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WEST POINT CONSOLIDATED SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2020

Charles L. Shivers, CPA, LLC
Ridgeland, MS

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Point Consolidated School District

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point 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 Point 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Point 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, 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) 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Point 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 my 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 12, 2021, on my consideration of the West Point Consolidated School District's internal control over financial reporting and on my 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 my 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 Point 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 Point Consolidated School District's internal control over financial reporting and compliance.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
March 12, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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WEST POINT CONSOLIDATED SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

The following discussion and analysis of West Point 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 \$1,067,179, including a fund reclassification for GASB 84 in the amount of \$140,469, which represents a 5% increase from fiscal year 2019. Total net position for 2019 decreased \$1,385,775, including a prior period adjustment of \$172, which represents a 6% decrease from fiscal year 2018.
- General revenues amounted to \$23,784,380 and \$23,024,248, or 79% and 77% 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 \$6,178,468, or 21% of total revenues for 2020, and \$6,929,520, or 23% of total revenues for 2019.
- The District had \$29,036,138 and \$31,339,715 in expenses for fiscal years 2020 and 2019; only \$6,178,468 for 2020 and \$6,929,520 for 2019 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$23,784,380 for 2020 were adequate to provide for these programs. General revenues of \$23,024,248 for 2019 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$23,620,655 in revenues and \$22,587,834 in expenditures for 2020, and \$23,002,104 in revenues and \$22,654,650 in expenditures in 2019. The General Fund's fund balance increased by \$844,152, which included a fund reclassification for GASB 84 in the amount of \$140,469 from 2019 to 2020, and increased by \$98,522 from 2018 to 2019.
- Capital assets, net of accumulated depreciation, decreased by \$675,151 for 2020 and decreased by \$718,369 for 2019. The decrease for 2020 was due primarily to the disposal of capital assets coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$13,032 for 2020 and decreased by \$5,849 for 2019. This increase for 2020 was due to the increase in liability for compensated absences in the amount of \$13,032. The liability for compensated absences increased by \$104,151 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.

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 classified as governmental funds.

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

A net pension liability and net OPEB liability result in liabilities on the government-wide financial 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 \$22,120,516 as of June 30, 2020.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2020	June 30, 2019	Percentage Change
Current assets	\$ 4,427,316	\$ 3,585,892	23.46 %
Restricted assets	2,411,721	2,113,525	14.11 %
Capital assets, net	18,655,453	19,330,604	(3.49) %
Total assets	25,494,490	25,030,021	1.86 %
Deferred outflows of resources	3,402,975	2,591,912	31.29 %
Current liabilities	1,434,328	1,520,704	(5.68) %
Long-term debt outstanding	2,308,217	2,295,185	0.57 %
Net OPEB liability	2,945,612	2,780,288	5.95 %
Net pension liability	39,607,624	42,144,289	(6.02) %
Total liabilities	46,295,781	48,740,466	(5.02) %
Deferred inflows of resources	4,722,200	2,069,162	128.22 %
Net position:			
Net investment in capital assets	16,655,453	17,330,604	(3.90) %
Restricted	2,400,983	2,019,139	18.91 %
Unrestricted	(41,176,952)	(42,537,438)	3.20 %
Total net position	\$ (22,120,516)	\$ (23,187,695)	4.60 %

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)	\$ (41,176,952)
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	43,872,461
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 2,695,509</u>

The following current year transaction had an impact on the Statement of Net Position.

- Decrease in net capital assets in the amount of \$675,151.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2020 and June 30, 2019 were \$29,962,848 and \$29,953,768, respectively. The total cost of all programs and services was \$29,036,138 for 2020 and \$31,339,715 for 2019.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2020	Year Ended June 30, 2019	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 597,937	\$ 661,765	(9.65) %
Operating grants and contributions	5,580,531	6,267,755	(10.96) %
General revenues:			
Property taxes	8,377,592	8,294,103	1.01 %
Grants and contributions not restricted	15,270,093	14,513,912	5.21 %
Investment earnings	99,960	137,433	(27.27) %
Sixteenth section sources	36,735	53,621	(31.49) %
Other	0	25,179	(100.00) %
Total revenues	29,962,848	29,953,768	0.03 %
Expenses:			
Instruction	15,032,472	14,889,446	0.96 %
Support services	9,916,013	10,823,491	(8.38) %
Non-instructional	1,620,392	1,952,713	(17.02) %
Sixteenth section	0	3,616	(100.00) %
Pension expense	2,197,060	3,413,245	(35.63) %
OPEB expense	147,947	129,844	13.94 %
Interest on long-term liabilities	122,254	127,360	(4.01) %
Total expenses	29,036,138	31,339,715	(7.35) %
Increase (Decrease) in net position	926,710	(1,385,947)	166.86 %
Net Position, July 1, as previously reported	(23,187,695)	(21,801,920)	(6.36) %
Prior Period Adjustment	0	172	(100.00) %
Fund Reclassification GASB 84	140,469	0	N/A
Net Position, July 1, as restated	(23,047,226)	(21,801,748)	(5.71) %
Net Position, June 30	\$ (22,120,516)	\$ (23,187,695)	4.60 %

