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WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2020

## TABLE OF CONTENTS

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Exhibit A    Statement of Net Position	17
Exhibit B    Statement of Activities	18
Governmental Funds Financial Statements:	
Exhibit C    Balance Sheet - Governmental Funds	19
Exhibit C-1 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Exhibit D    Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Exhibit D-1 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Fiduciary Funds Financial Statements:	
Exhibit E    Statement of Fiduciary Assets and Liabilities	23
Notes to the Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	47
Budgetary Comparison Schedule – Title I Fund	48
Schedule of the School District's Proportionate Share of the Net Pension Liability	49
Schedule of School District Contributions (PERS)	50
Schedule of the District's Proportionate Share of the Net OPEB Liability	51
Schedule of School District Contributions (OPEB)	52
Notes to the Required Supplementary Information	53
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	57
Notes to the Supplementary Information	58
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	59
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	61
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	62
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	65
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	72
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	78
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDING	81

## INDEPENDENT AUDITORS' REPORT

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P.O. Box 41  
Madison, MS 39130  
p. 769-300-6299

## INDEPENDENT AUDITOR'S REPORT

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West 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 6-13, 47-48, 49, 50, 51 and 52, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West 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 March 1, 2021, on our consideration of the West 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 West 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 West Bolivar Consolidated School District's internal control over financial reporting and compliance.

*JD CPA, PLLC*

Madison, Mississippi  
March 1, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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West Bolivar Consolidated School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

The following discussion and analysis of West 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 \$1,852,892, including a prior period adjustment of (\$23,785) which represents a 13.95% increase from fiscal year 2019. Total net position for 2019 increased \$1,123,229, which represents a 7.80% increase from fiscal year 2018.
- General revenues amounted to \$12,208,616 and \$11,924,964, or 72% and 75% 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 \$4,665,478, or 28% of total revenues for 2020, and \$3,988,900, or 25% of total revenues for 2019.
- The District had \$14,997,417 and \$14,790,635 in expenses for fiscal years 2020 and 2019; only \$4,665,478 for 2020 and \$3,988,900 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,208,616 for 2020 were adequate to provide for these programs. General revenues of \$11,924,964 for 2019 were adequate to provide for these programs.
- Among major funds, the General Fund had \$11,896,854 in revenues and \$10,772,740 in expenditures for 2020, and \$11,537,309 in revenues and \$10,528,303 in expenditures for 2019. The General Fund's fund balance increased by \$1,743,831 from 2019 to 2020, including prior period adjustment of (\$21,937), and increased by \$1,049,945 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, decreased by \$163,048 for 2020 and decreased by \$194,941 for 2019. The decrease for 2020 was due primarily to the disposal of furniture and equipment and mobile equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding the liability for compensated absences, decreased by \$214,353 for 2020 and decreased by \$209,122 for 2019. The decrease for 2020 was due to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$1,358 for 2020 and decreased by \$4,736 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.

West 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.

West 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 \$11,129,733 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.

West 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	\$ 8,832,518	\$ 6,329,054	39.56 %
Restricted assets	45,771	44,882	1.98 %
Capital assets, net	2,839,227	3,002,275	(5.43) %
<b>Total assets</b>	<b>11,717,516</b>	<b>9,376,211</b>	<b>24.97 %</b>
<b>Deferred outflows of resources</b>	<b>2,321,477</b>	<b>2,070,195</b>	<b>12.14 %</b>
Current liabilities	705,102	151,518	365.36 %
Long-term debt outstanding	998,224	1,213,935	(17.77) %
Net OPEB liability	1,557,641	1,470,896	5.90 %
Net pension liability	20,934,448	20,624,884	1.50 %
<b>Total liabilities</b>	<b>24,195,415</b>	<b>23,461,233</b>	<b>3.13 %</b>
<b>Deferred inflows of resources</b>	<b>1,276,825</b>	<b>1,271,312</b>	<b>0.43 %</b>
<b>Net position:</b>			
Net investment in capital assets	1,908,325	1,857,020	2.76 %
Restricted	6,238,301	5,054,255	23.43 %
Unrestricted	(19,579,873)	(20,197,414)	3.06 %
<b>Total net position</b>	<b>\$ (11,433,247)</b>	<b>\$ (13,286,139)</b>	<b>13.95 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (19,579,873)
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	21,447,437
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 1,867,564

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

- Decrease in net capital assets in the amount of \$163,048.
- The principal retirement of \$214,353 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$16,874,094 and \$15,913,864, respectively. The total cost of all programs and services was \$14,997,417 for 2020 and \$14,790,635 for 2019.

West Bolivar Consolidated School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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

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

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 832,456	\$ 249,483	233.67 %
Operating grants and contributions	3,833,022	3,739,417	2.50 %
General revenues:			
Property taxes	4,058,297	3,944,393	2.89 %
Grants and contributions not restricted	7,020,695	6,916,129	1.51 %
Investment earnings	14,039	12,853	9.23 %
Sixteenth section sources	1,079,583	1,030,587	4.75 %
Other	36,002	21,002	71.42 %
<b>Total revenues</b>	<b>16,874,094</b>	<b>15,913,864</b>	<b>6.03 %</b>
<b>Expenses:</b>			
Instruction	6,292,646	6,033,209	4.30 %
Support services	6,306,340	6,373,066	(1.05) %
Non-instructional	680,163	964,847	(29.51) %
Sixteenth section	102,260	110,560	(7.51) %
Pension expense	1,518,727	1,198,385	26.73 %
OPEB expense	74,070	66,457	11.46 %
Interest on long-term liabilities	23,211	44,111	(47.38) %
<b>Total expenses</b>	<b>14,997,417</b>	<b>14,790,635</b>	<b>1.40 %</b>
Extraordinary item	-	-	N/A %
<b>Increase (Decrease) in net position</b>	<b>1,876,677</b>	<b>1,123,229</b>	<b>67.08 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(13,286,139)</b>	<b>(14,409,368)</b>	<b>7.80 %</b>
<b>Prior Period Adjustment</b>	<b>(23,785)</b>	<b>-</b>	<b>N/A %</b>
<b>Net Position, July 1, as restated</b>	<b>(13,309,924)</b>	<b>(14,409,368)</b>	<b>7.63 %</b>
<b>Net Position, June 30</b>	<b>\$ (11,433,247)</b>	<b>\$ (13,286,139)</b>	<b>13.95 %</b>

