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VICKSBURG WARREN SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

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246 Briarwood Drive, Suite 102  
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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Vicksburg Warren 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 Vicksburg Warren School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Vicksburg Warren School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren 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 6-14, 54, 55, 56, 57 and 58, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vicksburg Warren 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 December 16, 2022, on our consideration of the Vicksburg Warren 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 Vicksburg Warren 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 Vicksburg Warren School District's internal control over financial reporting and compliance.

*JD CPA, PLLC*

Jackson, Mississippi  
December 16, 2022



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Vicksburg Warren School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

The following discussion and analysis of Vicksburg Warren 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 \$437,226, including a prior period adjustment of (\$529,484) and a fund reclassification of \$92,071, which represents a 1% decrease from fiscal year 2020. Total net position for 2020 increased \$6,066,241, including a prior period adjustment of \$2,880,229, which represents a 14% increase from fiscal year 2019.
- General revenues amounted to \$77,615,137 and \$76,414,321, or 81% and 83% 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 \$17,904,496, or 19% of total revenues for 2021, and \$15,745,527, or 17% of total revenues for 2020.
- The District had \$95,519,446 and \$88,973,836 in expenses for fiscal years 2021 and 2020; only \$17,904,496 for 2021 and \$15,745,527 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$77,615,137 for 2021 and \$76,414,321 for 2020 were adequate to provide for these programs.
- Among major funds, the General Fund had \$69,681,615 in revenues and \$64,525,880 in expenditures for 2021, and \$68,202,048 in revenues and \$65,464,733 in expenditures in 2020. The General Fund's fund balance increased by \$4,170,822 from 2020 to 2021, which includes a fund reclassification of \$92,071, and decreased by \$2,407,588 from 2019 to 2020, which includes a prior period adjustment of (\$102,063).
- Capital assets, net of accumulated depreciation, increased by \$41,240,165 for 2021 and increased by \$68,157,202 for 2020. The increase for 2021 was due to construction in progress and other current year additions net of the increase in accumulated depreciation.
- Long-term debt decreased by \$4,769,256 for 2021 and increased by \$34,898,923 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$116,238 for 2021 and increased by \$148,348 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 financial position is improving or deteriorating.

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

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

### **Fund Financial Statements**

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

**Governmental funds** – 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.

Vicksburg Warren 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 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 \$37,947,276 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.

Vicksburg Warren 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	\$ 43,886,535	\$ 30,555,653	43.63 %
Restricted assets	33,113,067	93,078,169	(64.42) %
Capital assets, net	172,537,741	131,297,576	31.41 %
<b>Total assets</b>	<b>249,537,343</b>	<b>254,931,398</b>	<b>(2.12) %</b>
<b>Deferred outflows of resources</b>	<b>18,640,537</b>	<b>9,963,761</b>	<b>87.08 %</b>
Current liabilities	18,315,662	23,417,566	(21.79) %
Long-term debt outstanding	150,637,349	155,290,367	(3.00) %
Net OPEB liability	6,494,269	7,082,736	(8.31) %
Net pension liability	128,081,557	112,789,176	13.56 %
<b>Total liabilities</b>	<b>303,528,837</b>	<b>298,579,845</b>	<b>1.66 %</b>
<b>Deferred inflows of resources</b>	<b>2,596,319</b>	<b>3,825,364</b>	<b>(32.13) %</b>
<b>Net position:</b>			
Net investment in capital assets	42,885,461	40,999,048	4.60 %
Restricted	11,117,122	12,697,252	(12.44) %
Unrestricted	(91,949,859)	(91,206,350)	(0.82) %
<b>Total net position</b>	<b>\$ (37,947,276)</b>	<b>\$ (37,510,050)</b>	<b>(1.17) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (91,949,859)
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	118,531,608
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 26,581,749

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

- Increase in net capital assets in the amount of \$41,240,165.
- The principal retirement of \$3,984,272 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$95,519,633 and \$92,159,848, respectively. The total cost of all programs and services was \$95,519,446 for 2021 and \$88,973,836 for 2020.

Vicksburg Warren School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

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>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 294,720	\$ 596,365	(50.58) %
Operating grants and contributions	17,609,776	15,149,162	16.24 %
General revenues:			
Property and gaming taxes	40,217,281	37,763,369	6.50 %
Grants and contributions not restricted	36,629,807	35,928,368	1.95 %
Investment earnings	64,379	2,240,360	(97.13) %
Sixteenth section sources	382,442	392,569	(2.58) %
Other	321,228	89,655	258.29 %
<b>Total revenues</b>	<b>95,519,633</b>	<b>92,159,848</b>	<b>3.65 %</b>
<b>Expenses:</b>			
Instruction	45,141,719	41,714,449	8.22 %
Support services	28,798,772	26,967,791	6.79 %
Non-instructional	4,302,223	5,213,125	(17.47) %
Sixteenth section	71,717	69,184	3.66 %
Pension expense	12,518,015	9,780,912	27.98 %
OPEB expense	124,992	387,867	(67.77) %
Interest on long-term liabilities	4,562,008	4,840,508	(5.75) %
<b>Total expenses</b>	<b>95,519,446</b>	<b>88,973,836</b>	<b>7.36 %</b>
<b>Increase (Decrease) in net position</b>	<b>187</b>	<b>3,186,012</b>	<b>(99.99) %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(37,510,050)</b>	<b>(43,576,291)</b>	13.92 %
<b>Fund Reclassification</b>	<b>92,071</b>	<b>-</b>	N/A %
<b>Prior Period Adjustment</b>	<b>(529,484)</b>	<b>2,880,229</b>	(118.38) %
<b>Net Position, July 1, as restated</b>	<b>(37,947,463)</b>	<b>(40,696,062)</b>	<b>6.75 %</b>
<b>Net Position, June 30</b>	<b>\$ (37,947,276)</b>	<b>\$ (37,510,050)</b>	<b>(1.17) %</b>