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2020	2019	Change
Instruction	\$ 15,032,472	\$ 14,889,446	0.96 %
Support services	9,916,013	10,823,491	(8.38) %
Non-instructional	1,620,392	1,952,713	(17.02) %
Sixteenth section	0	3,616	(100.00) %
Pension Expense	2,197,060	3,413,245	(35.63) %
OPEB Expense	147,947	129,844	13.94 %
Interest on long-term liabilities	122,254	127,360	(4.01) %
Total expenses	\$ 29,036,138	\$ 31,339,715	(7.35) %

	Net (Expense) Revenue		Percentage
	2020	2019	Change
Instruction	\$ (12,234,669)	\$ (11,799,409)	(3.69) %
Support services	(8,382,190)	(9,485,647)	11.63 %
Non-instructional	226,450	548,926	(58.75) %
Sixteenth section	0	(3,616)	100.00 %
Pension Expense	(2,197,060)	(3,413,245)	35.63 %
OPEB Expense	(147,947)	(129,844)	(13.94) %
Interest on long-term liabilities	(122,254)	(127,360)	4.01 %
Total net (expense) revenue	\$ (22,857,670)	\$ (24,410,195)	6.36 %

- Net cost of governmental activities (\$22,857,670 for 2020 and \$24,410,195 for 2019) was financed by general revenue, which is primarily made up of property taxes (\$8,377,592 for 2020 and \$8,294,103 for 2019) and state and federal revenues (\$15,270,093 for 2020 and \$14,513,912 for 2019). In addition, there was \$36,735 and \$53,621 in Sixteenth Section sources for 2020 and 2019, respectively.
- Investment earnings amounted to \$99,960 for 2020 and \$137,433 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 \$5,469,400, an increase of \$1,226,150, which includes a fund reclassification for GASB 84 in the amount of \$140,469 and an increase in inventory of \$88,306. \$2,728,394 or 49.9% 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 \$2,741,006 or 50.1% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$844,152, which included a fund reclassification for GASB 84 in the amount of \$140,469. The fund balance of Other Governmental Funds showed a decrease in the amount of \$245,336, which included an increase in reserve for inventory of \$88,306.

The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I-A Fund	no increase or decrease
QSCB Fund	\$ 627,334

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 the 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 \$35,670,088, including land, school buildings, building improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$18,560 from 2019. Total accumulated depreciation as of June 30, 2020, was \$17,014,635, and total depreciation expense for the year was \$780,942, resulting in total net capital assets of \$18,655,453.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2020	June 30, 2019	Percentage Change
Land	\$ 615,960	\$ 615,960	0.00 %
Buildings	16,668,975	17,203,874	(3.11) %
Building improvements	682,152	729,091	(6.44) %
Mobile equipment	302,303	317,421	(4.76) %
Furniture and equipment	386,063	464,258	(16.84) %
Total	\$ 18,655,453	\$ 19,330,604	(3.49) %

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 \$2,308,217 in outstanding long-term debt, of which \$24,657 is due within one year. The liability for compensated absences increased \$13,032 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2020	June 30, 2019	Percentage Change
Qualified school construction bonds payable	2,000,000	2,000,000	0.00 %
Compensated absences payable	308,217	295,185	4.41 %
Total	\$ 2,308,217	\$ 2,295,185	0.57 %

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

CURRENT ISSUES

The West Point 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.

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 Point Consolidated School District, P.O. Box 656, West Point, Mississippi 39773.

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BASIC FINANCIAL STATEMENTS

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WEST POINT CONSOLIDATED SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,626,382
Due from other governments	646,915
Inventories	154,019
Restricted assets (Note 4)	2,411,721
Non-depreciable capital assets (Note 5)	615,960
Depreciable capital assets, net (Note 5)	18,039,493
Total Assets	<u>25,494,490</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note 7)	3,069,626
Deferred outflow - OPEB (Note 8)	333,349
Total Deferred Outflows of Resources	<u>3,402,975</u>
Liabilities	
Accounts payable and accrued liabilities	1,369,637
Interest payable on long-term liabilities	64,691
Long-term liabilities (Due within one year) (Note 6)	
Non-capital related liabilities	24,657
Net OPEB liability (Note 8)	106,987
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	2,000,000
Non-capital related liabilities	283,560
Net OPEB liability (Note 8)	2,838,625
Net pension liability (Note 7)	39,607,624
Total Liabilities	<u>46,295,781</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 7)	4,441,102
Deferred inflows - OPEB (Note 8)	281,098
Total Deferred Inflows of Resources	<u>4,722,200</u>
Net Position	
Net investment in capital assets	16,655,453
Restricted net position	
Expendable	
School-based activities	569,815
Debt service	1,656,594
Forestry improvements	29,837
Unemployment benefits	85,398
Non-expendable	
Sixteenth section	59,339
Unrestricted	<u>(41,176,952)</u>
Total Net Position	<u>\$ (22,120,516)</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 15,032,472	498,545	2,299,258	(12,234,669)
Support services	9,916,013		1,533,823	(8,382,190)
Non-instructional	1,620,392	99,392	1,747,450	226,450
Pension expense	2,197,060			(2,197,060)
OPEB expense	147,947			(147,947)
Interest on long-term liabilities	122,254			(122,254)
Total Governmental Activities	<u>29,036,138</u>	<u>597,937</u>	<u>5,580,531</u>	<u>(22,857,670)</u>
General Revenues				
Taxes				
General purpose levies				8,044,819
Debt purpose levies				332,773
Unrestricted grants and contributions				
State				15,100,220
Federal				169,873
Unrestricted investment earnings				99,960
Sixteenth section sources				<u>36,735</u>
Total General Revenues				<u>23,784,380</u>
Changes in Net Position				<u>926,710</u>
Net Position - Beginning, as previously reported				(23,187,695)
Fund Reclassification - GASB 84 (Note 14)				140,469
Net Position - Beginning - as restated				<u>(23,047,226)</u>
Net Position - Ending				<u>\$ (22,120,516)</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