### 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.

West Bolivar Consolidated School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ 6,292,646	\$ 6,033,209	4.30 %
Support services	6,306,340	6,373,066	(1.05) %
Non-instructional	680,163	964,847	(29.51) %
Sixteenth section	102,260	110,560	(7.51) %
Pension Expense	1,518,727	1,198,385	26.73 %
OPEB Expense	74,070	66,457	11.46 %
Interest on long-term liabilities	23,211	44,111	(47.38) %
<b>Total expenses</b>	<b>\$ 14,997,417</b>	<b>\$ 14,790,635</b>	<b>1.40 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2020</b>	<b>2019</b>	
Instruction	\$ (4,747,123)	\$ (4,693,615)	(1.14) %
Support services	(4,124,306)	(4,730,158)	12.81 %
Non-instructional	257,758	41,551	520.34 %
Sixteenth section	(102,260)	(110,560)	7.51 %
Pension Expense	(1,518,727)	(1,198,385)	(26.73) %
OPEB Expense	(74,070)	(66,457)	(11.46) %
Interest on long-term liabilities	(23,211)	(44,111)	47.38 %
<b>Total net (expense) revenue</b>	<b>\$ (10,331,939)</b>	<b>\$ (10,801,735)</b>	<b>4.35 %</b>

- Net cost of governmental activities (\$10,331,939 for 2020 and \$10,801,735 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$4,058,297 for 2020 and \$3,944,393 for 2019) and state and federal revenues (\$7,020,695 for 2019 and \$6,916,129 for 2018). In addition, there was \$1,079,583 and \$1,030,587 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$14,039 for 2020 and \$12,853 for 2019.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$8,200,870 an increase of \$1,943,830, which includes a prior period adjustment of (\$25,377) and an increase in inventory of \$796. \$1,852,375, or 23% 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 \$6,348,495, or 77% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.



West Bolivar Consolidated School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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 \$1,743,831, which includes a prior period adjustment of (\$21,937). The fund balance of Other Governmental Funds showed an increase in the amount of \$199,999, which includes a prior period adjustment of (\$3,440) and an increase in inventory of \$796. The increase (decrease) in the fund balances for the other major funds were as follows:

Title I Fund	<u>Major Fund</u>	<u>Increase (Decrease)</u> no increase or decrease
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## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2020, the District's total capital assets were \$9,052,232, including school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a decrease of \$439,749 from 2019. Total accumulated depreciation as of June 30, 2020, was \$6,213,005, and total depreciation expense for the year was \$202,960, resulting in total net capital assets of \$2,839,227.

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Buildings	\$ 1,909,588	\$ 1,878,759	1.64 %
Building improvements	218,699	240,309	(8.99) %
Improvements other than buildings	100,053	107,729	(7.13) %
Mobile equipment	514,220	671,212	(23.39) %
Furniture and equipment	96,667	104,266	(7.29) %
<b>Total</b>	<b><u>\$ 2,839,227</u></b>	<b><u>\$ 3,002,275</u></b>	<b><u>(5.43) %</u></b>

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

**Debt Administration.** At June 30, 2020, the District had \$998,224 in outstanding long-term debt, of which \$219,713 is due within one year. During the fiscal year, the District made principal payments totaling \$214,353 on outstanding long-term debt. The liability for compensated absences decreased \$1,358 from the prior year.

West Bolivar Consolidated School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2020

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 835,000	\$ 1,005,000	(16.92) %
Obligations under energy efficiency leases	95,902	140,255	(31.62) %
Compensated absences payable	<u>67,322</u>	<u>68,680</u>	(1.98) %
<b>Total</b>	<b><u>\$ 998,224</u></b>	<b><u>\$ 1,213,935</u></b>	<b>(17.77) %</b>

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

### **CURRENT ISSUES**

The West 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.

Enrollment for the 2019 - 2020 year decreased by 9.3% to 1,114 students.

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

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the West Bolivar Consolidated School District, PO Box 189, Rosedale, MS 38769.

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## FINANCIAL STATEMENTS

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**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 7,356,965
Due from other governments	1,228,929
Other receivable, net	233,632
Inventories	12,992
Restricted assets	45,771
Capital assets, net of accumulated depreciation:	
Buildings	1,909,588
Building improvements	218,699
Improvements other than buildings	100,053
Mobile equipment	514,220
Furniture and equipment	96,667
Total Assets	<u>11,717,516</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	2,134,530
Deferred outflows - OPEB	186,947
Total Deferred Outflows of Resources	<u>2,321,477</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	677,200
Unearned revenue	219
Interest payable on long-term liabilities	27,683
Long-term liabilities, due within one year:	
Capital related liabilities	219,713
Non-capital related liabilities	-
Net OPEB liability	60,806
Long-term liabilities, due beyond one year:	
Capital related liabilities	711,189
Non-capital related liabilities	67,322
Net pension liability	20,934,448
Net OPEB liability	1,496,835
Total Liabilities	<u>24,195,415</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	1,096,818
Deferred inflows - OPEB	180,007
Total Deferred Inflows of Resources	<u>1,276,825</u>
<b>Net Position</b>	
Net investment in capital assets	1,908,325
Restricted for:	
Expendable:	
School-based activities	5,423,745
Debt service	472,570
Capital Improvements	250,128
Unemployment benefits	35,897
Forestry improvements	10,203
Nonexpendable:	
Sixteenth section	45,758
Unrestricted	(19,579,873)
Total Net Position (deficit)	<u><u>\$ (11,433,247)</u></u>