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

### Governmental activities

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

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ 45,141,719	\$ 41,714,449	8.22 %
Support services	28,798,772	26,967,791	6.79 %
Non-instructional	4,302,223	5,213,125	(17.47) %
Sixteenth section	71,717	69,184	3.66 %
Pension Expense	12,518,015	9,780,912	27.98 %
OPEB Expense	124,992	387,867	(67.77) %
Interest on long-term liabilities	4,562,008	4,840,508	(5.75) %
<b>Total expenses</b>	<b>\$ 95,519,446</b>	<b>\$ 88,973,836</b>	<b>7.36 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ (35,686,972)	\$ (35,289,999)	(1.12) %
Support services	(24,563,421)	(23,812,424)	(3.15) %
Non-instructional	(89,758)	952,585	█ (109.42) %
Sixteenth section	(69,784)	(69,184)	(0.87) %
Pension Expense	(12,518,015)	(9,780,912)	(27.98) %
OPEB Expense	(124,992)	(387,867)	67.77 %
Interest on long-term liabilities	(4,562,008)	(4,840,508)	5.75 %
<b>Total net (expense) revenue</b>	<b>\$ (77,614,950)</b>	<b>\$ (73,228,309)</b>	<b>(5.99) %</b>

- Net cost of governmental activities (\$77,614,950 for 2021 and \$73,228,309 for 2020) was financed by general revenue, which is primarily made up of property and gaming taxes (\$40,217,281 for 2021 and \$37,763,369 for 2020) and state and federal revenues (\$36,629,807 for 2021 and \$35,928,368 for 2020). In addition, there was \$382,442 and \$392,569 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$64,379 for 2021 and \$2,240,360 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.



Vicksburg Warren School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**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 \$60,446,730, a decrease of \$41,553,948, which includes a prior period adjustment of (\$26,986), a fund reclassification of \$92,071, and a decrease in inventory of \$60,514. \$26,902,978, or 45% 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 \$33,543,752, or 55% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$4,170,822, including a fund reclassification of \$92,071. The fund balance of Other Governmental Funds showed a decrease in the amount of \$9,432,642, which includes a prior period adjustment of (\$26,986) and a decrease in inventory of \$60,514. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
Capital Project Bond 18 Fund	\$	(10,187,156)
Capital Project Bond 19 Fund	\$	(11,356,409)
Capital Project Bond 19A Fund	\$	(5,972,865)
Capital Project COP 19 Fund	\$	(8,775,698)

## **BUDGETARY HIGHLIGHTS**

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

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

Vicksburg Warren School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2021, the District's total capital assets were \$218,544,552, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$44,388,025 from 2020. Total accumulated depreciation as of June 30, 2021, was \$46,006,811, and total depreciation expense for the year was \$2,684,843, resulting in total net capital assets of \$172,537,741.

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

	June 30, 2021	June 30, 2020	Percentage Change
Land	\$ 1,056,845	\$ 1,056,845	0.00 %
Construction in Progress	110,686,796	88,518,073	25.04 %
Buildings	26,114,946	27,531,861	(5.15) %
Building improvements	25,042,510	10,862,646	130.54 %
Improvements other than buildings	6,961,405	572,664	1,115.62 %
Mobile equipment	2,402,134	2,397,713	0.18 %
Furniture and equipment	273,105	357,774	(23.67) %
<b>Total</b>	<b>\$ 172,537,741</b>	<b>\$ 131,297,576</b>	<b>31.41 %</b>

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

**Debt Administration.** At June 30, 2021, the District had \$150,637,349 in outstanding long-term debt, of which \$4,159,147 is due within one year. During the fiscal year, the District made principal payments totaling \$3,984,272 on outstanding long-term debt. The liability for compensated absences increased \$116,238 from the prior year.

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

	June 30, 2021	June 30, 2020	Percentage Change
General obligation bonds payable	\$ 78,612,000	\$ 80,332,000	(2.14) %
Certificates of participation payable	32,430,000	33,710,000	(3.80) %
Three mill notes payable	15,710,000	16,130,000	(2.60) %
Qualified zone academy bonds payable	6,207,352	6,771,624	(8.33) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	1,116,890	1,000,652	11.62 %
<b>Total</b>	<b>\$ 137,076,242</b>	<b>\$ 140,944,276</b>	<b>(2.74) %</b>
Premiums on bonds	13,561,107	14,346,091	(5.47) %
<b>Total</b>	<b>\$ 150,637,349</b>	<b>\$ 155,290,367</b>	<b>(3.00) %</b>

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

Vicksburg Warren School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**CURRENT ISSUES**

The Vicksburg Warren 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 Vicksburg Warren School District, 1500 Mission 66, Vicksburg, MS 39180.