Exhibit C

	<u>Major Funds</u>			Other	Total
	General	Title I-A	QSCB	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Assets					
Cash and cash equivalents (Note 2)	\$ 3,626,382		389,998	988,355	5,004,735
Cash with fiscal agent (Note 2)			253		253
Investments (Note 2)			1,033,115		1,033,115
Due from other governments	253,791	271,232		121,892	646,915
Due from other funds (Note 3)	250,976	25		430	251,431
Inventories				154,019	154,019
Total Assets	<u>4,131,149</u>	<u>271,257</u>	<u>1,423,366</u>	<u>1,264,696</u>	<u>7,090,468</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable & accrued liabilities	1,126,968	104,729		137,940	1,369,637
Due to other funds (Note 3)	455	166,528		84,448	251,431
Total Liabilities	<u>1,127,423</u>	<u>271,257</u>	<u>0</u>	<u>222,388</u>	<u>1,621,068</u>
Fund Balances					
Nonspendable					
Inventory				154,019	154,019
Permanent fund principal				59,339	59,339
Restricted					
Debt service				297,919	297,919
Capital projects			1,423,366		1,423,366
Forestry improvements				29,837	29,837
Unemployment benefits				85,398	85,398
Grant activities				415,796	415,796
Assigned					
School activities	275,332				275,332
Unassigned	2,728,394				2,728,394
Total Fund Balances	<u>3,003,726</u>	<u>0</u>	<u>1,423,366</u>	<u>1,042,308</u>	<u>5,469,400</u>
Total Liabilities and Fund Balances	<u>\$ 4,131,149</u>	<u>271,257</u>	<u>1,423,366</u>	<u>1,264,696</u>	<u>7,090,468</u>

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 5,469,400
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	615,960	
Buildings	29,862,442	
Building improvements	1,173,486	
Mobile equipment	1,667,275	
Furniture and equipment	2,350,925	
Accumulated depreciation	<u>(17,014,635)</u>	18,655,453
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		(39,607,624)
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	3,069,626	
Deferred inflows of resources related to pensions	<u>(4,441,102)</u>	(1,371,476)
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		(2,945,612)
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	333,349	
Deferred inflows of resources related to OPEB	<u>(281,098)</u>	52,251
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Qualified school construction bonds payable	(2,000,000)	
Compensated absences	(308,217)	
Accrued interest payable	<u>(64,691)</u>	<u>(2,372,908)</u>
Total Net Position - Governmental Activities		<u><u>\$(22,120,516)</u></u>

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

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

Exhibit D

	Major Funds			Other	Total
	General	Title I-A	QSCB	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
Revenues					
Local sources	\$ 8,643,324		24,728	488,404	9,156,456
State sources	14,786,006			1,001,875	15,787,881
Federal sources	169,873	1,701,992	101,063	3,022,123	4,995,051
Sixteenth section sources	21,452			2,008	23,460
Total Revenues	23,620,655	1,701,992	125,791	4,514,410	29,962,848
Expenditures					
Instruction	13,019,429	1,591,754		1,579,182	16,190,365
Support services	9,568,405	98,038		1,065,064	10,731,507
Noninstructional services		52,657		1,868,844	1,921,501
Debt service					
Interest				120,800	120,800
Other			1,300		1,300
Total Expenditures	22,587,834	1,742,449	1,300	4,633,890	28,965,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,032,821	(40,457)	124,491	(119,480)	997,375
Other Financing Sources (Uses)					
Operating transfers in (Note 3)	65,464	254,197	502,843	579,560	1,402,064
Operating transfers out (Note 3)	(394,602)	(213,740)		(793,722)	(1,402,064)
Total Other Financing Sources (Uses)	(329,138)	40,457	502,843	(214,162)	0
Net Change in Fund Balances	703,683	0	627,334	(333,642)	997,375
Fund Balances					
July 1, 2019, as previously reported	2,159,574	0	796,032	1,287,644	4,243,250
Fund Reclassification - GASB 84 (Note 14)	140,469				140,469
July 1, 2019, as restated	2,300,043	0	796,032	1,287,644	4,383,719
Increase in reserve for inventory				88,306	88,306
June 30, 2020	\$ 3,003,726	0	1,423,366	1,042,308	5,469,400

