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BOONEVILLE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

BOONEVILLE SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	14
Exhibit B – Statement of Activities	15
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	16
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	18
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Notes to the Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	46
Budgetary Comparison Schedule – General Fund	47
Budgetary Comparison Schedule – IDEA PART B Fund	48
Budgetary Comparison Schedule – ESSER I Fund	49
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of the District Contributions (PERS)	51
Schedule of the District's Proportionate Share of the Net OPEB Liability	52
Schedule of District Contributions (OPEB)	53
Notes to the Required Supplementary Information	54
SUPPLEMENTARY INFORMATION	57
Schedule of Expenditures of Federal Awards	58
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	60
OTHER INFORMATION	61
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	62
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	63
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	64
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	67
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	69
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	72
AUDITEE'S CORRECTIVE ACTION PLAN\	
SUMMARY OF PRIOR YEAR AUDIT FINDINGS	75

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Booneville School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Booneville School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate

Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12 and 47-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Booneville School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2022, on our consideration of the Booneville School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Booneville School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Booneville School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
September 2, 2022

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

The following discussion and analysis of Booneville School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. 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 2021 decreased \$150,834, including a prior period adjustment of (\$202,976), which represents a 2% decrease from fiscal year 2020. Total net position for 2020 decreased \$215,131, including a prior period adjustment of \$125,690, which represents a 2.61% decrease from fiscal year 2019.
- General revenues amounted to \$9,987,059 and \$9,664,606, or 76% and 79% of all revenues for fiscal years 2021 and 2020, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,194,147, or 24% of total revenues for 2021, and \$2,557,292, or 21% of total revenues for 2020.
- The District had \$13,129,064 and \$12,562,719 in expenses for fiscal years 2021 and 2020; only \$3,197,147 for 2021 and \$2,557,292 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,987,059 for 2021 were adequate to provide for these programs. General revenues of \$9,664,606 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$10,349,508 in revenues and \$9,818,617 in expenditures for 2021, and \$10,140,148 in revenues and \$10,265,075 in expenditures in 2020. The General Fund's fund balance increased by \$615,288 from 2020 to 2021, including a prior period adjustment of (\$10,094), and increased by \$96,316 from 2019 to 2020, including a prior period adjustment of \$54,689.
- Capital assets, net of accumulated depreciation, decreased by \$390,633 for 2021 and decreased by \$203,901 for 2020. The decrease for 2021 was due primarily to the increase in accumulated depreciation.
- Long-term debt, including compensated absences, decreased by \$251,945 for 2021 and decreased by \$204,891 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$31,311 for 2021 and increased by \$1,652 for 2020.

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

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

financial position is improving or deteriorating.

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are currently reported as governmental funds.

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

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

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

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.

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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 \$8,602,883 as of June 30, 2021.

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

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Table 1 presents a summary of the District's net position at June 30, 2021 and June 30, 2020.

Table 1
Condensed Statement of Net Position

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 2,688,905	\$ 2,016,440	33.35 %
Restricted assets	1,368,089	1,460,521	(6.33) %
Capital assets, net	9,090,483	9,481,116	(4.12) %
Total assets	13,147,477	12,958,077	1.46 %
 Deferred outflows of resources	 2,834,758	 1,497,220	 89.33 %
Current liabilities	445,281	442,225	0.69 %
Long-term debt outstanding	3,161,440	3,415,732	(7.44) %
Net OPEB liability	1,010,843	1,093,283	(7.54) %
Net pension liability	19,676,904	17,541,308	12.17 %
Total liabilities	24,294,468	22,492,548	8.01 %
 Deferred inflows of resources	 290,650	 414,798	 (29.93) %
Net position:			
Net investment in capital assets	6,293,714	6,358,952	(1.03) %
Restricted	1,832,218	1,857,760	(1.37) %
Unrestricted	(16,728,815)	(16,668,761)	(0.36) %
Total net position	\$ (8,602,883)	\$ (8,452,049)	(1.78) %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (16,728,815)
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	18,143,639
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 1,414,824</u>

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

- Decrease in net capital assets in the amount of \$390,633.
- The principal retirement of \$399,825 of long-term debt.

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$13,181,206 and \$12,221,898, respectively. The total cost of all programs and services was \$13,129,064 for 2021 and \$12,562,719 for 2020.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

Table 2
Changes in Net Position

	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 838,351	\$ 924,618	(9.33) %
Operating grants and contributions	2,355,796	1,563,004	50.72 %
Capital grants and contributions	-	69,670	(100.00) %
General revenues:			
Property taxes	2,678,221	2,323,872	15.25 %
Grants and contributions not restricted	6,984,287	6,963,021	0.31 %
Investment earnings	47,959	60,971	(21.34) %
Other	276,592	316,742	(12.68) %
Total revenues	<u>13,181,206</u>	<u>12,221,898</u>	7.85 %
Expenses:			
Instruction	7,284,818	6,962,773	4.63 %
Support services	3,400,577	3,275,800	3.81 %
Non-instructional	485,052	491,904	(1.39) %
Pension expense	1,789,262	1,718,256	4.13 %
OPEB expense	19,923	58,733	(66.08) %
Interest on long-term liabilities	149,432	55,253	170.45 %
Total expenses	<u>13,129,064</u>	<u>12,562,719</u>	4.51 %
Increase (Decrease) in net position	<u>52,142</u>	<u>(340,821)</u>	115.30 %
Net Position, July 1, as previously reported	<u>(8,452,049)</u>	<u>(8,236,918)</u>	(2.61) %
Prior Period Adjustment	<u>(202,976)</u>	<u>125,690</u>	(261.49) %
Net Position, July 1, as restated	<u>(8,655,025)</u>	<u>(8,111,228)</u>	(6.70) %
Net Position, June 30	<u>\$ (8,602,883)</u>	<u>\$ (8,452,049)</u>	(1.78) %