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## FINANCIAL STATEMENTS

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**VICKSBURG WARREN SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 39,405,852
Investments	11,282
Due from other governments	4,078,035
Accrued interest receivable	78
Other receivables, net	253,272
Inventories	138,016
Restricted assets	33,113,067
Capital assets, non-depreciable:	
Land	1,056,845
Construction in progress	110,686,796
Capital assets, net of accumulated depreciation:	
Buildings	26,114,946
Building improvements	25,042,510
Improvements other than buildings	6,961,405
Mobile equipment	2,402,134
Furniture and equipment	273,105
Total Assets	<u>249,537,343</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	17,377,559
Deferred outflows - OPEB	1,262,978
Total Deferred Outflows of Resources	<u>18,640,537</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	16,394,434
Unearned revenue	158,438
Interest payable on long-term liabilities	1,762,790
Long-term liabilities, due within one year:	
Capital related liabilities	4,103,302
Non-capital related liabilities	55,845
Net OPEB liability	254,328
Long-term liabilities, due beyond one year:	
Capital related liabilities	131,856,050
Capital related bond premiums	13,561,107
Non-capital related liabilities	1,061,045
Net pension liability	128,081,557
Net OPEB liability	6,239,941
Total Liabilities	<u>303,528,837</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	1,161,109
Deferred inflows - OPEB	1,435,210
Total Deferred Inflows of Resources	<u>2,596,319</u>
<b>Net Position</b>	
Net investment in capital assets	42,885,461
Restricted for:	
Expendable:	
School-based activities	2,613,695
Debt service	3,968,679
Forestry improvements	260,419
Unemployment benefits	189,969
Non-expendable:	
Sixteenth section	4,084,360
Unrestricted	(91,949,859)
Total Net Position (deficit)	<u>\$ (37,947,276)</u>

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

**VICKSBURG WARREN SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2021**

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	\$ 45,141,719	\$ 246,115	\$ 9,208,632	\$ -	\$ (35,686,972)
Support services	28,798,772	28,456	4,206,895	-	(24,563,421)
Non-instructional	4,302,223	18,216	4,194,249	-	(89,758)
Sixteenth section	71,717	1,933	-	-	(69,784)
Pension expense	12,518,015	-	-	-	(12,518,015)
OPEB expense	124,992	-	-	-	(124,992)
Interest on long-term liabilities	4,562,008	-	-	-	(4,562,008)
Total Governmental Activities	\$ 95,519,446	\$ 294,720	\$ 17,609,776	\$ -	\$ (77,614,950)

General Revenues:

Taxes:

General purpose levies 31,851,226

Debt purpose levies 7,636,506

Gaming 729,549

Unrestricted grants and contributions:

State 36,464,867

Federal 164,940

Unrestricted investment earnings 64,379

Sixteenth section sources 382,442

Other 321,228

Total General Revenues 77,615,137

Change in Net Position 187

Net Position - Beginning, as previously reported (37,510,050)

Fund reclassification 92,071

Prior Period Adjustments (529,484)

Net Position - Beginning, as restated (37,947,463)

Net Position (deficit) - Ending \$ (37,947,276)

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



**VICKSBURG WARREN SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2021**

	Major Funds					Other	Total
	General	Capital Project	Capital Project	Capital Project	Capital Project	Governmental	Governmental
	Fund	Bond 18	Bond 19	Bond 19A	COP 19	Funds	Funds
		Fund	Fund	Fund	Fund		
<b>Assets</b>							
Cash and cash equivalents	\$ 30,978,386	\$ 1,329,089	\$ 299,637	\$ -	\$ -	\$ 12,534,283	\$ 45,141,395
Cash with fiscal agents	-	5,766,977	90,734	4,320,507	9,680,178	7,519,128	27,377,524
Investments	11,282	-	-	-	-	-	11,282
Due from other governments	1,202,028	-	-	-	-	2,876,007	4,078,035
Accrued interest receivable	-	42	-	36	-	-	78
Other receivables, net	234,636	-	-	-	-	18,636	253,272
Due from other funds	1,644,326	593,115	1,662,990	-	-	-	3,900,431
Inventories	-	-	-	-	-	138,016	138,016
Total assets	\$ 34,070,658	\$ 7,689,223	\$ 2,053,361	\$ 4,320,543	\$ 9,680,178	\$ 23,086,070	\$ 80,900,033
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 6,219,379	\$ 3,985,982	\$ 2,053,361	\$ 1,414,336	\$ 1,088,817	\$ 1,632,559	\$ 16,394,434
Due to other funds	-	-	-	1,662,990	517,097	1,720,344	3,900,431
Unearned revenue	152,640	-	-	-	-	5,798	158,438
Total Liabilities	6,372,019	3,985,982	2,053,361	3,077,326	1,605,914	3,358,701	20,453,303
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	-	138,016	138,016
Permanent fund principal	-	-	-	-	-	4,084,360	4,084,360
<b>Restricted:</b>							
Debt service	-	-	-	-	-	5,731,469	5,731,469
Capital improvements	-	3,703,241	-	1,243,217	8,074,264	6,847,457	19,868,179
Forestry improvement purposes	-	-	-	-	-	260,419	260,419
Grant activities	-	-	-	-	-	2,475,679	2,475,679
Unemployment benefits	-	-	-	-	-	189,969	189,969
<b>Assigned:</b>							
Student activities	756,218	-	-	-	-	-	756,218
School board activities	39,443	-	-	-	-	-	39,443
<b>Unassigned</b>	26,902,978	-	-	-	-	-	26,902,978
Total Fund Balances	27,698,639	3,703,241	-	1,243,217	8,074,264	19,727,369	60,446,730
Total Liabilities and Fund Balances	\$ 34,070,658	\$ 7,689,223	\$ 2,053,361	\$ 4,320,543	\$ 9,680,178	\$ 23,086,070	\$ 80,900,033

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

**VICKSBURG WARREN 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** \$ 60,446,730

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	\$ 1,056,845	
Construction in progress	110,686,796	
Buildings	58,286,644	
Building improvements	28,538,874	
Improvements other than buildings	8,062,675	
Mobile equipment	9,808,379	
Furniture and equipment	2,104,339	
Accumulated depreciation	<u>(46,006,811)</u>	172,537,741

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	(128,081,557)	
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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	17,377,559	
Deferred inflows of resources related to pensions	<u>(1,161,109)</u>	(111,865,107)

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	(6,494,269)	
--------------------	-------------	--

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	1,262,978	
Deferred inflows of resources related to OPEB	<u>(1,435,210)</u>	(6,666,501)

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	(78,612,000)	
Other bonds payable	(9,207,352)	
Notes payable	(15,710,000)	
Certificates of participation	(32,430,000)	
Compensated absences	(1,116,890)	
Unamortized premiums	(13,561,107)	
Accrued interest payable	<u>(1,762,790)</u>	(152,400,139)

<b>Net Position of governmental activities</b>	<b>\$ <u>(37,947,276)</u></b>
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The notes to the financial statements are an integral part of this statement.

