8,465)	-	(8,465)
Total Other Financing Sources (Uses)	(5,000)	(10,000)	10,726	(5,000)	20,726
Net Change in Fund Balances	-	(4,691)	18,063	(4,691)	22,754
Fund Balances:					
July 1, 2019, as previously reported	-	4,691	4,691	4,691	-
Prior period adjustments		-	(22,754)	-	(22,754)
July 1, 2019, as restated	-	4,691	(18,063)	4,691	(22,754)
June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -

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

North Bolivar Consolidated School District
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	0.078216%	0.086075%	0.104582%	0.111512%	0.110487%	0.114243%
District's proportionate share of the net pension liability	\$ 13,759,738	\$ 14,316,830	\$ 17,385,076	\$ 19,918,826	\$ 17,079,111	\$ 13,867,008
District's covered payroll	\$ 5,093,987	\$ 5,496,356	\$ 6,709,003	\$ 7,133,683	\$ 6,902,578	\$ 6,980,825
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.1173%	260.4786%	259.1305%	279.2222%	247.4309%	198.6443%
Plan fiduciary net position as a percentage of the total pension liability	62%	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 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.

**North Bolivar Consolidated School District
Required Supplementary Information**

**Schedule of District Contributions
PERS
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 982,024	\$ 802,303	\$ 865,676	\$ 1,056,668	\$ 1,123,555	\$ 1,087,156
Contributions in relation to the contractually required contribution	982,024	802,303	865,676	1,056,668	1,123,555	1,087,156
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	5,643,816	5,093,987	5,496,356	6,709,003	7,133,683	6,902,578
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 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.

**North Bolivar Consolidated School District
Required Supplementary Information**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

OPEB

Last 10 Fiscal Years*

	2020	2019	2018
District's proportion of the net OPEB liability	0.12245312%	0.15026319%	0.16219340%
District's proportionate share of the net OPEB liability	\$ 1,039,065	\$ 1,162,361	\$ 1,272,584
District's covered-employee payroll	5,607,650	6,796,302	7,286,903
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

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

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

**North Bolivar Consolidated School District
Required Supplementary Information**

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2020	2019	2018
Actuarially determined contribution	\$ 38,542	\$ 41,649	\$ 54,252
Contributions in relation to the actuarially determined contribution	38,542	41,649	54,252
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	5,643,816	5,093,987	6,819,649
Contributions as a percentage of covered-employee payroll	0.68%	0.82%	0.80%

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).

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

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

2019:

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

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

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

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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.

North Bolivar Consolidated School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

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

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

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2018 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.25%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	4.75%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2028
Pre-Medicare	
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.89%

SUPPLEMENTARY INFORMATION

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT
Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 166,540
National school lunch program	10.555	195MS326N1099	489,694
Summer Food Service Program for Children	10.559	195MS326N1099	31,752
Total child nutrition cluster			<u>687,986</u>
Total passed-through Mississippi Department of Education			<u>687,986</u>
Total U.S. Department of Agriculture			<u>687,986</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A180024	1,336,270
Career and technical education - basic grants to states	84.048	V048A180024	23,999
Twenty-First Century Community Learning Centers	84.287	ES287C180024	169,535
Rural Education	84.358	ES358B180024	11,198
Supporting Effective Instruction state grants	84.367	ES367A180023	99,128
Student Support and Academic Enrichment program	84.424	ES424A180025	57,750
Subtotal			<u>1,697,880</u>
Special education cluster:			
Special education - grants to states	84.027	H027A180108	396,542
Special education - preschool grants	84.173	H173A180113	34,189
Total special education cluster			<u>430,731</u>
Total passed-through Mississippi Department of Education			<u>2,128,611</u>
Total U.S. Department of Education			<u>2,128,611</u>
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Education:			
Social Security Disability Insurance	96.001	1905MS5ADM	70
Total passed-through Mississippi Department of Education			<u>70</u>
Total U.S. Department of Social Security Administration			<u>70</u>
Total for All Federal Awards			<u>\$ 2,816,667</u>