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

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

Exhibit D-1

	<u>Amount</u>	
Net Change in Fund Balance - Governmental Funds	\$	997,375
Amounts reported for governmental activities in the Statement of Activities are different because:		
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, those amounts are:		
Capital outlay	111,722	
Depreciation expense	<u>(780,942)</u>	(669,220)
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 asset sold.		
		(5,931)
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:		
Accrued interest payable		(154)
Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
Pension expense	(2,197,060)	
Contributions made subsequent to the measurement date	<u>2,767,386</u>	570,326
Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:		
OPEB expense	(147,947)	
Contributions made subsequent to the measurement date	<u>106,987</u>	(40,960)
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 the governmental funds. These activities include:		
Change in compensated absences	(13,032)	
Change in inventory reserve	<u>88,306</u>	75,274
Changes in Net Position of Governmental Activities	\$	<u>926,710</u>

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

WEST POINT 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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of West Point since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, the 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. 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:

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

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

Title I-A Basic Fund - This Special Revenue Fund is used to account for the Federal funds whose use is restricted for services associated with providing supplemental educational service to students.

QSCB Debt Service Fund - This Debt Service Fund is used to account for the resources that will be used to retire the QSCB debt at such time the balloon debt payment becomes due and payable.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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.

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are

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

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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 is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

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

(expense/expenditure) until then. The deferred outflows are directly related to pension reporting and OPEB reporting.

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 deferred inflows are directly related to pension reporting and OPEB reporting.

8. Compensated Absences

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

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

9. Long-term Liabilities

In the government-wide financial statements, outstanding debt is reported as liabilities. 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

WEST POINT CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2020

external party or imposed by law through a constitutional provision or enabling legislation.

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

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

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 policy of the West Point Consolidated School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the revenues of the District Maintenance Fund.

13. Accounting Standards Update

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

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities

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

of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$5,004,735.

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.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$253.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common Trust Fund	Not Rated	Less than One	\$ 1,033,115

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

The district has the following recurring fair value measurements as of June 30, 2020:

- The investments are valued using quoted market prices (Level 1 inputs)

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
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A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Major fund - Title I-A Fund	\$ 166,528
	Other governmental funds	84,448
Major fund - Title I-A Fund	General Fund	25
Other governmental funds	General Fund	430
Total		<u>\$ 251,431</u>

The purpose of the inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 394,602
Major fund - Title I-A Fund	General Fund	41,696
	Other governmental funds	172,044
Other governmental funds	General Fund	23,768
	Major fund - Title I-A Fund	254,197
	Major fund - QSCB Fund	502,843
	Other governmental funds	12,914
Total		<u>\$ 1,402,064</u>

The transfer out of the General Fund was for the purpose of funding the vocational program in the Other Governmental Funds. The transfer from the Title I Fund was to the consolidated administrative cost fund in the Other Governmental Funds and indirect cost in the General Fund. The transfer out of the Other Governmental Funds was for indirect cost to the General Fund, to finance debt in the QSCB Fund and for transferability cost in the Title I Fund.

Note 4 – Restricted Assets

The restricted assets of \$2,411,721 represent the cash balance, cash with fiscal agent, and investment balance, totaling \$1,378,353, \$253 and \$1,033,115, respectively, of the Sixteenth Section Principal Fund (Permanent Fund), Debt Service Funds and certain restricted federal programs which are legally restricted and may not be used for purposes that support the district's programs.

Note 5 – Capital Assets

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

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	Balance 7/1/2019	Increases	Decreases	Balance 6/30/2020
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 615,960			615,960
Total non-depreciable capital assets	615,960	0	0	615,960
<u>Depreciable capital assets:</u>				
Buildings	29,862,442			29,862,442
Building improvements	1,173,486			1,173,486
Mobile equipment	1,619,185	57,348	(9,258)	1,667,275
Furniture and equipment	2,380,455	54,374	(83,904)	2,350,925
Total depreciable capital assets	35,035,568	111,722	(93,162)	35,054,128
<u>Less accumulated depreciation for:</u>				
Buildings	12,658,568	534,899		13,193,467
Building improvements	444,395	46,939		491,334
Mobile equipment	1,301,764	67,374	(4,166)	1,364,972
Furniture and equipment	1,916,197	131,730	(83,065)	1,964,862
Total accumulated depreciation	16,320,924	780,942	(87,231)	17,014,635
Total depreciable capital assets, net	18,714,644	(669,220)	(5,931)	18,039,493
Governmental activities capital assets, net	\$ 19,330,604	(669,220)	(5,931)	18,655,453

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 588,658
Support services	103,166
Non-instructional	89,118
Total depreciation expense - Governmental activities	\$ 780,942

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. Qualified school construction bonds payable	2,000,000			2,000,000	0
B. Compensated absences payable	295,185	13,032		308,217	24,657
Total	\$ 2,295,185	13,032	\$ 0	2,308,217	24,657

A. Qualified school construction bonds payable

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

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Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Constructions Bonds, 2010	6.04	12/17/2010	12/17/2022	\$ 2,000,000	2,000,000

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

Year Ending June 30	Principal	Interest	Total
2021	\$	120,800	120,800
2022		120,800	120,800
2023	2,000,000	120,800	2,120,800
Total	\$ 2,000,000	362,400	2,362,400

This debt is partially secured by an irrevocable pledge of building and bus fund revenues (\$131,843) the district receives from the State of Mississippi pursuant to the Education Enhancement Funds authorization, Section 37-61-33, Miss. Code Ann. (1972). This debt will be retired from the QSCB Debt Retirement Fund (Debt Service Fund).