**VICKSBURG WARREN SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

	Major Funds						
	General Fund	Capital Project Bond 18 Fund	Capital Project Bond 19 Fund	Capital Project Bond 19A Fund	Capital Project COP 19 Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Local sources	\$ 33,025,271	\$ 5,062	\$ 7,065	\$ -	\$ 6,386	\$ 7,690,329	\$ 40,734,113
State sources	35,994,813	-	-	-	-	2,141,568	38,136,381
Federal sources	285,380	-	-	-	-	15,942,711	16,228,091
Sixteenth section sources	376,151	-	-	-	-	16,441	392,592
Total Revenues	69,681,615	5,062	7,065	-	6,386	25,791,049	95,491,177
<b>Expenditures:</b>							
Instruction	38,847,773	-	-	-	-	9,897,712	48,745,485
Support services	25,597,194	-	-	-	-	4,529,506	30,126,700
Noninstructional services	37,456	-	-	-	-	4,241,657	4,279,113
Sixteenth section	43,457	-	-	-	-	28,260	71,717
Facilities acquisition and construction	-	10,192,218	11,404,361	5,969,439	8,782,783	7,716,404	44,065,205
Debt service:							
Principal	-	-	-	-	-	3,984,272	3,984,272
Interest	-	-	-	-	-	5,368,624	5,368,624
Total Expenditures	64,525,880	10,192,218	11,404,361	5,969,439	8,782,783	35,766,435	136,641,116
Excess (Deficiency) of Revenues over (under) Expenditures	5,155,735	(10,187,156)	(11,397,296)	(5,969,439)	(8,776,397)	(9,975,386)	(41,149,939)
<b>Other Financing Sources (Uses):</b>							
Insurance recovery	28,456	-	-	-	-	-	28,456
Operating transfers in	97,233	-	40,887	-	699	770,335	909,154
Operating transfers out	(770,335)	-	-	(699)	-	(138,120)	(909,154)
Other financing uses	(432,338)	-	-	(2,727)	-	(1,971)	(437,036)
Total Other Financing Sources (Uses)	(1,076,984)	-	40,887	(3,426)	699	630,244	(408,580)
Net Change in Fund Balances	4,078,751	(10,187,156)	(11,356,409)	(5,972,865)	(8,775,698)	(9,345,142)	(41,558,519)
<b>Fund Balances:</b>							
July 1, 2020, as previously reported	23,527,817	13,890,397	11,356,409	7,216,082	16,849,962	29,160,011	102,000,678
Fund reclassification	92,071	-	-	-	-	-	92,071
Prior period adjustments	-	-	-	-	-	(26,986)	(26,986)
July 1, 2020, as restated	23,619,888	13,890,397	11,356,409	7,216,082	16,849,962	29,133,025	102,065,763
Increase (Decrease) in inventory	-	-	-	-	-	(60,514)	(60,514)
June 30, 2021	\$ 27,698,639	\$ 3,703,241	\$ -	\$ 1,243,217	\$ 8,074,264	\$ 19,727,369	\$ 60,446,730

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

**VICKSBURG WARREN 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** \$ (41,558,519)

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	\$ 44,427,905	
Depreciation expense	<u>(2,684,843)</u>	41,743,062
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		
		(399)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	3,984,272	
Accrued interest payable	<u>21,632</u>	4,005,904
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	(12,518,015)	
Contributions subsequent to the measurement date	<u>7,624,819</u>	(4,893,196)
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	(124,992)	
Contributions subsequent to the measurement date	<u>220,095</u>	95,103
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	(116,238)	
Change in inventory	(60,514)	
Amortization of deferred charges, premiums and discounts	<u>784,984</u>	608,232
<b>Change in Net Position of governmental activities</b>		<u><u>\$ 187</u></u>

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

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VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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 a "primary government." The school district is governed by a five member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, the Vicksburg Warren 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.

Blended component units:

The Vicksburg Warren School District Leasing Authority ("the Authority") as explained in the following paragraph is considered to be a blended component unit as determined by Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the district's reporting entity.

The Authority is governed by a five member board which is appointed by the school district's governing board. Although it is legally separate from the school district, it is reported as if it is part of the primary government because its sole purpose is to provide financing for the renovation, improvement, construction, and equipping of certain school facilities. Therefore, all of the Authority's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the school district (see Note 15).

The VHS Public Benefit Corporation, (QUALICB) as explained in the following paragraph is considered to be a blended component unit as determined by section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* and is included in the District's reporting entity.

The QUALICB is fiscally dependent upon the District and is in a relationship of financial benefit or burden with the QUALICB. Therefore, all of the QUALICB's assets, liabilities, fund balances, revenues, expenditures and other financing sources and uses have been included in the government-wide financial statements of the District (see Note 20).

**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.

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental 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.