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

**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

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

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 6,292,646	\$ 143,360	\$ 1,402,163	\$ -	\$	(4,747,123)
Support services	6,306,340	642,333	1,539,701	-		(4,124,306)
Non-instructional	680,163	46,763	891,158	-		257,758
Sixteenth section	102,260	-	-	-		(102,260)
Pension expense	1,518,727	-	-	-		(1,518,727)
OPEB expense	74,070	-	-	-		(74,070)
Interest on long-term liabilities	23,211	-	-	-		(23,211)
Total Governmental Activities	<u>\$ 14,997,417</u>	<u>\$ 832,456</u>	<u>\$ 3,833,022</u>	<u>\$ -</u>	<u>\$</u>	<u>(10,331,939)</u>

General Revenues:

Taxes:

    General purpose levies 3,843,478

    Debt purpose levies 214,819

Unrestricted grants and contributions:

    State 7,013,836

    Federal 6,859

Unrestricted investment earnings 14,039

Sixteenth section sources 1,079,583

Other 36,002

    Total General Revenues 12,208,616

Change in Net Position 1,876,677

Net Position - Beginning, as previously reported (13,286,139)

Prior Period Adjustments (23,785)

Net Position - Beginning, as restated (13,309,924)

Net Position (deficit) - Ending \$ (11,433,247)

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

**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2020**

**Exhibit C**

	Major Funds			
	General Fund	Title I Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 5,927,834	\$ -	\$ 1,474,889	\$ 7,402,723
Cash with fiscal agents	-	-	13	13
Due from other governments	855,335	151,819	221,775	1,228,929
Lease receivable	-	-	-	-
Other receivable, net	233,632	-	-	233,632
Due from other funds	231,556	-	-	231,556
Inventories and prepaid	-	-	12,992	12,992
Total assets	\$ 7,248,357	\$ 151,819	\$ 1,709,669	\$ 9,109,845
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 650,698	\$ 19,252	\$ 7,250	\$ 677,200
Due to other funds	53	132,567	98,936	231,556
Unavailable revenue - federal programs	-	-	219	219
Total Liabilities	650,751	151,819	106,405	908,975
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Permanent Fund Purposes	-	-	45,758	45,758
Inventory	-	-	12,992	12,992
<b>Restricted:</b>				
Debt service	-	-	500,253	500,253
Forestry Improvements	-	-	10,203	10,203
Grant activities	3,567,585	-	747,408	4,314,993
Unemployment benefits	-	-	35,897	35,897
Capital Improvement			250,128	250,128
<b>Committed:</b>				
Cafeteria and gym construction\repairs	1,095,760	-	-	1,095,760
<b>Assigned:</b>				
Activity funds	81,886	-	625	82,511
<b>Unassigned</b>	1,852,375	-	-	1,852,375
Total Fund Balances	6,597,606	-	1,603,264	8,200,870
Total Liabilities and Fund Balances	\$ 7,248,357	\$ 151,819	\$ 1,709,669	\$ 9,109,845

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



**WEST 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** \$ 8,200,870

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:

Buildings	\$ 5,461,985	
Building improvements	540,239	
Improvements other than buildings	256,434	
Mobile equipment	1,497,044	
Furniture and equipment	1,296,530	
Accumulated depreciation	<u>(6,213,005)</u>	2,839,227

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	(20,934,448)	
-----------------------	--------------	--

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	2,134,530	
Deferred inflows of resources related to pensions	<u>(1,096,818)</u>	(19,896,736)

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	(1,557,641)	
--------------------	-------------	--

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	186,947	
Deferred inflows of resources related to OPEB	<u>(180,007)</u>	(1,550,701)

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:

Energy efficiency lease obligations	(95,902)	
Notes payable	(835,000)	
Compensated absences	(67,322)	
Accrued interest payable	<u>(27,683)</u>	(1,025,907)

**Net Position of governmental activities** **\$ (11,433,247)**

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

Over  
WEST 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	Governmental	Governmental
	Fund	Fund	Funds	Funds
<b>Revenues:</b>				
Local sources	\$ 4,017,063	\$ -	\$ 274,942	\$ 4,292,005
State sources	6,793,565	-	958,737	7,752,302
Federal sources	6,859	1,178,630	1,922,544	3,108,033
Sixteenth section sources	1,079,367	-	215	1,079,582
Total Revenues	11,896,854	1,178,630	3,156,438	16,231,922
<b>Expenditures:</b>				
Instruction	5,857,899	400,077	877,484	7,135,460
Support services	4,786,980	737,010	922,518	6,446,508
Noninstructional services	25,601	22,499	929,013	977,113
Sixteenth section sources	102,260	-	-	102,260
Debt service:				
Principal	-	-	214,353	214,353
Interest	-	-	30,150	30,150
Other	-	-	-	-
Total Expenditures	10,772,740	1,159,586	2,973,518	14,905,844
Excess (Deficiency) of Revenues over (under) Expenditures	1,124,114	19,044	182,920	1,326,078
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	642,333	-	-	642,333
Operating transfers in	22,623	-	138,547	161,170
Other financing sources	-	-	-	-
Operating transfers out	(23,302)	(19,044)	(118,824)	(161,170)
Total Other Financing Sources (Uses)	641,654	(19,044)	19,723	642,333
Net Change in Fund Balances	1,765,768	-	202,643	1,968,411
<b>Fund Balances:</b>				
July 1, 2019, as previously reported	4,853,775	-	1,403,265	6,257,040
Prior period adjustment	(21,937)	-	(3,440)	(25,377)
July 1, 2019 restated	4,831,838	-	1,399,825	6,231,663
Increase (Decrease) in inventory	-	-	796	796
June 30, 2020	\$ 6,597,606	\$ -	\$ 1,603,264	\$ 8,200,870

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

**WEST 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** \$ 1,968,411

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	\$ 97,338	
Depreciation expense	<u>(202,960)</u>	(105,622)
  
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.