B. 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.

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
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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 \$2,767,386, \$2,309,447 and \$2,548,442, respectively, which equaled the required contributions for each year.

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

At June 30, 2020, the school district reported a liability of \$39,607,624 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 .225146 percent, which was based on a measurement date of June 30, 2019. This was a decrease of .028232 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 \$2,197,060. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,199	\$ 31,295
Net difference between projected and actual earnings on pension plan investments	0	346,662
Changes of assumptions	285,041	0
Changes in proportion and differences between District contributions and proportionate share of contributions	0	4,063,145
District contributions subsequent to the measurement date	2,767,386	0
Total	\$ <u>3,069,626</u>	\$ <u>4,441,102</u>

\$2,767,386 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ (1,626,862)
2022	(1,626,862)
2023	(798,472)
2024	(86,666)

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
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WEST POINT CONSOLIDATED SCHOOL DISTRICT

Notes to the Financial Statements

For Year Ended June 30, 2020

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	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	\$ 52,065,593	\$ 39,607,624	\$ 29,324,688

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

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

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.
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 \$106,987 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 \$2,945,612 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 .34713844 percent. This was a decrease of .01228092 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 \$147,947. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,454	\$ 42,163
Changes of assumptions	219,603	152,744
Net difference between projected and actual earnings on OPEB plan investments	56	0
Changes in proportion and differences between District contributions and proportionate share of contributions	2,249	86,191

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	106,987	0
Total	\$ <u>333,349</u>	\$ <u>281,098</u>

\$106,987 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	\$ (20,074)
2022	(20,074)
2023	(20,074)
2024	(12,957)
2025	11,648
Thereafter	6,795

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

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

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Notes to the Financial Statements
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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	\$ 3,272,061	\$ 2,945,612	\$ 2,666,304

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	\$ 2,729,563	\$ 2,945,612	\$ 3,190,358

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 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.

WEST POINT CONSOLIDATED SCHOOL DISTRICT
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For Year Ended June 30, 2020

Year Ending June 30	Amount
2021	\$ 21,419
2022	21,419
2023	5,769
2024	5,769
2025	5,769
2026 – 2030	1,000
2031 – 2035	1,000
2036 – 2040	800
Total	<u>\$ 62,945</u>

Note 10 – Contingencies

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

Note 11 – Risk Management

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

Note 12 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2020, the subsidy payments amounted to \$101,063.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2020 was \$1,033,368. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2021	\$ 406,000
2022	406,000
2023	217,000
Total	<u>\$ 1,029,000</u>

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

Note 13 – In Lieu Tax Agreement

On or about June 27, 2013, the Clay County Board of Supervisors and the Yokohama Tire Manufacturer entered into an agreement for in lieu payments of ad valorem taxes. The agreement provides for annual payments of the greater of one third of the taxes otherwise payable for the company property or the floor amount of \$1,700,000. The payment period will not exceed ten years pursuant to applicable state laws. The amount received by the school district has ranged from approximately \$616,000 to \$734,000 and is anticipated to remain within that range through the payment period. The payment period is expected to terminate on or about the year 2026. The Clay County Tax Assessor/Collector is responsible for making the annual in lieu of ad valorem tax payment to the West Point Consolidated School District.

Note 14 – Fund Reclassification GASB 84

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

Exhibit B - Statement of Activities

Explanation	Amount
To record beginning balances in club funds previously reported as agency funds	\$ 140,469

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

Fund	Explanation	Amount
General Fund	To record beginning balances in club funds previously reported as agency funds	\$ 140,469