Capital Project Bond 18 Fund - This fund accounts for the financial resources of bond proceeds used for capital outlay.

Capital Project Bond 19 Fund - This fund accounts for the financial resources of bond proceeds used for capital outlay.

Capital Project Bond 19A Fund - This fund accounts for the financial resources of bond proceeds used for capital outlay.

Capital Project COP 19 Fund - This fund accounts for the financial resources of certificates of participation proceeds used for capital outlay.

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

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

resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**D. Encumbrances**

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

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

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

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

**2. Receivables and payables**

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

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**

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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 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(\*) The threshold amount will correspond with the amounts for the asset classifications, as

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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 district reports deferred outflows from pensions and deferred outflows from 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 district reports deferred inflows from pensions and deferred inflows from OPEB.

See Note 19 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

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

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

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

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

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

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

13. Accounting Standards Update

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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 2021. 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.

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

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

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

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

### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$45,152,677 (which includes \$11,282 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments).

**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

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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 \$44,871,095 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 \$27,377,524.

#### Investments

As of June 30, 2021, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of deposit	N/A	2 years	\$ 11,282
Total			<u>\$ 11,282</u>

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

The district has the following recurring fair value measurements as of June 30, 2021:

- Investments of \$11,282 are valued using quoted market prices (Level 1 inputs)

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

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

**Custodial Credit Risk - Investments.** Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2021, the district did not have any investments to which this would apply.

**Concentration of Credit Risk.** Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2021, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Trustmark	\$ 11,282	100%

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 1,644,326
Capital Project Bond 18 Fund	Capital Project COP 19 Fund	517,097
	Other governmental funds	76,018
Capital Project Bond 19 Fund	Capital Project Bond 19A Fund	1,662,990
Total		<u>\$ 3,900,431</u>

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

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 770,335
Capital Project Bond 19A Fund	Capital Project COP 19 Fund	699
Other governmental funds	General Fund	97,233
	Capital Project Bond 19 Fund	40,887
Total		<u>\$ 909,154</u>

The primary reason for the interfund transfers was for indirect costs, the funding of capital projects, federal grant allocations, and the funding of various programs within the district.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$4,083,870 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent balance of \$444 of the MAEP Debt Service Fund. The restricted assets also represent the cash and cash with fiscal agent balances, totaling \$1,651,673 and \$27,377,080, respectively, of the various capital project funds resulting from unspent proceeds of long-term debt.

**Note 5 – Capital Assets**

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

	Balance 7/1/2020	Increases	Decreases	Completed Construction	Adjustments	Balance 6/30/2021
<b>Governmental Activities:</b>						
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,056,845	\$	\$	\$	\$	1,056,845
Construction-in-progress	88,518,073	44,065,205		(21,896,482)		110,686,796
Total non-depreciable capital assets	89,574,918	44,065,205	-	(21,896,482)	-	111,743,641
<u>Depreciable capital assets:</u>						
Buildings	58,286,644					58,286,644
Building improvements	13,329,401			15,209,473		28,538,874
Improvements other than buildings	1,375,666			6,687,009		8,062,675
Mobile equipment	9,456,738	351,641				9,808,379
Furniture and equipment	2,133,160	11,059	39,880			2,104,339
Total depreciable capital assets	84,581,609	362,700	39,880	21,896,482	-	106,800,911
<u>Less accumulated depreciation for:</u>						
Buildings	30,754,783	866,856			550,059	32,171,698
Building improvements	2,466,755	1,140,026			(110,417)	3,496,364
Improvements other than buildings	803,002	289,155			9,113	1,101,270
Mobile equipment	7,059,025	316,548			30,672	7,406,245
Furniture and equipment	1,775,386	72,258	39,481		23,071	1,831,234
Total accumulated depreciation	42,858,951	2,684,843	39,481	-	502,498	46,006,811
Total depreciable capital assets, net	41,722,658	(2,322,143)	399	21,896,482	(502,498)	60,794,100
Governmental activities capital assets, net	\$ 131,297,576	\$ 41,743,062	\$ 399	\$ -	\$ (502,498)	\$ 172,537,741

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 1,369,270
Support services	966,543
Non-instructional	349,030
Total depreciation expense - Governmental activities	<u>\$ 2,684,843</u>

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



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	Spent to June 30, 2021	Remaining Commitment
<b>Governmental Activities:</b>		
Bowmar Elementary project	\$ 4,576,115	\$ 440,635
Redwood Elementary project	1,579,326	77,890
Warrenton Elementary project	1,264,641	75,867
Warrenton Re-roof project	21,839	-
Vicksburg Junior High project	5,005,994	564,557
Warren Central Junior High project	5,479,852	564,557
New Academy Innovation project	19,417,946	1,019,572
Vicksburg High project	39,242,482	2,990,785
Vicksburg High Athletics project	7,801,881	249,405
Warren Central High project	26,296,720	9,732,799
Total governmental activities	<u>110,686,796</u>	<u>15,716,067</u>

Construction projects included in governmental activities are funded with debt proceeds in the Capital Project Bond 18 Fund, Capital Project Bond 19 Fund, Capital Project Note 19 Fund, Capital Project Bond 19A Fund, and Capital Project COP 19 Fund.