(57,426)
  
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	214,353	
Accrued interest payable	<u>6,939</u>	221,292
  
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	(1,518,727)	
Contributions subsequent to the measurement date	<u>1,385,876</u>	(132,851)
  
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	(74,070)	
Contributions subsequent to the measurement date	<u>56,381</u>	(17,689)
  
6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	1,358	
Change in inventory	<u>(796)</u>	<u>562</u>

**Change in Net Position of governmental activities** \$ 1,876,677

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

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities  
June 30, 2020

Exhibit E

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 573,185
Total Assets	<u>\$ 573,185</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 544,583
Due to student clubs	28,602
Total Liabilities	<u>\$ 573,185</u>

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

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

**Note 1 – Summary of Significant Accounting Policies**

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

**A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government". The school district is governed by a five member board to which each board member is elected by the citizens of each defined county district.

For financial reporting purposes, West 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.

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.

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

Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

**Title I Fund** - This fund accounts for the federal sources received and expenditures incurred related to the District's Title I program.

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 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 accounts payable type transactions.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

#### FIDUCIARY FUNDS

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

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

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

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

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.

**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.



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

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

#### 5. Restricted Assets

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

#### 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.

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

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
Leased property under capital leases	*	*

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

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that 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 of resources which are presented as deferred inflows related to pensions and deferred inflows related to OPEB.

See Note 14 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law.

A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The

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

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.

12. Fund Balances

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

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the formal vote of the Board of Trustees is required to establish the commitment.

*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 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.

13. Accounting Standards Update

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

## **Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents**

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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.

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

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 \$ 7,402,723 and \$573,185, respectively.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. 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 \$ 8,078,866 was exposed to custodial credit risk.

Cash with Fiscal Agents

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

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 132,567
	General Fund	53
	Other governmental funds	98,936
Total		<u>\$ 231,556</u>

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 23,302
Other governmental Fund	Other governmental funds	115,245
Other governmental Fund	General Fund	3,579
Title I Fund	General Fund	19,044
Total		<u>\$ 161,170</u>

The primary purpose of the inter-fund transfers includes indirect cost transfers, debt service transfers, unemployment compensation transfers, and other routine operating transfers to finance basic operations of the district that are not directly or fully funded.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$45,758 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agents held by financial institutions was \$13.

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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	Balance 6/30/2020
<u>Depreciable capital assets:</u>				
Buildings	5,396,495	65,490		5,461,985
Building improvements	540,239			540,239
Improvements other than buildings	256,434			256,434
Mobile equipment	2,017,436		520,392	1,497,044
Furniture and equipment	1,281,377	31,848	16,695	1,296,530
Total depreciable capital assets	9,491,981	97,338	537,087	9,052,232
<u>Less accumulated depreciation for:</u>				
Buildings	3,517,736	34,661		3,552,397
Building improvements	299,930	21,610		321,540
Improvements other than buildings	148,705	7,676		156,381
Mobile equipment	1,346,224	99,733	463,133	982,824
Furniture and equipment	1,177,111	39,280	16,528	1,199,863
Total accumulated depreciation	6,489,706	202,960	479,661	6,213,005
Total depreciable capital assets, net	3,002,275	(105,622)	57,426	2,839,227
Governmental activities capital assets, net	\$ 3,002,275	\$ (105,622)	\$ 57,426	\$ 2,839,227

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 53,879
Support services	122,111
Non-instructional	26,970
Total depreciation expense - Governmental activities	\$ 202,960

**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	1,005,000	-	170,000	835,000	173,000
Obligations under energy					
B. efficiency leases	140,255	-	44,353	95,902	46,713
C. Compensated absences payable	68,680	-	1,358	67,322	
Total	\$ 1,213,935	\$ -	\$ 215,711	\$ 998,224	\$ 219,713

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

**A. Three mill notes payables**

Debt currently outstanding as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Limited tax note, Series 2015	3.00%	8/1/2015	8/1/2027	\$ 1,500,000	\$ 835,000
Total				<u>\$ 1,500,000</u>	<u>\$ 835,000</u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 173,000	\$ 25,050	\$ 198,050
2022	88,000	19,860	107,860
2023	90,000	17,220	107,220
2024	92,000	14,520	106,520
2025	93,000	11,760	104,760
2026 – 2028	299,000	18,150	317,150
Total	<u>\$ 835,000</u>	<u>\$ 106,560</u>	<u>\$ 941,560</u>

This debt will be retired from the Three Mill Note fund.

**B. Obligations under energy efficiency leases**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy lease	5.00%	11/9/2006	7/1/2021	\$ 535,804	\$ 95,902
Total				<u>\$ 535,804</u>	<u>\$ 95,902</u>

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

Year Ending June 30	Principal	Interest	Total
2021	\$ 46,713	\$ 5,105	\$ 51,818
2022	49,189	2,619	51,808
Total	<u>\$ 95,902</u>	<u>\$ 7,724</u>	<u>\$ 103,626</u>

This debt will be retired from the District Maintenance Fund.