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 7,284,818	\$ 6,962,773	4.63 %
Support services	3,400,577	3,275,800	3.81 %
Non-instructional	485,052	491,904	(1.39) %
Pension Expense	1,789,262	1,718,256	4.13 %
OPEB Expense	19,923	58,733	(66.08) %
Interest on long-term liabilities	149,432	55,253	170.45 %
Total expenses	\$ 13,129,064	\$ 12,562,719	4.51 %

	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (5,013,268)	\$ (4,895,112)	(2.41) %
Support services	(3,004,213)	(3,275,800)	8.29 %
Non-instructional	41,181	(2,273)	1,911.75 %
Pension Expense	(1,789,262)	(1,718,256)	(4.13) %
OPEB Expense	(19,923)	(58,733)	66.08 %
Interest on long-term liabilities	(149,432)	(55,253)	(170.45) %
Total net (expense) revenue	\$ (9,934,917)	\$ (10,005,427)	0.70 %

- Net cost of governmental activities (\$9,934,917 for 2021 and \$10,005,427 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$2,678,221 for 2021 and \$2,323,872 for 2020) and state and federal revenues (\$6,984,287 for 2021 and \$6,963,021 for 2020).
- Investment earnings amounted to \$47,959 for 2021 and \$60,971 for 2020.

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 \$3,615,588, an increase of \$753,490, which includes a prior period adjustment of (\$11,962) and an increase in inventory of \$6,318.

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

\$1,582,438, or 44% 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 \$2,033,150, or 56% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$615,288. The fund balance of Other Governmental Funds showed a decrease in the amount of \$5,070, which includes a prior period adjustment of (\$105,383) and an increase in inventory of \$6,318. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
IDEA Part B Fund	no increase or decrease
QSCB Debt Retirement Fund	143,272
ESSER I Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the year were routine in nature and were insignificant when compared to the total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$18,801,537, including land, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$20,597 from 2020. Total accumulated depreciation as of June 30, 2021, was \$9,711,054, and total depreciation expense for the year was \$430,491, resulting in total net capital assets of \$9,090,483.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Land	\$ 534,260	\$ 534,260	0.00 %
Buildings	6,423,124	6,641,981	(3.30) %
Building improvements	1,432,302	1,521,821	(5.88) %
Improvements other than buildings	185,771	206,533	(10.05) %
Mobile equipment	288,177	337,601	(14.64) %
Furniture and equipment	226,849	238,920	(5.05) %
Total	\$ 9,090,483	\$ 9,481,116	(4.12) %

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

BOONEVILLE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Debt Administration. At June 30, 2021, the District had \$3,161,440 in outstanding long-term debt, of which \$459,387 is due within one year. During the fiscal year, the District made principal payments totaling \$399,825 on outstanding long-term debt. The liability for compensated absences increased \$31,311 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 265,000	\$ 520,000	(49.04) %
Shortfall notes payable	230,806	191,014	20.83 %
Qualified School Construction bonds payable	2,280,000	2,280,000	0.00 %
Other loans payable	249,621	317,669	(21.42) %
Compensated absences payable	133,865	102,554	30.53 %
Total	<u>\$ 3,159,292</u>	<u>\$ 3,411,237</u>	<u>(7.39) %</u>
Bond premiums	2,148	4,495	(52.21) %
Total	<u>\$ 3,161,440</u>	<u>\$ 3,415,732</u>	<u>(7.44) %</u>

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Booneville School District, 201 N First Street, Booneville, MS 38829.

FINANCIAL STATEMENTS

BOONEVILLE SCHOOL DISTRICT

**Statement of Net Position
June 30, 2021**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,233,714
Due from other governments	428,837
Inventories	26,354
Restricted assets	1,368,089
Capital assets, non-depreciable:	
Land	534,260
Capital assets, net of accumulated depreciation:	
Buildings	6,423,124
Building improvements	1,432,302
Improvements other than buildings	185,771
Mobile equipment	288,177
Furniture and equipment	226,849
Total Assets	<u>13,147,477</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	2,628,110
Deferred outflows - OPEB	206,648
Total Deferred Outflows of Resources	<u>2,834,758</u>
Liabilities	
Accounts payable and accrued liabilities	434,703
Unearned revenue	6,703
Interest payable on long-term liabilities	3,875
Long-term liabilities, due within one year:	
Capital related liabilities	335,845
Non-capital related liabilities	123,542
Net OPEB liability	39,485
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,458,776
Capital related bond premiums	2,148
Non-capital related liabilities	241,129
Net pension liability	19,676,904
Net OPEB liability	971,358
Total Liabilities	<u>24,294,468</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	60,727
Deferred inflows - OPEB	229,923
Total Deferred Inflows of Resources	<u>290,650</u>
Net Position	
Net investment in capital assets	6,293,714
Restricted for:	
Expendable:	
School-based activities	251,143
Debt service	1,557,811
Unemployment benefits	23,264
Unrestricted	(16,728,815)
Total Net Position (deficit)	<u>\$ (8,602,883)</u>

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

BOONEVILLE SCHOOL DISTRICT

Statement of Activities For the Year Ended June 30, 2021

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 7,284,818	\$ 826,109	\$ 1,445,441	\$ -	\$ (5,013,268)
Support services	3,400,577	-	396,364	-	(3,004,213)
Non-instructional	485,052	12,242	513,991	-	41,181
Pension expense	1,789,262	-	-	-	(1,789,262)
OPEB expense	19,923	-	-	-	(19,923)
Interest on long-term liabilities	149,432	-	-	-	(149,432)
Total Governmental Activities	\$ 13,129,064	\$ 838,351	\$ 2,355,796	\$ -	\$ (9,934,917)
General Revenues:					
Taxes:					
General purpose levies					2,142,404
Debt purpose levies					535,817
Unrestricted grants and contributions:					
State					6,951,335
Federal					32,952
Unrestricted investment earnings					47,959
Other					276,592
Total General Revenues					9,987,059
Change in Net Position					52,142
Net Position - Beginning, as previously reported					(8,452,049)
Prior Period Adjustments					(202,976)
Net Position - Beginning, as restated					(8,655,025)
Net Position (deficit) - Ending					\$ (8,602,883)