#### 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	\$ 80,332,000	\$	\$ 1,720,000	\$ 78,612,000	\$ 1,774,000
B. Certificates of participation payable	33,710,000		1,280,000	32,430,000	1,325,000
C. Three mill notes payable	16,130,000		420,000	15,710,000	440,000
D. Qualified zone academy bonds payable	6,771,624		564,272	6,207,352	564,302
E. Qualified school construction bonds payable	3,000,000			3,000,000	-
F. Compensated absences payable	1,000,652	116,238		1,116,890	55,845
Total	<u>\$ 140,944,276</u>	<u>\$ 116,238</u>	<u>\$ 3,984,272</u>	<u>\$ 137,076,242</u>	<u>\$ 4,159,147</u>
Add: Bond premiums	14,346,091		784,984	13,561,107	
Total	<u>\$ 155,290,367</u>	<u>\$ 116,238</u>	<u>\$ 4,769,256</u>	<u>\$ 150,637,349</u>	

#### A. General obligation bonds payable

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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
1. General Obligation Bonds Series 2018A	4.48%	10/22/2018	3/1/2033	\$ 12,310,000	\$ 10,397,000
2. General Obligation Bonds Series 2018	4.125-5.25%	10/23/2018	3/1/2047	22,580,000	22,580,000
3. General Obligation Bonds Series 2019	3.125-5.50%	6/3/2019	3/1/2049	27,745,000	27,450,000
4. General Obligation Bonds Series 2019A	2.38%	10/11/2019	3/1/2035	20,365,000	18,185,000
Total				<u>\$ 83,000,000</u>	<u>\$ 78,612,000</u>

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

1. General obligation bonds issued on October 22, 2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ 669,000	\$ 465,786	\$ 1,134,786
2023	700,000	435,814	1,135,814
2024	732,000	404,454	1,136,454
2025	765,000	371,660	1,136,660
2026	800,000	337,388	1,137,388
2027 – 2031	4,589,000	1,115,027	5,704,027
2032 – 2033	2,142,000	145,018	2,287,018
Total	<u>\$ 10,397,000</u>	<u>\$ 3,275,147</u>	<u>\$ 13,672,147</u>

This debt will be retired from the GO Bond 2018A debt service fund.

2. General obligation bonds issued on October 23, 2018:

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 1,147,650	\$ 1,147,650
2023	-	1,147,650	1,147,650
2024	-	1,147,650	1,147,650
2025	-	1,147,650	1,147,650
2026	-	1,147,650	1,147,650
2027 – 2031	-	5,738,250	5,738,250
2032 – 2036	3,735,000	5,548,989	9,283,989
2037 – 2041	7,695,000	3,992,626	11,687,626
2042 – 2046	9,995,000	1,742,476	11,737,476
2047	1,155,000	47,644	1,202,644
Total	<u>\$ 22,580,000</u>	<u>\$ 22,808,235</u>	<u>\$ 45,388,235</u>

This debt will be retired from the GO Bond 2018 debt service fund.

3. General obligation bonds issued on June 3, 2019:

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Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 1,336,056	\$ 1,336,056
2023	-	1,336,056	1,336,056
2024	-	1,336,056	1,336,056
2025	-	1,336,056	1,336,056
2026	-	1,336,056	1,336,056
2027 – 2031	-	6,680,280	6,680,280
2032 – 2036	-	6,680,280	6,680,280
2037 – 2041	8,545,000	5,814,530	14,359,530
2042 – 2046	10,940,000	3,424,155	14,364,155
2047 – 2049	7,965,000	652,843	8,617,843
Total	\$ 27,450,000	\$ 29,932,368	\$ 57,382,368

This debt will be retired from the GO Bond 2019 debt service fund.

4. General obligation bonds issued on October 11, 2019:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,105,000	\$ 432,804	\$ 1,537,804
2023	1,135,000	406,504	1,541,504
2024	1,160,000	379,492	1,539,492
2025	1,190,000	351,884	1,541,884
2026	1,220,000	323,560	1,543,560
2027 – 2031	6,545,000	1,168,460	7,713,460
2032 – 2035	5,830,000	351,048	6,181,048
Total	\$ 18,185,000	\$ 3,413,752	\$ 21,598,752

This debt will be retired from the GO Bond 2019A debt service fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,774,000	\$ 3,382,296	\$ 5,156,296
2023	1,835,000	3,326,024	5,161,024
2024	1,892,000	3,267,652	5,159,652
2025	1,955,000	3,207,250	5,162,250
2026	2,020,000	3,144,654	5,164,654
2027 – 2031	11,134,000	14,702,017	25,836,017
2032 – 2036	11,707,000	12,725,335	24,432,335
2037 – 2041	16,240,000	9,807,156	26,047,156
2042 – 2046	20,935,000	5,166,631	26,101,631
2047 – 2049	9,120,000	700,487	9,820,487
Total	\$ 78,612,000	\$ 59,429,502	\$ 138,041,502

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

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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 13% of property assessments as of October 1, 2020.

**B. Certificates of participation payable**

As more fully explained in Note 15, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Certificate of participation, Series 2019	3.47%	3/1/2019	3/1/2039	\$ 34,950,000	\$ 32,430,000
Total				<u>\$ 34,950,000</u>	<u>\$ 32,430,000</u>

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

Year Ending June 30	Principal	Interest	Total
2022	\$ 1,325,000	\$ 1,125,321	\$ 2,450,321
2023	1,375,000	1,079,344	2,454,344
2024	1,420,000	1,031,631	2,451,631
2025	1,470,000	982,358	2,452,358
2026	1,520,000	931,348	2,451,348
2027 – 2031	8,440,000	3,827,238	12,267,238
2032 – 2036	10,005,000	2,258,276	12,263,276
2037 – 2039	6,875,000	482,504	7,357,504
Total	<u>\$ 32,430,000</u>	<u>\$ 11,718,020</u>	<u>\$ 44,148,020</u>

This debt will be retired from the COP Series 2019 debt service fund.