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$41,176,952) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$2,767,386 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The \$302,240 balance of deferred outflow of resources related to pensions, at June 30, 2020 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$41,176,952) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,441,102 balance of deferred inflow of resources related to pensions, at June 30, 2020 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$41,176,952) 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 \$106,987 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. The \$226,362 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 (\$41,176,952) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$281,098 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 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through March 12, 2021, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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WEST POINT CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 9,101,466	8,643,324	8,643,324	(458,142)	0
State sources	14,715,168	14,786,006	14,786,006	70,838	0
Federal sources	188,700	169,873	169,873	(18,827)	0
Sixteenth section sources	22,850	21,452	21,452	(1,398)	0
Total Revenues	<u>24,028,184</u>	<u>23,620,655</u>	<u>23,620,655</u>	<u>(407,529)</u>	<u>0</u>
Expenditures					
Instruction	13,005,586	13,057,429	13,019,429	(51,843)	38,000
Support services	10,763,954	9,630,405	9,568,405	1,133,549	62,000
Total Expenditures	<u>23,769,540</u>	<u>22,687,834</u>	<u>22,587,834</u>	<u>1,081,706</u>	<u>100,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>258,644</u>	<u>932,821</u>	<u>1,032,821</u>	<u>674,177</u>	<u>100,000</u>
Other Financing Sources (Uses)					
Sale of transportation equipment	2,000	0	0	(2,000)	0
Sale of other property	500	0	0	(500)	0
Operating transfers in	4,019,792	4,185,417	65,464	165,625	(4,119,953)
Operating transfers out	(4,382,350)	(4,514,555)	(394,602)	(132,205)	4,119,953
Total Other Financing Sources (Uses)	<u>(360,058)</u>	<u>(329,138)</u>	<u>(329,138)</u>	<u>30,920</u>	<u>0</u>
Net Change in Fund Balances			<u>703,683</u>		
Fund Balances					
July 1, 2019, as previously reported			2,159,574		
Fund Reclassification - GASB 84			140,469		
July 1, 2019, as restated			<u>2,300,043</u>		
June 30, 2020			<u>\$ 3,003,726</u>		

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I-A Fund
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 2,550,947	2,455,744	1,701,992	(95,203)	(753,752)
Total Revenues	<u>2,550,947</u>	<u>2,455,744</u>	<u>1,701,992</u>	<u>(95,203)</u>	<u>(753,752)</u>
Expenditures					
Instruction	2,182,419	2,175,112	1,591,754	7,307	583,358
Support services	225,254	202,655	98,038	22,599	104,617
Noninstructional services	84,823	83,254	52,657	1,569	30,597
Total Expenditures	<u>2,492,496</u>	<u>2,461,021</u>	<u>1,742,449</u>	<u>31,475</u>	<u>718,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>58,451</u>	<u>(5,277)</u>	<u>(40,457)</u>	<u>(63,728)</u>	<u>(35,180)</u>
Other Financing Sources (Uses)					
Operating transfers in	0	254,197	254,197	254,197	0
Operating transfers out	(58,450)	(267,798)	(213,740)	(209,348)	54,058
Total Other Financing Sources (Uses)	<u>(58,450)</u>	<u>(13,601)</u>	<u>40,457</u>	<u>44,849</u>	<u>54,058</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2019			<u>0</u>		
June 30, 2020			<u>\$ 0</u>		

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years *

	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.225146%	0.253378%	0.252389%	0.250991%	0.264782%
District's proportionate share of the net pension liability	\$ 39,607,624	42,144,289	41,955,618	44,833,260	40,930,076
District's covered payroll	\$ 14,663,156	16,180,584	16,190,832	16,056,521	16,542,089
District's proportionate share of the net pension liability as a percentage of its covered payroll	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the 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 POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of District Contributions
PERS
Last 10 Fiscal Years

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,767,386	2,309,447	2,548,442	2,550,056	2,528,902
Contributions in relation to the contractually required contribution	2,767,386	2,309,447	2,548,442	2,550,056	2,528,902
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	\$ 15,904,517	14,663,156	16,180,584	16,190,832	16,056,521
Contributions as a percentage of covered payroll	17.40%	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 68 was implemented in the 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 POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability
OPEB
Last 10 Fiscal Years *

	2020	2019	2018
District's proportion of the net OPEB liability	0.34713844%	0.35941936%	0.35950539%
District's proportionate share of the net OPEB liability	\$ 2,945,612	2,780,288	2,820,712
Covered employee payroll	\$ 14,663,156	16,180,584	16,190,832
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	20.09%	17.18%	17.42%
Plan fiduciary net position as a percentage of the total OPEB liability	0.12%	0.13%	0.00%

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

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

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

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of District Contributions
OPEB
Last 10 Fiscal Years

	2020	2019	2018
Actuarially determined contribution	\$ 106,987	118,069	120,251
Contributions in relation to the actuarially determined contribution	106,987	118,069	120,251
Contribution deficiency (excess)	0	0	0
Covered employee payroll	\$ 15,904,517	14,663,156	16,180,584
Contributions as a percentage of covered employee payroll	0.67%	0.81%	0.74%

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 75 was implemented in the FYE 6-30-18, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

2019:

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments: for males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119; for females, 85%

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

of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119; and projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