An energy efficient lease agreement dated November 9, 2006, was executed by and between the district, the lessee, and Government Capital Corporation, the lessor. The agreement authorized the borrowing of \$535,804 for the purposes of energy efficient equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not to exceed fifteen years.

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

The district entered into the energy efficient lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972). Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

**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.

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2020 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2020, 2019 and 2018 were \$1,385,876, \$1,222,439 and \$1,249,479, respectively, which equaled the required contributions for each year.



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

**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 \$20,934,448 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 0.119000 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.005 percent from its proportionate share used to calculate the June 30, 2019 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,518,727. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 164,258	\$ 476,880
Net difference between projected and actual earnings on pension plan investments	382,306	
Changes of assumptions	202,090	
Changes in proportion and differences between District contributions and proportionate share of contributions		619,938
District contributions subsequent to the measurement date	1,385,876	
Total	\$ <u>2,134,530</u>	\$ <u>1,096,818</u>

\$1,385,876 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	\$ (55,818)
2022	(73,390)
2023	(66,055)
2024	(152,901)

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		1.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.25	
Total	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	\$ 27,519,057	\$ 20,934,448	\$ 15,499,444

**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 employees, employees, retirees and COBRA participants.

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

The Plan provides for Other Postemployment Benefits (OPEB) as a multiple-employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

*Benefits provided.*

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

*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 \$56,381 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 \$1,557,641 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 0.18356693 percent. This was a decrease of 0.00658185 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 \$74,070. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,355	\$ 22,296
Changes of assumptions	116,126	80,771
Net difference between projected and actual earnings on OPEB plan investments	29	
Changes in proportion and differences between District contributions and proportionate share of contributions	12,056	76,940
District contributions subsequent to the measurement date		
	56,381	
Total	\$ <u>186,947</u>	\$ <u>180,007</u>

\$56,381 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	\$ (14,780)
2022	(14,780)
2023	(14,780)
2024	(11,896)
2025	3,248
Thereafter	3,547

*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	

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

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

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

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

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

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

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

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

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 1,730,267	\$ 1,557,641	\$ 1,409,943

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 1,443,394	\$ 1,557,641	\$ 1,687,063

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

## Note 9 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any disposition

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

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	\$ 352,241
2022	185,447
2023	175,222
2024	138,684
2025	105,222
2026-2030	34,862
2031-2035	33,684
2036-2040	24,106
2041-2045	16,092
2046-2050	2,618
2051-2053	4,155
Total	<u>\$ 1,072,333</u>

#### Note 10 – Prior Period Adjustments

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

##### Exhibit B - Statement of Activities

Explanation	Amount
To correct prior year old carryforward balance and to correct prior year federal expenditure	\$ (25,377)
To adjust prior year expenditure disallowed	1,592
	<u>(23,785)</u>

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

Fund	Explanation	Amount
General Fund	To correct prior year old carryforward balance and to correct prior year error.	\$ (21,937)
Other governmental funds	To correct prior year federal program expenditures disallowed	(3,440)
Total		<u>\$ (25,377)</u>

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Participation in Public Entity Risk Pool**

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

**Note 13 - Insurance loss recoveries**

The West Bolivar Consolidated School District received \$642,333 in insurance loss recoveries during the fiscal year related to roof damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

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

The unrestricted net position amount of (\$19,579,873) 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 \$1,385,876 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 \$748,654 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.

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

The unrestricted net position amount of (\$19,579,873) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,934,517 balance of deferred inflow of resources related to pensions at June 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$19,579,873) 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 \$56,381 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 \$130,566 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 (\$19,579,873) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$180,007 balance of deferred inflow of resources related to OPEB at June 30, 2020, will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

**Note 15 – Washington County Juvenile Detention Center Consortium**

The school district entered into an agreement forming the consortium for the Washington County Juvenile Detention Center. This contract will be in full force and effect for fiscal year ended June 30, 2020. The consortium includes Greenville Public School District, Cleveland School District, Grenada School District, Hollandale School District, Leland School District, North Bolivar Consolidated School District, Quitman County School District, West Bolivar Consolidated School District, Western Line School District. This was established to meet the educational needs of neglected, delinquent, and at-risk children and youths, and to assist in the transition of students from correctional facilities to locally operated programs. Also, to ensure that students have the same opportunities to achieve as if they were in local schools in the state. There will be an Advisory Board to the Youth Court School. It will be composed of the Washington County Youth Court Judge, superintendents, and community advisors. The Advisory Board will advise and make recommendations to the lead district on behalf of the districts as to the budget of the school, the guidelines and regulations of the school, and other factors affecting the cost and general operation of the program. The Greenville Public School District will manage all daily operations, financial transactions, and any other business of regular school programming under the direction of the Greenville Public School District's Superintendent of Education. Each district agrees to pledge a pro rata financial allotment to support this alternative program as long as it maintains membership in the consortium, if needed above and beyond the MS Department of Education funds.