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

North Bolivar Consolidated School District
Notes to the Supplementary Information
For the Year Ended June 30, 2020

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the North Bolivar Consolidated School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the North Bolivar Consolidated School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the North Bolivar Consolidated School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

North Bolivar Consolidated School District
Supplementary Information
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2020

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 8,096,794	5,999,794	581,475	428,953	1,086,572
Other	3,871,742	936,796	230,899	428	2,703,619
Total	<u>\$ 11,968,536</u>	<u>6,936,590</u>	<u>812,374</u>	<u>429,381</u>	<u>3,790,191</u>
Total number of students *	<u>906</u>				
Cost per student	<u>\$ 13,210</u>	<u>7,656</u>	<u>897</u>	<u>474</u>	<u>4,183</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

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 1,907,969	\$ 1,782,700	\$ 1,818,873	\$ 1,651,607
State sources	5,530,664	5,748,344	5,571,460	5,752,375
Federal sources	70	378	24,085	29,501
Sixteenth Section sources	291,365	298,485	316,373	315,548
Total Revenues	7,730,068	7,829,907	7,730,791	7,749,031
Expenditures:				
Instruction	3,904,231	3,434,741	4,294,019	4,991,428
Support services	3,378,453	3,082,666	3,375,949	3,379,331
Noninstructional services	-	1,212	6,319	5,990
Sixteenth Section	8,245	-	-	-
Total Expenditures	7,290,929	6,518,619	7,676,287	8,376,749
Excess (Deficiency) of Revenues over (under) Expenditures	439,139	1,311,288	54,504	(627,718)
Other Financing Sources (Uses):				
Insurance recovery	479,202	90,677	-	-
Proceeds of loans/notes	57,757	-	-	-
Operating transfers in	66,527	116,651	36,657	69,330
Operating transfers out	(105,940)	(211,465)	(356,532)	(262,206)
Other financing uses	-	(1,267)	-	-
Total Other Financing Sources (Uses)	497,546	(5,404)	(319,875)	(192,876)
Net Change in Fund Balances	936,685	1,305,884	(265,371)	(820,594)
Fund Balances:				
Beginning of period , as previously reported	2,525,554	1,081,614	1,346,985	2,028,425
Prior period adjustments	59,430	138,056	-	139,154
Beginning of period, restated	2,584,984	1,219,670	1,346,985	2,167,579
End of Period	\$ 3,521,669	\$ 2,525,554	\$ 1,081,614	\$ 1,346,985

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2020	2019*	2018*	2017*
Revenues:				
Local sources	\$ 2,177,321	\$ 2,087,652	\$ 1,907,623	\$ 1,826,744
Intermediate sources	-	-	-	10,358
State sources	6,167,542	6,087,132	6,112,717	6,533,835
Federal sources	2,874,221	2,836,203	2,477,866	2,815,764
Sixteenth section sources	291,370	298,513	316,389	315,553
Total Revenues	<u>11,510,454</u>	<u>11,309,500</u>	<u>10,814,595</u>	<u>11,502,254</u>
Expenditures:				
Instruction	5,865,886	4,993,542	5,538,342	6,258,759
Support services	4,442,129	4,014,557	4,087,656	4,304,605
Noninstructional services	721,207	792,710	872,322	868,562
Sixteenth section	8,245	105	800	27,110
Facilities acquisition and construction	836,795	-	-	-
Debt service:				
Principal	85,958	64,000	357,000	220,000
Interest	8,316	10,248	16,387	21,469
Other	-	-	1,575	1,880
Total Expenditures	<u>11,968,536</u>	<u>9,875,162</u>	<u>10,874,082</u>	<u>11,702,385</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(458,082)</u>	<u>1,434,338</u>	<u>(59,487)</u>	<u>(200,131)</u>
Other Financing Sources (Uses):				
Insurance recovery	479,202	90,677	-	-
Proceeds of loans/notes	1,157,757	-	-	-
Operating transfers in	172,467	328,145	473,223	331,537
Operating transfers out	(172,467)	(328,145)	(473,223)	(331,537)
Other financing uses	-	(1,267)	-	-
Total Other Financing Sources (Uses)	<u>1,636,959</u>	<u>89,410</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>1,178,877</u>	<u>1,523,748</u>	<u>(59,487)</u>	<u>(200,131)</u>
Fund Balances:				
Beginning of period, as originally reported	3,728,854	2,190,819	2,319,000	2,386,967
Prior period adjustments	(56,210)	17,247	(67,591)	139,154
Beginning of period, restated	<u>3,672,644</u>	<u>2,208,066</u>	<u>2,251,409</u>	<u>2,526,121</u>
Increase (Decrease) in reserve for inventory	<u>156</u>	<u>(2,960)</u>	<u>(1,103)</u>	<u>(6,990)</u>
End of Period	<u>\$ 4,851,677</u>	<u>\$ 3,728,854</u>	<u>\$ 2,190,819</u>	<u>\$ 2,319,000</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
North Bolivar Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Bolivar Consolidated School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise North Bolivar Consolidated School District's basic financial statements, and have issued our report thereon dated April 23, 2021. As noted in our independent auditor's report a qualified opinion was issued on governmental activities, due to the improper recording of entries related to capital assets that have a material effect on assets for governmental activities.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as finding **2020-001, 2020-002, and 2020-003** to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as **Finding 2020-004 and 2020-005** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Bolivar Consolidated School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* that are described in the accompanying Schedule of Findings and Questioned Cost. We consider findings **2020-001, 2020-002, and 2020-003** to be instances of material non-compliance. We consider findings **2020-004 and 2020-005** to be instances of immaterial non-compliance.