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

BOONEVILLE SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2021

Exhibit C

	Major Funds				Other	Total
	General	IDEA	QSCB Debt	ESSER I	Governmental	Governmental
	Fund	Part B	Retirement	Fund	Funds	Funds
	Fund	Fund	Fund	Fund	Funds	Funds
Assets						
Cash and cash equivalents	\$ 1,804,336	\$	\$ -	\$ -	\$ 429,378	\$ 2,233,714
Cash with fiscal agents			1,368,089	-	-	1,368,089
Due from other governments	91,896	94,599	-	76,852	165,490	428,837
Due from other funds	321,642		-	-	-	321,642
Inventories			-	-	26,354	26,354
Total assets	\$ 2,217,874	\$ 94,599	\$ 1,368,089	\$ 76,852	\$ 621,222	\$ 4,378,636
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 434,703	-		-	-	\$ 434,703
Due to other funds		94,599		76,852	150,191	321,642
Unavailable revenue - federal programs	3,676	-		-	3,027	6,703
Total Liabilities	438,379	94,599	-	76,852	153,218	763,048
Fund Balances:						
Nonspendable:						
Inventory					26,354	26,354
Restricted:						
Debt service			1,368,089		193,597	1,561,686
Grant activities					224,789	224,789
Unemployment benefits					23,264	23,264
Assigned:						
Student activities	197,057				-	197,057
Unassigned	1,582,438				-	1,582,438
Total Fund Balances	1,779,495	-	1,368,089	-	468,004	3,615,588
Total Liabilities and Fund Balances	\$ 2,217,874	\$ 94,599	\$ 1,368,089	\$ 76,852	\$ 621,222	\$ 4,378,636

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

BOONEVILLE SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Exhibit C-1

Total fund balances for governmental funds **\$ 3,615,588**

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

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

Land	\$ 534,260	
Buildings	13,383,048	
Building improvements	2,237,972	
Improvements other than buildings	519,069	
Mobile equipment	1,275,044	
Furniture and equipment	852,144	
Accumulated depreciation	<u>(9,711,054)</u>	9,090,483

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

Net pension liability (19,676,904)

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

Deferred outflows of resources related to pensions	2,628,110	
Deferred inflows of resources related to pensions	<u>(60,727)</u>	(17,109,521)

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

Net OPEB liability (1,010,843)

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	206,648	
Deferred inflows of resources related to OPEB	<u>(229,923)</u>	(1,034,118)

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

General obligation bonds	(265,000)	
Qualified school construction bonds payable	(2,280,000)	
Notes payable	(230,806)	
Other loans payable	(249,621)	
Compensated absences	(133,865)	
Unamortized premiums	(2,148)	
Accrued interest payable	<u>(3,875)</u>	(3,165,315)

Net Position of governmental activities **\$ (8,602,883)**

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

BOONEVILLE SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

Exhibit D

	Major Funds				Other	Total
	General	IDEA	QSCB Debt	ESSER I	Governmental	Governmental
	Fund	Part B	Retirement	Fund	Funds	Funds
Revenues:						
Local sources	\$ 3,286,483	\$ -	\$ 257	\$ -	\$ 552,993	\$ 3,839,733
State sources	7,029,905	-	-	-	243,275	7,273,180
Federal sources	33,120	283,226	-	227,487	1,524,460	2,068,293
Total Revenues	10,349,508	283,226	257	227,487	2,320,728	13,181,206
Expenditures:						
Instruction	6,573,920	117,057	-	176,624	1,061,904	7,929,505
Support services	3,114,790	166,169	-	50,863	163,291	3,495,113
Noninstructional services	53,155	-	-	-	494,763	547,918
Debt service:						
Principal	68,048		-	-	331,777	399,825
Interest	8,704		-	-	151,036	159,740
Other	-		-	-	6,540	6,540
Total Expenditures	9,818,617	283,226	-	227,487	2,209,311	12,538,641
Excess (Deficiency) of Revenues over (under) Expenditures	530,891	-	257	-	111,417	642,565
Other Financing Sources (Uses):						
Bonds and notes issued	116,569		-		-	116,569
Payments held by escrow agent			143,015		-	143,015
Payment to QSCB debt escrow agent			(103,515)		(39,500)	(143,015)
Operating transfers in	2,427		-		24,505	26,932
Operating transfers out	(24,505)		-		(2,427)	(26,932)
Total Other Financing Sources (Uses)	94,491	-	39,500	-	(17,422)	116,569
Net Change in Fund Balances	625,382	-	39,757	-	93,995	759,134
Fund Balances:						
July 1, 2020, as previously reported	1,164,207	-	1,224,817		473,074	2,862,098
Prior period adjustments	(10,094)		103,515		(105,383)	(11,962)
July 1, 2020, as restated	1,154,113	-	1,328,332	-	367,691	2,850,136
Increase (Decrease) in inventory					6,318	6,318
June 30, 2021	\$ 1,779,495	\$ -	\$ 1,368,089	\$ -	\$ 468,004	\$ 3,615,588

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

BOONEVILLE SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2021

Exhibit D-1

Net change in fund balances - total governmental funds \$ 759,134

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 47,072	
Depreciation expense	(430,491)	(383,419)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by th (7,214)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect

Bonds and notes issued	(116,569)	
Payments of debt principal	399,825	
Accrued interest payable	14,501	297,757

4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

Pension expense	(1,789,262)	
Contributions subsequent to the measurement date	1,183,393	(605,869)

5. Some items relating to OPEB and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:

OPEB expense	(19,923)	
Contributions subsequent to the measurement date	34,322	14,399

6. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(31,311)	
Change in inventory	6,318	
Amortization of deferred charges, premiums and discounts	2,347	(22,646)

Change in Net Position of governmental activities \$ 52,142

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

IDEA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's IDEA Part B Fund.