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

**Note 16 - Subsequent Events**

Events that occur after the Statement of Net Position/Balance Sheet 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/Balance Sheet date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the School District through March 1, 2021 and determined that no subsequent events have occurred which required disclosure in the notes to the financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

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**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

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

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,868,940	\$ 4,017,063	\$ 4,017,063	\$ 148,123	\$ -
State sources	6,607,147	6,793,565	6,793,565	186,418	-
Federal sources	10,500	6,859	6,859	(3,641)	-
Sixteenth section sources	1,014,000	1,079,367	1,079,367	65,367	-
Total Revenues	11,500,587	11,896,854	11,896,854	396,267	-
<b>Expenditures:</b>					
Instruction	6,332,936	5,857,899	5,857,899	475,037	-
Support services	5,300,962	4,583,537	4,786,980	717,425	(203,443)
Noninstructional services	88,260	25,601	25,601	62,659	-
Sixteenth section	106,569	102,259	102,260	4,310	(1)
Facilities acquisition and construction	26,024	203,442		(177,418)	203,442
Debt service:					
Principal	52,718	-	-	52,718	-
Interest	-	-	-	-	-
Total Expenditures	11,907,469	10,772,738	10,772,740	1,134,731	(2)
Excess (Deficiency) of Revenues over (under) Expenditures	(406,882)	1,124,116	1,124,114	1,530,998	(2)
<b>Other Financing Sources (Uses):</b>					
Notes issued	-	-	-	-	-
Insurance loss recoveries	2,500	642,333	642,333	639,833	(0)
Operating transfers in	1,341,814	22,623	22,623	(1,319,191)	0
Other financing sources	-	-	-	-	-
Operating transfers out	(1,351,270)	(23,302)	(23,302)	1,327,968	-
Other financing uses	-	-	-	-	-
Total Other Financing Sources (Uses)	(6,956)	641,654	641,654	648,610	(0)
Net Change in Fund Balances	(413,838)	1,765,770	1,765,768	2,179,608	(2)
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	4,881,828	4,881,828	4,853,775	-	(28,053)
Prior period adjustments	(7,551)	(7,551)	(21,937)	0	(14,386)
July 1, 2019, as restated	4,874,277	4,874,277	4,831,838	-	(42,439)
June 30, 2020	\$ 4,460,439	\$ 6,640,047	\$ 6,597,606	\$ 2,179,608	\$ (42,441)

**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Title I Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,154,717	1,368,550	1,178,630	213,833	(189,920)
Total Revenues	1,154,717	1,368,550	1,178,630	213,833	(189,920)
<b>Expenditures:</b>					
Instruction	304,109	541,873	400,077	(237,764)	141,796
Support services	803,137	927,022	737,010	(123,885)	190,012
Noninstructional services	26,499	44,792	22,499	(18,293)	22,293
Total Expenditures	1,133,745	1,513,687	1,159,586	(379,942)	354,101
Excess (Deficiency) of Revenues over (under) Expenditures	20,972	(145,137)	19,044	(166,109)	164,181
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(19,044)	(19,044)	(19,044)	-	-
Total Other Financing Sources (Uses)	(19,044)	(19,044)	(19,044)	-	-
Net Change in Fund Balances	1,928	(164,181)	-	(166,109)	164,181
<b>Fund Balances:</b>					
July 1, 2019, as previously reported	-	-	-	-	-
Prior period adjustments	-	-	-	-	-
July 1, 2019, as restated	-	-	-	-	-
June 30, 2020	\$ 1,928	\$ (164,181)	\$ -	\$ (166,109)	\$ 164,181

**WEST 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	\$ 0.119000%	0.124000%	0.118551%	0.125936%	0.133882%	0.144914%
District's proportionate share of the net pension liability	19,793,235	20,624,884	19,707,200	22,495,314	20,695,517	17,589,906
District's covered payroll	7,761,517	7,933,200	7,605,137	8,056,457	8,364,190	8,854,959
District's proportionate share of the net pension liability as a percentage of its covered payroll	255.02%	259.98%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**WEST 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	1,385,876	1,222,439	1,249,479	1,197,809	1,268,892	1,317,360
Contributions in relation to the contractually required contribution	\$ 1,385,876	1,222,439	1,249,479	1,197,809	1,268,892	1,317,360
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,964,805	7,761,517	7,933,200	7,605,137	8,056,457	8,364,190
Contributions as a percentage of covered payroll	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Required Supplementary Information**

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

**OPEB**

**Last 10 Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	\$ 0.18356693%	0.19014878%	0.19561864%
District's proportionate share of the net OPEB liability	1,557,641	1,470,896	1,534,841
District's covered-employee payroll	7,761,517	8,600,300	8,788,608 **
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	20.07%	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.

\*\* The amount used to calculate this figure was based on the Plan's covered payroll as of the measurement date.

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.



**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 56,381	62,435	65,433
Contributions in relation to the actuarially determined contribution	\$ 56,381	62,435	65,433
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	7,964,805	7,761,517	7,184,524
Contributions as a percentage of covered-employee payroll	0.71%	0.80%	0.91%

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).

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For 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.

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

2019:

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2020

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) (1) *Changes of assumptions*

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

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

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

(2) *Changes in benefit provisions*

WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For Year Ended June 30, 2020

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

**WEST 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
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	205MS326N1099	\$ 210,786
National school lunch program	10.555	205MS326N1099	603,183
Summer food service program for children	10.559	205MS326N1099	104,441
Total child nutrition cluster			918,410
Total passed-through Mississippi Department of Education			918,410
<b>Total U.S. Department of Agriculture</b>			<b>918,410</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	870
<b>Total Federal Communications Commission</b>			<b>870</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A190024	1,350,938
Career and technical education - basic grants to states	84.048	V048A170024	32,473
Supporting Effective Instruction State Grants	84.367	ES367A190023	143,178
COVID-19 - Education Stabilization Fund (ESSER)	84.425D	S425D200031	7,984
Title VI - State Assessment grants to local educational agencies	84.369	ES010A170024	142,552
Student support and academic enrichment	84.424	ES424A180025	122,108
Subtotal			1,799,233
Special education cluster:			
Special education - grants to states	84.027	H027A190108	366,161
Special education - preschool grants	84.173	H173A190113	17,370
Total special education cluster			383,531
Total passed-through Mississippi Department of Education			2,183,634
<b>Total U.S. Department of Education</b>			<b>2,183,634</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education			
Medical assistance program	93.778	1805MS5ADM	5,989
Total passed-through Mississippi Department of Education			5,989
<b>Total U.S. Department of Health and Human Services</b>			<b>5,989</b>
<b>Total for All Federal Awards</b>			<b>\$ 3,108,033</b>

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

WEST 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 West 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 West 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 West Bolivar Consolidated School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$72,471 are included in the National School Lunch Program.