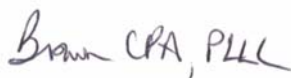
North Bolivar Consolidated School District's Responses to Findings

North Bolivar Consolidated School District's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. North Bolivar Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

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

Brown CPA, PLLC
Ridgeland, Mississippi
April 23, 2021



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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Superintendent and School Board
North Bolivar Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited North Bolivar Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Bolivar Consolidated School District's major federal programs for the year ended June 30, 2020. North Bolivar Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of North Bolivar Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Bolivar Consolidated School District's internal control over compliance with the types of requirements that could have a direct and

material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Bolivar Consolidated School District's internal control over compliance.

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

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

Purpose of this Report

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

Brown CPA, PLLC
Ridgeland, Mississippi
April 23, 2021

A handwritten signature in dark ink that reads "Brown CPA, PLLC". The signature is written in a cursive, flowing style.

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

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

Superintendent and School Board
North Bolivar Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar Consolidated School District as of and for the year ended June 30, 2020, which collectively comprise North Bolivar Consolidated School District's basic financial statements and have issued our report thereon dated April 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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 instances of noncompliance with other state laws and regulations:

State Legal Finding 01:

Criteria

Mississippi Code section 29-3-57 "The superintendent of education shall keep a current docket as to the expiration date of all leases on sixteenth section lands; likewise, he shall keep a correct current docket upon the existing leases or any extensions thereof as to the amounts and time of payment of rentals provided for by such lease. It shall be the duty of the superintendent of education to collect promptly all rentals due and all principal and interest due upon loans and investments of sixteenth section funds. Upon a sixty (60) day default in payment of any rentals according to the terms of such lease, the lease shall be

declared terminated unless the board of education finds extenuating circumstances were present, and the board shall inaugurate the proper legal proceedings to terminate such lease. “

Condition

During our test of sixteenth section leases, we noted that two of the three leases held by the district were not timely deposited. Payments were held over two weeks before depositing in the bank.

Cause

The district did not have the proper controls in place to ensure compliance with the state requirements.

Effect

Funds that are not timely deposited could result in an increased risk of fraud or being misplaced. Also, funds should be timely deposited to safeguard the assets and to promptly earn any applicable interest.

Recommendation

The district should implement controls to ensure all lease payments are properly receipted and promptly deposited.

Response

The district will ensure that all lease payments collected will be timely deposited.