ESSER I Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's ESSER I Fund.

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

is due.

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

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

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

See Note 14 for further details.

8. Compensated Absences

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 a resolution approved by the School Board.

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

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

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

13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$2,233,714. The carrying amount of deposits reported in the government-wide financial statements was \$2,233,714. The bank balance was \$2,889,952.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$2,889,952 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,368,089.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	IDEA Part B Fund	\$ 94,599
	ESSER I Fund	76,852
	Other governmental funds	150,191
Total		<u>\$ 321,642</u>

The primary reason for the inter-fund loans was to eliminate deficit cash balances in certain federal program funds as part of routine year end closing adjustments.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 24,505
Other governmental funds	General Fund	2,427
Total		<u>\$ 26,932</u>

Operating transfers were primarily for the following: indirect cost transfers, cost pool transfers, debt service transfers, and other routine operating transfers.

Note 4 - Restricted Assets

The restricted assets represent the cash with fiscal agent balance of \$1,368,089 of the QSCB Debt Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 534,260	\$	\$	\$ 534,260
Total non-depreciable capital assets	534,260	-	-	534,260
Depreciable capital assets:				
Buildings	13,383,048			13,383,048
Building improvements	2,237,972			2,237,972
Improvements other than buildings	519,069			519,069
Mobile equipment	1,275,044			1,275,044
Furniture and equipment	831,547	47,072	26,475	852,144
Total depreciable capital assets	18,246,680	47,072	26,475	18,267,277
Less accumulated depreciation for:				
Buildings	6,741,067	218,857		6,959,924
Building improvements	716,151	89,519		805,670
Improvements other than buildings	312,536	20,762		333,298
Mobile equipment	937,443	49,424		986,867
Furniture and equipment	592,627	51,929	19,261	625,295
Total accumulated depreciation	9,299,824	430,491	19,261	9,711,054
Total depreciable capital assets, net	8,946,856	(383,419)	7,214	8,556,223
Governmental activities capital assets, net	\$ 9,481,116	\$ (383,419)	\$ 7,214	\$ 9,090,483

Depreciation expense was charged to the following governmental functions:

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

	Amount
Governmental activities:	
Instruction	\$ 225,794
Support services	201,925
Non-instructional	2,772
Total depreciation expense	<u>\$ 430,491</u>

Note 6 – Long-term Liabilities

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

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Amounts due within one year
A. General obligation bonds payable	\$ 520,000	\$	255,000	\$ 265,000	\$ 265,000
B. Shortfall notes payable	191,014	116,569	76,777	230,806	117,660
C. Qualified school construction bonds payable	2,280,000			2,280,000	
D. Other loans payable	317,669		68,048	249,621	70,034
E. Compensated absences payable	102,554	31,311		133,865	6,693
Total	<u>\$ 3,411,237</u>	<u>\$ 147,880</u>	<u>\$ 399,825</u>	<u>\$ 3,159,292</u>	<u>\$ 459,387</u>
 Bond Premium	 4,495		2,347	2,148	
Total	<u>3,415,732</u>	<u>147,880</u>	<u>402,172</u>	<u>3,161,440</u>	

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2012	2.0%-2.5%	5/10/2012	6/30/2022	\$ 2,345,000	\$ 265,000
Total				<u>\$ 2,345,000</u>	<u>\$ 265,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 265,000	\$ 6,625	\$ 271,625
Total	<u>\$ 265,000</u>	<u>\$ 6,625</u>	<u>\$ 271,625</u>

This debt will be retired from the 2012 Refunding - Original 2005 Debt Service Fund (4033).

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2021, the amount of outstanding bonded indebtedness was equal to 5% of property assessments as of October 1, 2020.

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note, series 2019	3.93%	9/11/2018	9/11/2021	\$ 132,644	\$ 45,954
2. Shortfall note, series 2020	3.08%	11/19/2019	11/19/2022	100,874	68,283
3. Shortfall note, series 2021	1.97%	10/30/2020	10/30/2023	116,569	116,569
Total				<u>\$ 350,087</u>	<u>\$ 230,806</u>

The amount outstanding is included in due from other governments on the Statement of Net Position.

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

1. Shortfall notes payable issue of 9/11/2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ 45,954	\$ 1,804	\$ 47,758
Total	<u>\$ 45,954</u>	<u>\$ 1,804</u>	<u>\$ 47,758</u>

This debt will be retired from the Shortfall notes retirement fund.

2. Shortfall notes payable issue of 11/19/2019:

Year Ending June 30	Principal	Interest	Total
2022	\$ 33,616	\$ 2,132	\$ 35,748
2023	34,667	1,083	35,750
Total	<u>\$ 68,283</u>	<u>\$ 3,215</u>	<u>\$ 71,498</u>

This debt will be retired from the Shortfall notes retirement fund.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

3. Shortfall notes payable issue of 10/30/2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ 38,090	\$ 2,328	\$ 40,418
2023	38,851	1,568	40,419
2024	39,628	792	40,420
Total	<u>\$ 116,569</u>	<u>\$ 4,688</u>	<u>\$ 121,257</u>

This debt will be retired from the Shortfall notes retirement fund.