**WEST BOLIVAR CONSOLIDATED SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2020**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 11,221,301	7,784,077	1,132,550	842,622	1,462,052
Other	3,684,543	1,148,545	231,261	6,122	2,298,615
Total	<u>\$ 14,905,844</u>	<u>8,932,622</u>	<u>1,363,811</u>	<u>848,744</u>	<u>3,760,667</u>
Total number of students *	<u>1,114</u>				
Cost per student	<u>\$ 13,380</u>	<u>8,019</u>	<u>1,224</u>	<u>761</u>	<u>3,376</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

**WEST 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*
<b>Revenues:</b>				
Local sources	\$ 4,017,063	\$ 3,916,964	\$ 3,823,197	\$ 3,727,668
State sources	6,793,565	6,576,824	6,189,315	6,341,223
Federal sources	6,859	13,151	20,408	13,916
Sixteenth section sources	1,079,367	1,030,370	861,025	1,015,431
Total Revenues	11,896,854	11,537,309	10,893,945	11,098,238
<b>Expenditures:</b>				
Instruction	5,857,899	5,477,169	5,956,031	5,946,539
Support services	4,786,980	4,810,084	4,941,674	4,918,895
Noninstructional services	25,601	71,196	29,828	43,946
Sixteenth section	102,260	110,560	86,009	93,720
Debt service:				
Principal		42,122	39,984	37,963
Interest		17,172	11,835	13,855
Total Expenditures	10,772,740	10,528,303	11,065,361	11,054,918
Excess (Deficiency) of Revenues over (under) Expenditures	1,124,114	1,009,006	(171,416)	43,320
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	642,333	42,603	1,095,760	500,000
Operating transfers in	22,623	24,897	18,313	16,751
Other financing sources		13	23,342	4,603
Operating transfers out	(23,302)	(19,264)	(155,135)	(96,626)
Total Other Financing Sources (Uses)	641,654	48,249	982,280	424,728
Extraordinary item	-	-	117,090	-
Net Change in Fund Balances	1,765,768	1,057,255	927,954	468,048
<b>Fund Balances:</b>				
Beginning of period, as previously reported	4,853,775	3,803,830	2,882,318	2,414,270
Prior period adjustments	(21,937)	(7,310)	(6,442)	-
Beginning of period, as restated	4,831,838	3,796,520	2,875,876	2,414,270
End of Period	\$ 6,597,606	\$ 4,853,775	\$ 3,803,830	\$ 2,882,318

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**WEST 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*
<b>Revenues:</b>				
Local sources	\$ 4,292,005	\$ 4,185,794	\$ 4,096,441	\$ 3,985,593
State sources	7,752,302	7,385,803	7,160,983	7,340,586
Federal sources	3,108,033	3,293,420	3,063,477	3,714,636
Sixteenth section sources	1,079,582	1,030,587	861,242	1,015,777
Total Revenues	16,231,922	15,895,604	15,182,143	16,056,592
<b>Expenditures:</b>				
Instruction	7,135,460	6,873,975	7,113,988	7,215,164
Support services	6,446,508	6,546,900	6,479,323	7,079,282
Noninstructional services	977,113	1,037,581	1,100,257	1,114,221
Sixteenth section sources	102,260	110,560	86,009	93,720
Debt service:				
Principal	214,353	209,122	749,984	460,963
Interest	30,150	52,332	65,008	79,680
Other	-	-	-	1,200
Total Expenditures	14,905,844	14,830,470	15,594,569	16,044,230
Excess (Deficiency) of Revenues over (under) Expenditures	1,326,078	1,065,134	(412,426)	12,362
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	642,333	42,603	1,095,760	500,000
Operating transfers in	161,170	40,475	311,182	299,631
Other financing sources	-	13	23,342	4,603
Operating transfers out	(161,170)	(40,475)	(311,182)	(299,631)
Other financing uses	-	-	(1,500)	-
Total Other Financing Sources (Uses)	642,333	42,616	1,117,602	504,603
Extraordinary item			117,090	
Net Change in Fund Balances	1,968,411	1,107,750	822,266	516,965
<b>Fund Balances:</b>				
Beginning of period, as previously reported	6,257,040	5,180,981	4,363,489	3,847,616
Prior period adjustments	(25,377)	(29,092)	(6,442)	(1,092)
Beginning of period, as restated	6,231,663	5,151,889	4,357,047	3,846,524
Increase (Decrease) in reserve for inventory	796	(2,599)	1,668	-
End of Period	\$ 8,200,870	\$ 6,257,040	\$ 5,180,981	\$ 4,363,489

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board  
West 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 West Bolivar Consolidated School District, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise West Bolivar Consolidated School District's basic financial statements, and have issued our report thereon dated March 1, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Bolivar Consolidated School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Bolivar Consolidated School District's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*JD CPA, PLLC*

Madison, Mississippi  
March 1, 2021

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

Superintendent and School Board  
West Bolivar Consolidated School District

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

We have audited West 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 West Bolivar Consolidated School District's major federal programs for the year ended June 30, 2020. West Bolivar Consolidated School District's major federal programs are identified in the summary of independent auditors' results section of the accompanying summary schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, West 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 its major federal programs for the year ended June 30, 2020.