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

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

OPEB Schedules

(1) *Changes of assumptions*

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

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

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

(2) *Changes in benefit provisions*

2017: None

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

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%

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SUPPLEMENTARY INFORMATION

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WEST POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	205MS326N1099	\$ 566,224
National school lunch program	10.555	205MS326N1099	1,514,259
Summer food service program for children	10.559	205MS326N1099	21,365
COVID-19 - summer food service program for children	10.559	205MS326N1099	1,184
Total child nutrition cluster			2,103,032
Total passed-through Mississippi Department of Education			2,103,032
Total U.S. Department of Agriculture			2,103,032
<u>U.S. Department of Defense</u>			
Direct program:			
Reserve officers' training corps	12.xxx	N/A	45,493
Total U.S. Department of Defense			45,493
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I - grants to local educational agencies	84.010	S010A190024	1,983,322
Career and technical education - basic grants to states	84.048	V048A190024	64,608
Rural education	84.358	S358B180024	31,639
Supporting effective instruction - state grants	84.367	S367A190023	22,349
Student support and academic enrichment program	84.424	S424A190025	62,313
Total			2,164,231
Special education cluster:			
Special education - grants to states	84.027	H027A190108	728,074
Special education - preschool grants	84.173	H173A190113	56,971
Total special education cluster			785,045
Total passed-through Mississippi Department of Education			2,949,276
Total U.S. Department of Education			2,949,276
<u>U.S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	2005MS5ADM	16,802
Total passed-through Mississippi Department of Education			16,802
Total U.S. Department of Health and Human Services			16,802
Total for All Federal Awards			\$ 5,114,603

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

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

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the 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 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 \$155,773 are included in the National School Lunch Program.

(5) Other Items

As allowed by federal regulations, the school district elected to transfer program funds. The district expended \$179,901 from its Supporting Effective Instruction - State Grants CFDA # 84.367 and \$75,037 from Student Support and Academic Enrichment Program CFDA # 84.424 on allowable activities of the Title I - Grants to Local Educational Agencies CFDA # 84.010. These amounts are reflected in the expenditures of Title I - Grants to Local Educational Agencies.

For each federal grant passed through the Mississippi Department of Education, the school district has elected to use the pass-through entity identifying number as provided by the Mississippi Department of Education for the most recent and significant grant year.

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2020

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 21,883,434	16,502,789	1,174,488	1,703,759	2,502,398
Other	7,082,039	2,118,677	135,365	23,691	4,804,306
Total	<u>28,965,473</u>	<u>18,621,466</u>	<u>1,309,853</u>	<u>1,727,450</u>	<u>7,306,704</u>
Total number of students	<u>2,821</u>				
Cost per student	<u>\$ 10,268</u>	<u>6,601</u>	<u>464</u>	<u>613</u>	<u>2,590</u>

Notes to the schedule.

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.

Total number of students - the ADA report submission for month 9, which is the final submission for the fiscal year.

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OTHER INFORMATION

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WEST POINT CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

	UNAUDITED			
	2020	2019*	2018*	2017*
Revenues				
Local sources	\$ 8,643,324	8,542,490	8,074,333	7,729,802
State sources	14,786,006	14,222,929	14,396,143	15,150,467
Federal sources	169,873	190,242	205,298	575,752
Sixteenth section sources	21,452	46,443	23,019	33,486
Total Revenues	<u>23,620,655</u>	<u>23,002,104</u>	<u>22,698,793</u>	<u>23,489,507</u>
Expenditures				
Instruction	13,019,429	12,711,126	13,181,507	13,452,625
Support services	9,568,405	9,943,524	10,546,495	10,474,253
Sixteenth section	0	0	0	1,379,018
Total Expenditures	<u>22,587,834</u>	<u>22,654,650</u>	<u>23,728,002</u>	<u>25,305,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,032,821</u>	<u>347,454</u>	<u>(1,029,209)</u>	<u>(1,816,389)</u>
Other Financing Sources (Uses)				
Sale of transportation equipment	0	0	2,800	0
Sale of other property	0	24,579	0	0
Operating transfers in	65,464	178,417	595,042	261,140
Operating transfers out	(394,602)	(451,928)	(289,922)	(246,849)
Total Other Financing Sources (Uses)	<u>(329,138)</u>	<u>(248,932)</u>	<u>307,920</u>	<u>14,291</u>
Net Change in Fund Balances	<u>703,683</u>	<u>98,522</u>	<u>(721,289)</u>	<u>(1,802,098)</u>
Fund Balances:				
Beginning of period, as previously reported	2,159,574	2,061,052	2,782,341	4,590,689
Prior period adjustments	0	0	0	(6,250)
Fund reclassification GASB 84	140,469	0	0	0
Beginning of period, as restated	<u>2,300,043</u>	<u>2,061,052</u>	<u>2,782,341</u>	<u>4,584,439</u>
End of period	<u>\$ 3,003,726</u>	<u>2,159,574</u>	<u>2,061,052</u>	<u>2,782,341</u>

* Source - Prior year audit reports.