Total shortfall notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 117,660	\$ 6,264	\$ 123,924
2023	73,518	2,651	76,169
2024	39,628	792	40,420
Total	<u>\$ 230,806</u>	<u>\$ 9,707</u>	<u>\$ 240,513</u>

C. Qualified school construction bonds payable

As more fully explained in Note 11, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction					
1. bonds payable, Series 2011	5.75%	6/30/2011	12/1/2026	\$ 2,280,000	\$ 2,280,000
Total				<u>\$ 2,280,000</u>	<u>\$ 2,280,000</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$	\$ 131,100	\$ 131,100
2023		131,100	131,100
2024		131,100	131,100
2025		131,100	131,100
2026		131,100	131,100
2027	2,280,000	131,100	2,411,100
Total	<u>\$ 2,280,000</u>	<u>\$ 786,600</u>	<u>\$ 3,066,600</u>

D. Other loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Other loan - Facilities upgrade	2.77%	6/16/2015	6/15/2025	\$ 485,000	\$ 210,255
2. Other loan - Series 2020	2.25%	5/16/2020	5/18/2023	58,390	39,366
Total				<u>\$ 543,390</u>	<u>\$ 249,621</u>

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

1. Other loan issue of 6/16/2015:

Year Ending June 30	Principal	Interest	Total
2022	\$ 50,401	\$ 5,905	\$ 56,306
2023	51,816	4,489	56,305
2024	53,263	3,042	56,305
2025	54,775	1,538	56,313
Total	<u>\$ 210,255</u>	<u>\$ 14,974</u>	<u>\$ 225,229</u>

This debt will be retired from the District Maintenance Fund.

2. Other loan issue of 5/16/2020:

Year Ending June 30	Principal	Interest	Total
2022	\$ 19,633	\$ 902	\$ 20,535
2023	19,733	456	20,189
Total	<u>\$ 39,366</u>	<u>\$ 1,358</u>	<u>\$ 40,724</u>

This debt will be retired from the District Maintenance Fund.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Total other loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 70,034	\$ 6,807	\$ 76,841
2023	71,549	4,945	76,494
2024	53,263	3,042	56,305
2025	54,775	1,538	56,313
Total	<u>\$ 249,621</u>	<u>\$ 16,332</u>	<u>\$ 265,953</u>

E. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 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, 2021, 2020 and 2019 were \$1,183,393, \$1,177,660, and \$1,022,799, 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, 2021, the school district reported a liability of \$19,676,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2021 net pension liability was 0.101643 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.001931 percent from its proportionate share used to calculate the June 30, 2020 net pension liability, which was based on a measurement date of June 30, 2019.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$1,789,262. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 165,787	\$
Net difference between projected and actual earnings on pension plan investments	1,278,930	
Changes of assumptions		
Changes in proportion and differences between District contributions and proportionate share of contributions		60,727
District contributions subsequent to the measurement date	1,183,393	
Total	\$ <u>2,628,110</u>	\$ <u>60,727</u>

\$1,183,393 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, 2022. 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:	
2022	\$ 360,065
2023	403,058
2024	360,422
2025	260,445

Actuarial assumptions. The total pension liability as of June 30, 2020 was determined by actuarial valuation prepared as of June 30, 2019. The following actuarial assumptions are applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
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	\$ 25,469,334	\$ 19,676,904	\$ 14,895,821

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

Note 8 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between 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 \$34,322 for the year ended June 30, 2021.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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

At June 30, 2021, the District reported a liability of \$1,010,843 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.12989362 percent. This was an increase of 0.00105099 percent from the proportionate share as of the measurement date of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$19,923. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,289	\$ 175,914
Changes of assumptions	156,943	42,717
Net difference between projected and actual earnings on OPEB plan investments	32	
Changes in proportion and differences between District contributions and proportionate share of contributions	14,062	11,292
District contributions subsequent to the measurement date	34,322	
Total	\$ <u>206,648</u>	\$ <u>229,923</u>

\$34,322 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, 2022. 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:	
2022	\$ (16,694)
2023	(16,694)
2024	(13,965)
2025	(2,630)
2026	(7,614)

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Actuarial assumptions. The total OPEB liability in the June 30, 2020 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	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2030

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, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. 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, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current discount rate:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 1,117,050	\$ 1,010,843	\$ 919,746

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	\$ 933,358	\$ 1,010,843	\$ 1,098,629

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 – Contingencies

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

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 10 – 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 11 - 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, 2021, the subsidy payments amounted to \$0.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$1,368,089. 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
2022	\$ 152,000
2023	152,000
2024	152,000
2025	152,000
2026	152,000
2027	152,000
Total	<u>\$ 912,000</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 12 – Alternative School Consortium

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

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

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

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2021

Revenues

Local sources:	
Other local	\$ 449
Interest on cash and other deposits	1,632
Tuition from other LEA's within the state:	<u>373,132</u>
Total local sources	<u>375,213</u>
Total Revenues	<u>375,213</u>

Expenditures

Salaries	271,732
Employee benefits	94,745
Professional Services	2,004
Purchased property services	15,987
Other purchased services	350
Supplies	1,208
Property	1,000
Other	<u>-</u>
Total Expenditures	<u>387,026</u>

Net Change in Fund Balance	<u>(11,813)</u>
----------------------------	-----------------

Fund Balance:

July 1, 2020, as previously reported	<u>42,372</u>
Prior period adjustment	(8)
July 1, 2020, as restated	<u>42,364</u>
June 30, 2021	<u>\$ 30,551</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 13 – Vocational School Consortium

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

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

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

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$16,728,815) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,183,393 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$1,444,717 balance of deferred outflow of resources related to pensions at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$16,728,815) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$60,727 balance of deferred inflow of resources related to pensions at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$16,728,815) 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 \$34,322 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$172,326 balance of deferred outflow of resources related to OPEB at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position (deficit) amount of (\$16,728,815) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$229,923 balance of deferred inflow of resources related to OPEB at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 15 – Mississippi Public School Consortium for Educational Access

The school district entered into a cooperative agreement dated June 15, 2018, creating the Mississippi Public School Consortium for Educational Access. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972) and approved by the Mississippi Department of Education. The consortium includes the Scott County School District, Aberdeen School District, Booneville School District, Coahoma Agriculture High School, Holmes County Consolidated School District, Pontotoc County School District, Quitman County School District and the South Panola School District. The agreement ended on May 31, 2021.