State Legal Finding 02:

Criteria:

Section 25-11-127, Miss. Code Ann. (1972) addresses reemployment of PERS retirees by a school district under the PERS system. The district must verify the employee is a current retiree of the Public Employees' Retirement System (PERS) receiving benefits. If the employee is a retiree of PERS the district should file with PERS the PERS form 4B "Certification/Acknowledgment of Reemployment of Retiree." The employee should not be paid more than allowed by law as noted on the Form 4B.

Condition:

During our test of PERS Form 4Bs it was noted that the superintendent's board approved position salary was \$115,000. The superintendent hired by the school board is a retiree of PERS. According to the law and noted on PERS Form 4B the employee should only receive 50% or \$57,500 of the approved position amount. The district reported to PERS a position amount of \$240,000 and the actual payroll amount paid to the superintendent was \$115,000. This was according to the PERS Form 4B filed by the district and the payroll records provided by the district.

Due to the board approved salary amount of \$115,000 for the superintendent position, this results in a questioned cost of \$57,500 in salary and \$14,743 in benefits that should be reconciled with PERS or returned to the district.

Cause:

The district did not have the proper controls in place to ensure compliance with the state requirements of rehiring PERS retirees and properly reporting information on the PERS form 4B

Effect:

This could result on the overpayment of any PERS retirees hired by the district.

Recommendation:

We recommend the district follow Section 25-11-127 of the MS code and ensure that all PERS retirees who are hired are properly reported with PERS Form 4B to PERS. The district should also ensure that the hired retiree is not paid more than allowed by law as noted on the Form 4B.

Response:

The district will implement procedures to ensure all hired PERS retirees will be properly reported to PERS and paid according to their position amount and percent allocated on Form 4B.

State Legal Finding 03:

Criteria:

According to the purchasing requirements by the state of MS the district should receive at least two competitive written bids for any purchases over \$50,000 and should receive a minimum of two quotes for any purchases over \$5,000.

Condition:

During our internal control test on accounts payable it was noted that the district did not follow purchasing laws on 3 out of 26 invoices in our sample. The district could not provide quotes at the time of the audit.

Cause:

The district lacked internal controls with regard to purchasing and meeting the requirements or receiving two quotes for all purchases above the \$5,000 threshold determined by the state of MS.

Effect:

This could result in the district overpaying for high priced (over \$5,000) purchases by not taking the time to get multiple quotes to ensure the lowest price.

Recommendation:

The district should implement the proper controls to ensure quotes will be received for all purchases above \$5,000 and bids will be received for all purchases above \$50,000.

Response:

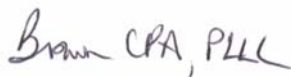
The district will implement the controls to ensure all purchases will have the proper quotes or bids when applicable.

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

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

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

Brown CPA, PLLC
Ridgeland, Mississippi
April 23, 2021



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued:

Governmental Activities	Qualified
General Fund	Unmodified
Title I-A Basic Fund	Unmodified
EHA Part B Fund	Unmodified
FY20 3 Mill Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes

3. Noncompliance material to financial statements noted? Yes

Federal Awards:

4. Internal control over major programs:

a. Material weakness identified?	No
b. Significant deficiency identified?	No

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I grants to local educational agencies
84.027; 84.173	Special education cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). Yes

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II: Financial Statement Findings

Material Weakness/Material Non-Compliance

2020-001 Finding

Repeat Finding from 2018-001 and 2019-001

Capital assets were not properly recorded.

Criteria:

The Financial Accounting Manual for Mississippi Public School Districts requires that all assets to be properly recorded. Improper recording of capital assets affects related depreciation under the requirements of GASB Statement 34.

Condition:

1. The district failed to enter values for many of the assets listed on the capital asset report from the accounting software. District stated that the assets were not entered correctly in the system when originally purchased and it was later difficult to trace the asset back to the PO/invoice to support the value. The district was able to provide values for all assets by year end FY20. However, estimates were needed to provide values and it was unknown if some of the assets would have been above the capitalized thresholds, therefore effecting the financials.
2. Large adjustments were proposed by auditor and accepted by the district during the conversion to correctly state the acquisition and accumulated depreciation amounts.
3. District is not maintaining subsidiary ledger accurately. District is still in the process of implementing the proper controls and some information entered in the accounting software is not being verified.