## **Report on Internal Control Over Compliance**

Management of West 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 West 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 West 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*JD CPA, PLLC*

Madison, Mississippi  
March 1, 2021

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

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P.O. Box 41  
Madison, MS 39130  
p. 769-300-6299

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

Superintendent and School Board  
West 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 West Bolivar Consolidated School District as of and for the year ended June 30, 2020, which collectively comprise West Bolivar Consolidated School District's basic financial statements and have issued our report thereon dated March 1, 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 immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

## **Finding 1**

### Criteria:

Miss. Code Section 29-3-57, states, the superintendent of education should terminate lease agreements that are over 60 days in default.

### Condition:

During our test work we noted instances where leases were not terminated after being 60 days, or more, delinquent.

### Cause:

The school district failed to implement a system to ensure that leases will be terminated after 60 days of delinquency.

### Effect:

The district was not in compliance with the Section 29-3-57, Miss. Code Ann. (1972).

### Recommendation:

The District should terminate all leases after 60 days of delinquency.

### Response:

The district will implement proper controls to ensure leases are properly terminated that are over 60 days in default.

## **Finding 2**

### Criteria:

Under the re-employment provisions of Section 25-11-127, Miss. Code of 1972, as amended, PERS Form 4B must be filed in the PERS office within five (5) days from the date of reemployment.

### Condition:

During the testing of retired personnel, it was noted that some re-hired employees' forms were not filed with the PERS office within five (5) days of re-employment of a PERS service retiree.

### Cause:

The school district failed to implement a system to ensure the PERS Form 4B were filed in a timely manner.

### Effect:

The district was not in compliance with the Section 25-11-127, Miss. Code Ann. (1972).

### Recommendation:

PERS Form 4B must be properly completed and submitted to the PERS office within five (5) days from the date of re-employment and within (5) days from the termination of such reemployment and employees must not be paid in excess of the maximum amount allowed.

### Response:

The District will strengthen internal controls to ensure Form 4Bs are submitted within five (5) days.

### **Finding 3**

#### Criteria:

Section 25-4-25, Mississippi Code Annotated (1972), provides that "Each of the following individuals shall file a statement of economic interest with the commission in accordance with the provisions of this chapter: a) Persons elected by popular vote .... " Section 25-4-29, Mississippi Code Annotated (1972), provides that " 1.) Required statements hereunder shall be filed as follows: a.) Every incumbent public official required ... to file a statement of economic interest shall file such statement with the commission on or before May 1 of each year that such official hold office, regardless of duration ... 2.) Any person who fails to file a statement of economic interest within thirty (30) days of the date of the statement is due shall be deemed delinquent by the commission ... a fine of Fifty Dollars (\$50.00) per day, not to exceed a total fine of One Thousand Dollars (\$1,000) shall be assessed against the delinquent filer for each day thereafter in which the statement of economic interest is not properly filed. The commission shall enroll such assessment as a civil judgement with the circuit clerk in the delinquent filer's County of residence ... "

#### Condition:

During our testwork we noted instances where district board members were not in compliance with the required filing of their respective statement of economic interest forms.

#### Cause:

The school district failed to implement a system to ensure the Statement of Economic Interests were filed in a timely manner.

#### Effect:

The district was not in compliance with the Section 25-4-25, Miss. Code Ann. (1972).

#### Recommendation:

The School Board members should file the Statement of Economic Interest annually, no later than May 1st of each year that such official holds office, regardless of the duration.

#### Response:

The district will implement proper controls to ensure proper and timely completion of the statement of economic interest forms by its board members.

### **Finding 4**

#### Criteria:

Section 31-7-305, Miss. Code Ann. (1972), states: "payments should be delivered to the vendor no later than 45 days of receipt of an undisputed invoice and receipt, inspection and approval of the goods and services."

#### Condition:

Multiple instances of invoices examined were paid over 45 days after receipt.

#### Cause:

Procedures need to be implemented and followed to ensure compliance with State laws.

#### Effect:

The district was not in compliance with the Section 31-7-305, Miss. Code Ann. (1972).

#### Recommendation:

We recommend that the school district comply with Section 31-7-305, Miss. Code Ann. (1972), and ensure that payments are made timely.

#### Response:

The District will strengthen internal controls to ensure invoices are paid within 45 days after receipt.

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 West 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.

*JD CPA, PLLC*

Madison, Mississippi  
March 1, 2021



## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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West 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:                            | Unmodified    |
| 2. Internal control over financial reporting:                     |   |               |
| a.  | Material weakness(es) identified? (Yes/No)                  | No            |
| b.  | Significant deficiency(ies) identified? (Yes/None reported) | None reported |
| 3. Noncompliance material to financial statements noted? (Yes/No) |   |               |
|   |   | No            |

Federal Awards:

- |  |   |  |
|--|---|--|
| 4.   | Internal control over major programs:                       |  |
| a.   | Material weakness(es) identified? (Yes/No)                  | No   |
| b.   | Significant deficiency(ies) identified? (Yes/None reported) | None reported                                |
| 5. Type of auditor's report issued on compliance for major programs:   |   |  |
|  |   | Unmodified                                   |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? (Yes/No)   |   |  |
|  |   | 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 |
| 8. Dollar threshold used to distinguish between type A and type B programs:  |   |  |
|  |   | \$750,000                                    |
| 9. Auditee qualified as low-risk auditee? (Yes/No)   |   |  |
|  |   | No   |
| 10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). (Yes/No) |   |  |
|  |   | Yes  |

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

## SUMMARY OF PRIOR AUDIT FINDINGS

## PRIOR YEAR AUDIT FINDING FOLLOW-UP

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

Finding:

Status:

**2019-001**

**Resolved**

**2019-002**

**Resolved**

**2019-003**

**Resolved**