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

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

Note 16 – Alcorn Juvenile Detention Center

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

The District participates in the Alcorn County Juvenile Detention Center. Corinth School District serves as the sponsoring school district.

Note 17 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. An increase or decrease of a revenue or expenditure from a prior period	\$ (11,962)
2. To reduce a prior year receivable to zero.	(191,014)
Total	<u>\$ (202,976)</u>

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

Fund	Explanation	Amount
General Fund	An increase or decrease of a revenue or expenditure from a prior period	\$ (10,094)
QSCB Debt Retirement Fund	An increase or decrease of a revenue or expenditure from a prior period	103,515
Other governmental funds	An increase or decrease of a revenue or expenditure from a prior period	(105,383)
Total		<u>\$ (11,962)</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 18 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the 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 Booneville School District evaluated the activity of the district through September 2, 2022, (the date the financial statements were available to be issued), and determined that there were the following subsequent events that have occurred requiring disclosure in the notes to the financial statements.

On August 10, 2021, the board adopted a resolution for issuance of general obligation bonds. As of the date of this report the bond proceeds are expected to be in the \$5,750,000, but the district has not issued or received any proceeds from this board action.

REQUIRED SUPPLEMENTARY INFORMATION

BOONEVILLE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)		
	Original	Final		Original to Final	Final to Actual	
Revenues:						
Local sources	\$	3,633,816	3,286,483	\$	3,286,483	\$ (347,333) \$ -
State sources		6,821,114	7,030,073		7,029,905	208,959 (168)
Federal sources		41,000	32,952		33,120	(8,048) 168
Total Revenues		10,495,930	10,349,508		10,349,508	(146,422) -
Expenditures:						
Instruction		7,032,172	6,573,920		6,573,920	458,252 -
Support services		3,295,157	3,114,790		3,114,790	180,367 -
Noninstructional services		175,600	53,155		53,155	122,445 -
Debt service:						
Principal					68,048	- (68,048)
Interest					8,704	- (8,704)
Other		-	76,752			(76,752) 76,752
Total Expenditures		10,502,929	9,818,617		9,818,617	684,312 -
Excess (Deficiency) of Revenues over (under) Expenditures						
		(6,999)	530,891		530,891	537,890 -
Other Financing Sources (Uses):						
Bonds and notes issued			116,569		116,569	116,569 -
Operating transfers in		4,999	67,436		2,427	62,437 (65,009)
Operating transfers out		(48,000)	(89,514)		(24,505)	(41,514) 65,009
Total Other Financing Sources (Uses)		(43,001)	94,491		94,491	137,492 -
Net Change in Fund Balances		(50,000)	625,382		625,382	675,382 -
Fund Balances:						
July 1, 2020, as previously reported		1,095,797	1,095,797		1,164,207	- 68,410
Prior period adjustments					(10,094)	- (10,094)
July 1, 2020, as restated		1,095,797	1,095,797		1,154,113	- 58,316
June 30, 2021	\$	1,045,797	\$ 1,721,179	\$	1,779,495	\$ 675,382 \$ 58,316

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

BOONEVILLE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 310,619	\$ 283,226	\$ 283,226	\$ (27,393)	\$ -
Total Revenues	310,619	283,226	283,226	(27,393)	-
Expenditures:					
Instruction	163,539	117,057	117,057	46,482	-
Support services	147,080	166,169	166,169	(19,089)	-
Total Expenditures	310,619	283,226	283,226	27,393	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers out				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2020	-	-		-	-
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

BOONEVILLE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
ESSER I Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 296,814	\$ 227,487	\$ 227,487	\$ (69,327)	\$ -
Total Revenues	296,814	227,487	227,487	(69,327)	-
Expenditures:					
Instruction	117,839	176,624	176,624	(58,785)	-
Support services	123,975	50,863	50,863	73,112	-
Noninstructional services	55,000			55,000	-
Total Expenditures	296,814	227,487	227,487	69,327	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers out				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2020	-	-		-	-
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

Booneville School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.101643%	0.099712%	0.099898%	0.100900%	0.100400%	0.095952%	0.094375%
District's proportionate share of the net pension liability	\$ 19,676,904	\$ 17,541,308	\$ 16,616,005	\$ 16,770,594	\$ 17,933,947	\$ 14,832,287	\$ 11,455,397
District's covered payroll	\$ 6,768,161	\$ 6,493,956	\$ 6,379,448	\$ 6,471,860	\$ 6,422,914	\$ 5,994,540	\$ 5,766,813
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.7275%	270.1174%	260.4615%	259.1310%	279.2182%	247.4299%	198.6435%
Plan fiduciary net position as a percentage of the total pension liability	59%	62%	63%	61%	57%	62%	67%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled the District has only presented information for the years in which information is available.

**Booneville School District
Required Supplementary Information**

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

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,183,393	\$ 1,177,660	\$ 1,022,799	\$ 1,004,763	\$ 1,019,318	1,011,609	944,140
Contributions in relation to the contractually required contribution	1,183,393	1,177,660	1,022,799	1,004,763	1,019,318	1,011,609	944,140
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	6,801,109	6,768,161	6,493,962	6,379,448	6,471,860	6,422,914	5,994,540
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Booneville School District
Required Supplementary Information

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

OPEB

Last 10 Fiscal Years*

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.12989362%	0.12884263%	0.12766384%	0.13024064%
District's proportionate share of the net OPEB liability	\$ 1,010,843	\$ 1,093,283	\$ 987,542	\$ 1,021,880
District's covered-employee payroll	6,768,161	6,493,956	6,379,448	6,471,860
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	14.94%	16.84%	15.48%	15.79%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	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, GASB No. 75 was implemented in 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.