Cause:

District did not have the proper controls in place to ensure that all assets are being properly recorded when purchased.

Effect:

This could cause capital assets to be understated on the financials and could lead to assets being easily misplaced or stolen.

Recommendation:

The district should implement the proper procedures and controls with regard to the purchase, disposal, and transfer of fixed assets by reconciling them monthly to current month additions and board approved disposals of equipment. The district should also require an annual inventory of all capital assets within the district. The proper transfer paperwork should be submitted when an asset is moved to a new location within the district and each asset should be tagged with the number assigned by the software.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 78.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

2020-002 Finding

Repeat Finding from 2018-002 and 2019-003

Accounts payable testing and internal controls.

Criteria:

An effective system of internal control is the responsibility of management. Management should establish an internal control system that ensures strong financial accountability and safeguarding of assets. This includes maintenance of accurate accounting records and following the proper purchasing procedures.

Condition:

During our testing of 66 invoices, we noted the following items:

1. Invoices were not initialed and dated received by the employee.
2. Nine invoices tested were paid more than 45 days after the invoice date.
3. Nineteen instances where the purchase order was dated after the invoice date.
4. There was not supporting documents for one travel reimbursement tested.
5. Five instances where AP Clerk keyed in a PO directly with no requisitions.
6. Seventeen instances of no indication, signature and/or dated by the employee, of receipt of goods or services.

Cause:

The district did not properly implement an effective internal control system for accounts payable and did not follow the purchasing procedures required by the state.

Effect:

Without a proper internal control system being in place to ensure accurate accounting records, there is an increase risk that the financial statements could be materially misstated.

Recommendation:

District should implement policies and procedures to establish an internal control system that will require accountability with regard to accounts payable and purchasing. This will ensure the proper safeguarding of assets and accurate accounting records.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 78.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

2020-003 Finding

Repeat Finding from 2019-004

Payroll testing and internal controls

Criteria:

Management is responsible for ensuring that all payroll expenditures made by the district are adequately documented and properly calculated.

Condition:

We noted the following items while testing payroll expenditures:

1. One employee was paid over their board approved amount due to a software error. The amount overpaid was \$6,670.00
2. One employee was paid with both federal and district funds and the employee did not keep a timesheet or written records showing how their time was being allocated between federal and district.
3. One employee was not properly approved in board minutes. The minutes did not state the position and did not include the budgeted amount to be paid.
4. Payroll withholding payments are being processed and paid by the payroll clerk without being reviewed by another employee.
5. Superintendent's board approved contract does not agree to what is reported to PERS on the 4B form. For more detail see Finding 02 in the Report on Compliance with State Laws and Regulations. This resulted in a questioned cost amount of \$72,243.

Cause:

The district did not have the proper controls in place to ensure all employees were paid the amount approved by the board. Controls were also not in place to require all employees, who are paid with both federal and district funds, to keep the proper records to verify time is properly allocated, and to properly review payroll withholding payments before being processed.

Effect:

The miscalculation of the software or not verifying an employee's pay could result in underpaying or overpaying an employee according to their contract and board approval. Employees not keeping proper time records could cause the employee to be overpaid or underpaid with federal or state money. Not reviewing payroll withholding payments could allow errors with taxes not being properly paid.

Questioned Costs:

\$78,913

Recommendation:

We recommend the district implement internal controls to ensure all employees are properly board approved and employee payments are verified according to the board approved amounts. We recommend that all overpayments be returned to the district. Additionally, the district should implement controls to ensure all employee time records are being kept and reviewed. Payroll withholding payments should be reviewed before being processed.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 78.

Significant Deficiency/Non-Compliance

2020-004 Finding

Repeat Finding from 2019-006

Claims payable reporting

Criteria:

Management is responsible for ensuring that all items are reported correctly on the school district's financial statements. Accounts payables and accruals should be reconciled and adjusted at year end to accurately reflect the proper balances.