**C. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note, Series 2019	4.0-5.0%	11/7/2019	3/1/2039	\$ 16,670,000	\$ 15,710,000
Total				<u>\$ 16,670,000</u>	<u>\$ 15,710,000</u>

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

VICKSBURG WARREN SCHOOL DISTRICT  
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For Year Ended June 30, 2021

Year Ending June 30	Principal	Interest	Total
2022	\$ 440,000	\$ 755,350	\$ 1,195,350
2023	465,000	733,350	1,198,350
2024	485,000	710,100	1,195,100
2025	510,000	685,850	1,195,850
2026	535,000	660,350	1,195,350
2027 – 2031	4,190,000	2,770,250	6,960,250
2032 – 2036	5,260,000	1,707,150	6,967,150
2037 – 2039	3,825,000	389,000	4,214,000
Total	<u>\$ 15,710,000</u>	<u>\$ 8,411,400</u>	<u>\$ 24,121,400</u>

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

**D. Qualified zone academy bonds payable**

As more fully explained in Note 16, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QZAB, Series 2015A	0.00%	9/25/2015	9/25/2031	\$ 8,572,169	\$ 6,207,352
Total				<u>\$ 8,572,169</u>	<u>\$ 6,207,352</u>

**E. Qualified school construction bonds payable**

As more fully explained in Note 17, 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
Limited Tax Note, Series 2009 QSCB	0.00%	10/2/2009	10/6/2026	\$ 3,000,000	\$ 3,000,000
Total				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

**F. 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 – Other Commitments**

Commitments under construction contracts are described in Note 5.

VICKSBURG WARREN SCHOOL DISTRICT  
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**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 \$7,624,819, \$7,665,671 and \$6,576,542, 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 \$128,081,557 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 0.661618 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.020478 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.

VICKSBURG WARREN SCHOOL DISTRICT  
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For Year Ended June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$12,518,015. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,111,453	\$
Net difference between projected and actual earnings on pension plan investments	5,252,973	
Changes of assumptions	694,313	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,694,001	1,161,109
District contributions subsequent to the measurement date	7,624,819	
Total	\$ <u>17,377,559</u>	\$ <u>1,161,109</u>

\$7,624,819 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	\$ 891,721
2023	2,892,712
2024	3,111,900
2025	1,695,298

*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.

VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 165,785,837	\$ 128,081,557	\$ 96,960,376

**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 9 – 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/>.



VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
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*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 \$220,095 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 \$6,494,269 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 0.83451583 percent. This was a decrease of 0.00017997 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 \$124,992. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,278	\$ 1,130,176
Changes of assumptions	1,008,295	274,439
Net difference between projected and actual earnings on OPEB plan investments	209	
Changes in proportion and differences between District contributions and proportionate share of contributions	26,101	30,595

VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
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District contributions subsequent to the measurement date	220,095
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Total	\$	1,262,978	\$	1,435,210
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\$220,095 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	\$ (110,253)
2023	(110,253)
2024	(89,450)
2025	(22,073)
2026	(60,298)

*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.

VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
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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.

*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	\$ 7,176,611	\$ 6,494,269	\$ 5,909,006

*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	\$ 5,996,464	\$ 6,494,269	\$ 7,058,260

*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 10 – Sixteenth Section Lands

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

VICKSBURG WARREN SCHOOL DISTRICT  
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Year Ending June 30	Amount
2022	\$ 331,495
2023	261,881
2024	206,886
2025	44,443
2026	62,971
2027 – 2031	147,110
2032 - 2036	65,857
2037 – 2041	36,758
Total	<u>\$ 1,157,401</u>

**Note 11 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
1. To correct prior year expenditures at the governmental fund level	\$ (26,986)
2. To correct prior year accumulated depreciation of capital assets	(502,498)
Total	<u>\$ (529,484)</u>

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

Fund	Explanation	Amount
Other governmental funds	To correct prior year expenditures	\$ (26,986)
Total		<u>\$ (26,986)</u>

**Note 12 – Fund Reclassifications**

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

Exhibit B - Statement of Activities

Explanation	Amount
To reclass agency funds to the General Fund per GASB 84	\$ 92,071
Total	<u>\$ 92,071</u>

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

Fund	Explanation	Amount
General Fund	To reclass agency funds to the General Fund per GASB 84	\$ 92,071
Total		<u>\$ 92,071</u>

VICKSBURG WARREN SCHOOL DISTRICT  
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**Note 13 – Contingencies**

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

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

**Note 14 – 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 15 – Trust Certificates**

A trust agreement dated March 1, 2019, was executed by and between the school district and Vicksburg Warren School District Leasing Authority, Incorporated, as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$34,950,000 to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project").

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the *Codification of Governmental Accounting and Financial Reporting Standards* dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Financial Statements  
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**Note 16 – Qualified Zone Academy Bonds**

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Vicksburg-Warren School District Leasing Authority, Incorporated, has entered into such an arrangement dated September 25, 2015.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The following schedule reports the annual payments made by the school district:

Year Ending June 30	Amount
2022	\$ 564,302
2023	564,302
2024	564,302
2025	564,302
2026	564,302
2027-2031	2,821,540
2032	564,302
Total	<u>\$ 6,207,352</u>

**Note 17 – 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 because no interest was paid on the QSCB.

The school district makes equal annual payments into a 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 \$2,062,500. The amount accumulated in the 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 fund by the school district.

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

Year Ending June 30	Amount
2022	\$ 187,500
2023	187,500
2024	187,500
2025	187,500
2026	187,500
Total	<u>\$ 937,500</u>

**Note 18 - Insurance loss recoveries**

The Vicksburg Warren School District received \$28,456 in insurance loss recoveries during the fiscal year related to damages to property. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to the support services expense function.