Booneville School District
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2021	2020	2019	2018
Actuarially determined contribution	\$ 34,322	\$ 40,312	\$ 43,822	\$ 43,564
Contributions in relation to the actuarially determined contribution	34,322	40,312	43,822	43,564
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	6,801,109	6,768,161	6,493,956	6,379,448
Contributions as a percentage of covered-employee payroll	0.50%	0.60%	0.67%	0.68%

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

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

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%.

BOONEVILLE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 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	30.9 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.

BOONEVILLE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2021

2020: The discount rate was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

2019: None

2020: The schedule of monthly retiree contributions was increased as of January 1, 2021. In addition, the deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

(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, 2019 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.75%
Salary increases, including wage inflation	3.00% to 18.25%
Initial health care cost trend rates	
Medicare Supplement Claims	7.00%
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	3.50%

SUPPLEMENTARY INFORMATION

**Booneville School District
Supplementary Information**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

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:			
National school lunch program	10.555	216MS326N10	\$ 41,043
Summer Food Service Program for Children	10.559	216MS326N10	510,156
Total child nutrition cluster			551,199
Fresh Fruit and Vegetable Program	10.582	215MS326L1603	12,398
Total passed-through Mississippi Department of Education			563,597
Total U.S. Department of Agriculture			563,597
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	448,229
Rural Education	84.358	S3588200024	34,535
Student Support and Academic Enrichment Program	84.424A	S424A200025	27,591
Subtotal			510,355
Special education cluster:			
Special education - grants to states	84.027	H027A200108	283,226
Special education - preschool grants	84.173	H173A200113	37,231
Total special education cluster			320,457
COVID - 19 - Education Stabilization Fund (ESSER)			
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	227,487
Elementary & Secondary School Emergency Relief Fund II	84.425D	S425D210031	30,105
COVID-19 - Education Stabilization Fund (ESSER) Subtotal			257,592
Total passed-through Mississippi Department of Education			1,088,404
Total U.S. Department of Education			1,088,404
<u>U.S. Department of Health and Human Services</u>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	93.778	2005MS5ADM	4,613
Total passed-through Mississippi Department of Education			4,613
Total U.S. Department of Health and Human Services			4,613
<u>U.S. Department of Social Security</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security disability insurance	96.001	04-19-04MSD100	168
Total U.S. Department of Social Security			168
<u>U.S. Department of Treasury</u>			
Passed-through the Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund			
Equity in Distance Learning Act	21.019	N/A	296,210
Mississippi Pandemic Response Broadband Availability Act	21.019	N/A	56,269
Total passed-through Mississippi Department of Education			352,479
Total U.S. Department of Treasury			352,479
Total for All Federal Awards			\$ 2,009,261

BOONEVILLE SCHOOL DISTRICT
Notes to the Supplementary Information
For the Year Ended June 30, 2021

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Booneville School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Booneville School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Booneville School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

BOONEVILLE SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2021

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 9,367,689	7,316,852	592,359	630,498	827,980
Other	3,170,952	1,544,078	121,641	5,524	1,499,709
Total	<u>\$ 12,538,641</u>	<u>8,860,930</u>	<u>714,000</u>	<u>636,022</u>	<u>2,327,689</u>
Total number of students *	<u>1,273</u>				
Cost per student	<u>\$ 9,851</u>	<u>6,961</u>	<u>561</u>	<u>500</u>	<u>1,829</u>

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

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

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

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

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

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

OTHER INFORMATION

BOONEVILLE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 3,286,483	\$ 2,994,881	\$ 2,882,665	\$ 2,399,778
State sources	7,029,905	6,932,731	6,637,468	6,636,651
Federal sources	33,120	212,806	54,126	68,628
Total Revenues	10,349,508	10,140,418	9,574,259	9,105,057
Expenditures:				
Instruction	6,573,920	6,956,755	6,301,250	6,108,259
Support services	3,114,790	3,193,318	3,173,407	3,015,091
Noninstructional services	53,155	58,697	68,658	71,372
Facilities acquisition and construction				7,775
Debt service:				
Principal	68,048	47,665	46,383	45,113
Interest	8,704	8,640	9,923	32,197
Other	-	-	900	2,048
Total Expenditures	9,818,617	10,265,075	9,600,521	9,281,855
Excess (Deficiency) of Revenues over (under) Expenditures	530,891	(124,657)	(26,262)	(176,798)
Other Financing Sources (Uses):				
Notes Issued	116,569	159,264	102,580	
Payments to QSCB debt escrow agent	-	-	-	(63,752)
Operating transfers in	2,427	7,294	8,358	9,285
Operating transfers out	(24,505)	(274)	-	(1,980)
Total Other Financing Sources (Uses)	94,491	166,284	110,938	(56,447)
Net Change in Fund Balances	625,382	41,627	84,676	(233,245)
Fund Balances:				
Beginning of period, as previously reported	1,164,207	1,067,891	983,215	1,216,460
Prior period adjustment	(10,094)	54,689		
Beginning of period, as restated	1,154,113	1,122,580	983,215	1,216,460
End of Period	\$ 1,779,495	\$ 1,164,207	\$ 1,067,891	\$ 983,215