Condition:

During out testing of claims payable, it was noted that the district did not properly accrue all claims.

Cause:

The district did not properly reconcile and review all claims at year end, and the following couple of months, to ensure all payables are accrued according to invoices dates, or in the fiscal year of occurrence.

Effect:

This could result in claims payable on the financials being underreported.

Recommendation:

The district should strengthen controls over reconciliations of liability accounts and other accruals within the financial statements to ensure that the financial statements are properly stated.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 78.

North Bolivar Consolidated School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

2020-005 Finding

Receipt testing and internal controls

Criteria:

Management is responsible for ensuring that all funds are properly receipted, timely deposited, and adequately reported.

Condition:

During our testing of 22 receipts, we noted the following items:

1. Two in the sample the district could not provide a copy of the receipt.
2. One receipt was not properly filled out. It did not include a full description of the money received and was not signed by the employee.
3. Two of the three schools do not prepare receipts when collecting money. Only the deposit slip is prepared when received.

Cause:

The district did not have the proper controls in place to ensure all funds are being properly receipted.

Effect:

This could cause revenues being misstated and not all revenues being recorded.

Recommendation:

The district should implement stronger internal controls to ensure that all revenues are properly recorded through receipting, recording the deposit, recording to the general ledger, and timely bank reconciliations.

Response:

Please refer to the Auditee's Corrective Action Plan beginning on page 78.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN/
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

**North Bolivar Consolidated School District
204 North Edwards Street
Mound Bayou, MS 38762
Maurice Smith, Superintendent
Kenyatta McClain, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The North Bolivar Consolidated School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2020:

Finding	Corrective Action Plan Details
2020-001	<p>Capital assets were not properly recorded.</p> <p>A. Name of contact person responsible for corrective action: Name: Maurice Smith Title: Superintendent</p> <p>B. Corrective action planned:</p> <p>District will comply with The Financial Accounting Manual for Mississippi Public School Districts and properly record all assets, and follow the proper procedures when disposing of assets.</p> <p>C. Anticipated completion date:</p> <p>June 30, 2021.</p>
2020-002	<p>Accounts payable testing and internal controls</p> <p>A. Name of contact person responsible for corrective action: Name: Maurice Smith Title: Superintendent</p> <p>B. Corrective action planned:</p> <p>District will implement policies and procedures to establish an internal control system that will require accountability with regard to accounts payable and purchasing. That will also ensure proper safeguarding of assets and accurate accounting records</p> <p>C. Anticipated completion date:</p> <p>June 30, 2021</p>

2020-003

Payroll testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Maurice Smith

Title: Superintendent

B. Corrective action planned:

The district will implement internal controls to ensure all employees are properly board approved and employee payments are verified according to the board approved amounts. The district will also ensure all employees keep proper time records, and all payroll withholding payments will be reviewed before being processed.

C. Anticipated completion date:

June 30, 2021

2020-004

Claims payable reporting

A. Name of contact person responsible for corrective action:

Name: Kenyatta McClain

Title: Business Manager

B. Corrective action planned:

The district will implement better internal controls over reconciling liability accounts and other accruals within the financial statements to ensure that the balances are accurate.

C. Anticipated completion date:

June 30, 2021

2020-005

Receipt testing and internal controls

A. Name of contact person responsible for corrective action:

Name: Kenyatta McClain

Title: Business Manager

B. Corrective action planned:

The district will implement stronger controls to ensure all revenues are properly receipted, timely deposited, and properly recorded in the general ledger.

C. Anticipated completion date:

June 30, 2021

**North Bolivar Consolidated School District
204 North Edwards Street
Mound Bayou, MS 38762
Maurice Smith, Superintendent
Kenyatta McClain, Business Manager**

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Uniformed Guidance, the North Bolivar Consolidated School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2020:

<u>Findings</u>	<u>Status</u>
2019-001	See 2020-001
2019-002	Corrected
2019-003	See 2020-002
2019-004	See 2020-003
2019-005	Corrected
2019-006	See 2020-004
2019-007	Corrected
2019-008	Corrected
2019-009	Corrected