WEST POINT CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

	UNAUDITED			
	2020	2019*	2018*	2017*
Revenues				
Local sources	\$ 9,156,456	9,093,301	8,588,198	8,244,801
State sources	15,787,881	15,094,058	15,942,620	16,562,722
Federal sources	4,995,051	5,687,609	6,045,384	6,688,703
Sixteenth section sources	23,460	53,621	28,769	40,486
Total Revenues	<u>29,962,848</u>	<u>29,928,589</u>	<u>30,604,971</u>	<u>31,536,712</u>
Expenditures				
Instruction	16,190,365	15,692,349	16,273,224	16,683,128
Support services	10,731,507	11,406,071	12,239,179	11,941,312
Noninstructional services	1,921,501	2,162,940	2,174,755	2,212,931
Sixteenth section		3,616	7,250	18,271
Facilities acquisition and construction	0	0	0	1,379,018
Debt service				
Principal	0	110,000	585,000	565,000
Interest	120,800	125,888	142,744	158,992
Other	1,300	3,820	5,320	5,020
Total Expenditures	<u>28,965,473</u>	<u>29,504,684</u>	<u>31,427,472</u>	<u>32,963,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>997,375</u>	<u>423,905</u>	<u>(822,501)</u>	<u>(1,426,960)</u>
Other Financing Sources (Uses)				
Sale of transportation equipment	0	0	2,800	0
Sale of other property	0	25,179	0	100
Operating transfers in	1,402,064	1,152,640	899,955	507,989
Operating transfers out	(1,402,064)	(1,152,640)	(899,955)	(507,989)
Total Other Financing Sources (Uses)	<u>0</u>	<u>25,179</u>	<u>2,800</u>	<u>100</u>
Net Change in Fund Balances	<u>997,375</u>	<u>449,084</u>	<u>(819,701)</u>	<u>(1,426,860)</u>
Fund Balances:				
Beginning of period, as previously reported	4,243,250	3,803,280	4,621,725	6,023,233
Prior period adjustments	0	172	0	(6,250)
Fund reclassification GASB 84	140,469	0	0	0
Beginning of period, as restated	<u>4,383,719</u>	<u>3,803,452</u>	<u>4,621,725</u>	<u>6,016,983</u>
Increase (Decrease) in reserve for inventory	<u>88,306</u>	<u>(9,286)</u>	<u>1,256</u>	<u>31,602</u>
End of period	<u>\$ 5,469,400</u>	<u>4,243,250</u>	<u>3,803,280</u>	<u>4,621,725</u>

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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CHARLES L. SHIVERS, CPA, LLC

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

Independent Auditor's Report

Superintendent and School Board
West Point Consolidated School District

I 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 Point Consolidated School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise West Point Consolidated School District's basic financial statements, and have issued my report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Point Consolidated School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
March 12, 2021

CHARLES L. SHIVERS, CPA, LLC

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

Independent Auditor's Report

Superintendent and School Board
West Point Consolidated School District

Report on Compliance for Each Major Federal Program

I have audited West Point Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Point Consolidated School District's major federal programs for the year ended June 30, 2020. West Point Consolidated School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of West Point Consolidated School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Point Consolidated School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of West Point Consolidated School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of West Point 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 my audit of compliance,

I considered West Point 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, I do not express an opinion on the effectiveness of West Point 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
March 12, 2021

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

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

Superintendent and School Board
West Point Consolidated School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Point Consolidated School District as of and for the year ended June 30, 2020, which collectively comprise West Point Consolidated School District's basic financial statements and have issued my report thereon dated March 12, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit and, accordingly, I do not express such an opinion.

The results of my 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 my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. My findings and recommendations and West Point Consolidated School District's responses are as follows:

Finding No. 1

CONDITION: The testing of activity fund transactions revealed that a purchase above \$5,000 but less than \$50,000 did not have at least two quotes as required by Section 31-7-13, Miss. Code of 1972.

CRITERIA: Section 31-7-13 requires that at least two quotes be acquired for purchases of commodities when the purchase price is above \$5,000 but less than \$50,000.

CAUSE OF CONDITION: The cause of the condition was an oversight by management.

POTENTIAL EFFECT OF CONDITION: The effect of the condition could be construed to be a matter of noncompliance with state law.

RECOMMENDATION: It is recommended that at least two quotes be acquired for the purchase of commodities when the purchase price is above \$5,000 but less than \$50,000.

SCHOOL DISTRICT RESPONSE: The District will ensure that the appropriate bid procedures are followed in the future for any and all purchases and projects.

Finding No. 2

CONDITION: Two Public Employees Retirement System (PERS) retirees out of sample of four had a PERS Form 4B for reemployment which was dated by management beyond the five days of the employment date.

CRITERIA: PERS requires that the Form 4B be dated by management within 5 days of reemployment of the PERS retiree.

CAUSE OF CONDITION: The cause of the condition was an oversight by management.

POTENTIAL EFFECT OF CONDITION: The effect of the condition could be construed to be a matter of noncompliance with state law.

RECOMMENDATION: It is recommended that the PERS Form 4B be dated by management within five days of employment as required by PERS.

SCHOOL DISTRICT RESPONSE: The issue has already been corrected.

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 Point Consolidated School District's responses to the findings included in this report were not audited and, accordingly, I 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, 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.

Charles L Shivers, CPA, LLC

Charles L. Shivers, CPA, LLC
Ridgeland, MS
March 12, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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WEST POINT 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 on the basic financial statements: | Unmodified |
| 2. | Noncompliance material to the basic financial statements noted? | No |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |

Federal Awards:

- | | | |
|-----|---|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. | Federal program identified as major program: | |
| | Child nutrition cluster | |
| | CFDA #: 10.553 | |
| | CFDA #: 10.555 | |
| | CFDA #: 10.559 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit findings(s) and questioned costs relative to federal Awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

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