*SOURCE - PRIOR YEAR AUDIT REPORTS

BOONEVILLE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 3,839,733	\$ 3,586,294	\$ 3,472,646	\$ 3,104,778
State sources	7,273,180	7,208,653	6,890,777	6,912,090
Federal sources	2,068,293	1,391,877	1,405,772	1,104,586
Total Revenues	<u>13,181,206</u>	<u>12,186,824</u>	<u>11,769,195</u>	<u>11,121,454</u>
Expenditures:				
Instruction	7,929,505	7,749,875	7,100,702	6,882,144
Support services	3,495,113	3,477,519	3,533,579	3,553,630
Noninstructional services	547,918	518,094	542,243	515,549
Facilities acquisition and construction				7,775
Debt service:				
Principal	399,825	363,460	324,225	391,694
Interest	159,740	53,258	55,327	67,245
Other	6,540	4,290	4,290	4,298
Total Expenditures	<u>12,538,641</u>	<u>12,166,496</u>	<u>11,560,366</u>	<u>11,422,335</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>642,565</u>	<u>20,328</u>	<u>208,829</u>	<u>(300,881)</u>
Other Financing Sources (Uses):				
Notes Issued	116,569	159,264	132,644	
Payments held by escrow agent	143,015	129,414	139,288	148,752
Payments to QSCB debt escrow agent	(143,015)	(129,414)	(139,288)	(148,752)
Operating transfers in	26,932	7,568	8,358	11,265
Operating transfers out	(26,932)	(7,568)	(8,358)	(11,265)
Total Other Financing Sources (Uses)	<u>116,569</u>	<u>159,264</u>	<u>132,644</u>	<u>0</u>
Net Change in Fund Balances	<u>759,134</u>	<u>179,592</u>	<u>341,473</u>	<u>(300,881)</u>
Fund Balances:				
Beginning of period, as previously reported	2,862,098	2,625,230	2,281,614	2,582,757
Prior period adjustment	(11,962)	54,689		
Beginning of period, as restated	<u>2,850,136</u>	<u>2,679,919</u>	<u>2,281,614</u>	<u>2,582,757</u>
Increase (Decrease) in reserve for inventory	<u>6,318</u>	<u>2,587</u>	<u>2,143</u>	<u>(262)</u>
End of Period	<u>\$ 3,615,588</u>	<u>\$ 2,862,098</u>	<u>\$ 2,625,230</u>	<u>\$ 2,281,614</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
Booneville School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Booneville School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Booneville School District's basic financial statements, and have issued our report thereon dated September 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Booneville School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Booneville School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Booneville School District's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned cost as items **Finding 2021-001** that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Booneville School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Booneville School District's Responses to Findings

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
September 2, 2022

McKenzie CPA, PLLC



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

Superintendent and School Board
Booneville School District

Report on Compliance for Each Major Federal Program

We have audited Booneville School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Booneville School District's major federal programs for the year ended June 30, 2021. Booneville School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Booneville School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Booneville School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and

performing our audit of compliance, we considered Booneville School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Booneville School District's internal control over compliance.

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

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

Purpose of this Report

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

McKenzie CPA, PLLC
Madison, Mississippi
September 2, 2022

McKenzie CPA, PLLC

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
Booneville School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2021, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated September 2, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

State Legal Finding 01 – Surety Bonds
Repeat Finding

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

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

Recommendation

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

Response

The district is implementing corrections in the type of surety bond and this should be corrected for the 2022 fiscal year.

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

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

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

McKenzie CPA, PLLC
Madison, Mississippi
September 2, 2022

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC".

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BOONEVILLE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|----------------------------------------------------------------------------------------------------|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555: 10.559	Child Nutrition Cluster
84.425D	Education Stabilization Fund (ESSER I)
84.425D	Education Stabilization Fund (ESSER II)
21.019	Coronavirus Relief Funds

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

BOONEVILLE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II: Financial Statement Findings

Material Weakness over Internal Controls

2021-001 Finding - (Repeat of 2020-001)

Deficiencies in controls surrounding reconciliation of credit card clearing accounts and other bank accounts not reconciled.

Criteria:

Management is responsible for establishing a system of internal controls that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. The District should review all bank statement and credit card statement detail and provide reconciliation records to prevent misappropriation of assets.

Condition:

During test work, it was noted that the District has several credit card clearing accounts that are neither maintained on the District's general ledger or reconciled monthly. It was also noted that there were five bank accounts that were not being reconciled monthly with the general ledger.

Cause:

Not maintaining proper accounting records for credit card clearing accounts and not reconciling the other five bank accounts is likely an oversight or lack of controls to ensure items were reconciled and approved appropriately.

Effect:

Improper controls around monthly reconciling bank accounts and not maintaining the credit card clearing accounts on the district's general ledger or properly reconciling the charges could lead to the misappropriation of assets.

Recommendation:

We recommend management properly record the credit card clearing accounts in the general ledger and regularly review and reconcile the credit card clearing accounts.

Response: Please see corrective action plan on page 74.

Section III: Federal Award Findings and Questioned Costs

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

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

**Boonville School District
201 N. First Street
Office of the Superintendent
Booneville, Mississippi 38829
Dr. Todd English, Superintendent
Jamie Windham, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, The Booneville School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2021:

Finding	Corrective Action Plan Details
2021-001	<p><u>Deficiencies in controls surrounding reconciliation of credit card clearing accounts and other bank accounts not reconciled.</u></p> <p>A. Name of contact person responsible for corrective action: Name: Jamie Windham Title: Business Manager</p> <p>B. Corrective action planned: District will implement new procedures to ensure that all credit card statements and bank statements are reconciled monthly.</p> <p>C. Anticipated completion date: June 30, 2022.</p>

**Boonville School District
201 N. First Street
Office of the Superintendent
Booneville, Mississippi 38829
Dr. Todd English, Superintendent
Jamie Windham, Business Manager**

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Booneville School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2021:

Finding Status

2020-001 See Finding 2021-001