**Note 19 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$91,949,859) 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 \$7,624,819 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 \$9,752,740 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 amount of (\$91,949,859) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,161,109 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 amount of (\$91,949,859) 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 \$220,095 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 \$1,042,883 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 amount of (\$91,949,859) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$1,435,210 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.

**Note 20 – New Market Tax Credit Financing**

On September 12, 2018, the Board of Trustees approved and authorized a series of transactions utilizing federal New Market Tax Credits and Mississippi Equity Investment Tax Credits. The district formed the VHS Public Benefit Corporation, a Mississippi nonprofit corporation and instrumentality of the District which constitutes a "qualified active low-income community business" (QUALICB) in order to qualify for federal New Market Tax Credits pursuant to Section 45D of the Internal Revenue Code of 1986, as amended and Mississippi Equity Investment Tax Credits, pursuant to Section 57-105-1 of the Mississippi Code of 1972, Ann.

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

**Note 21 - Subsequent Events**

Events that occur after the Statement of Net Position/Balance Sheet date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position/Balance Sheet date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the School District through December 16, 2022 and determined that the following event requires disclosure in the notes to the financial statements:

- On June 4, 2021, Standard & Poor pulled the District's A+ bond rating due to insufficient financial information. There have been no further updates from Standard & Poor, as of the date of the auditor's report.



## REQUIRED SUPPLEMENTARY INFORMATION

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**VICKSBURG WARREN 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
<b>Revenues:</b>					
Local sources	\$ 31,483,321	\$ 31,651,553	\$ 33,025,271	\$ 168,232	\$ 1,373,718
State sources	36,900,738	34,319,266	35,994,813	(2,581,472)	1,675,547
Federal sources	409,616	413,056	285,380	3,440	(127,676)
Sixteenth section sources	44,725	94,747	376,151	50,022	281,404
Total Revenues	68,838,400	66,478,622	69,681,615	(2,359,778)	3,202,993
<b>Expenditures:</b>					
Instruction	45,577,466	46,730,561	38,847,773	(1,153,095)	7,882,788
Support services	29,942,045	29,245,494	25,597,194	696,551	3,648,300
Noninstructional services	51,991	51,991	37,456	-	14,535
Sixteenth section	-	43,457	43,457	(43,457)	-
Total Expenditures	75,571,502	76,071,503	64,525,880	(500,001)	11,545,623
Excess (Deficiency) of Revenues over (under) Expenditures	(6,733,102)	(9,592,881)	5,155,735	(2,859,779)	14,748,616
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	-	28,456	-	28,456
Operating transfers in	2,462,740	2,466,940	97,233	4,200	(2,369,707)
Operating transfers out	-	-	(770,335)	-	(770,335)
Other financing uses	-	-	(432,338)	-	(432,338)
Total Other Financing Sources (Uses)	2,462,740	2,466,940	(1,076,984)	4,200	(3,543,924)
Net Change in Fund Balances	(4,270,362)	(7,125,941)	4,078,751	(2,855,579)	11,204,692
<b>Fund Balances:</b>					
July 1, 2020, as previously reported	25,993,691	25,993,691	23,527,817	-	(2,465,874)
Fund reclassification	-	-	92,071	-	92,071
July 1, 2020, as restated	25,993,691	25,993,691	23,619,888	-	(2,373,803)
June 30, 2021	\$ 21,723,329	\$ 18,867,750	\$ 27,698,639	\$ (2,855,579)	\$ 8,830,889

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

**VICKSBURG WARREN SCHOOL DISTRICT**

**Required Supplementary Information**

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

**PERS**

**Last 10 Fiscal Years\***

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.66162%	0.64114%	0.66000%	0.65000%	0.66000%	0.68000%	0.68000%
District's proportionate share of the net pension liability	\$ 128,081,557	\$ 112,789,176	109,777,595	108,052,061	117,892,480	105,114,590	82,539,548
District's covered payroll	44,055,580	41,755,804	41,849,529	41,805,780	41,928,959	42,286,152	41,526,051
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	270.12%	262.32%	258.46%	281.17%	248.58%	198.77%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

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

**VICKSBURG WARREN SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**PERS**

**Last 10 Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	7,624,819	7,665,671	6,576,542	6,591,304	6,584,681	6,603,658	6,660,069
Contributions in relation to the contractually required contribution	\$ 7,624,819	\$ 7,665,671	6,576,542	6,591,304	6,584,681	6,603,658	6,660,069
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-	-
District's covered payroll	43,820,799	44,055,580	41,755,804	41,849,529	41,805,780	41,927,987	42,286,152
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 Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

**VICKSBURG WARREN SCHOOL DISTRICT**

**Required Supplementary Information**

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

**OPEB**

**Last 10 Fiscal Years\***

		<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	%	0.8345158	0.8346958	0.8300000	0.8300000
District's proportionate share of the net OPEB liability	\$	6,494,269	7,082,736	6,423,086	6,512,534
District's covered-employee payroll		44,055,580	41,755,804	41,849,529	41,805,780
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		14.74%	16.96%	15.35%	15.58%
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 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.

**VICKSBURG WARREN SCHOOL DISTRICT**

**Required Supplementary Information**

**SCHEDULE OF DISTRICT CONTRIBUTIONS**

**OPEB**

**Last 10 Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 220,095	258,990	283,898	277,639
Contributions in relation to the actuarially determined contribution	\$ 220,095	258,990	283,898	277,639
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	43,820,799	44,055,580	41,849,529	41,805,780
Contributions as a percentage of covered-employee payroll	0.50%	0.59%	0.68%	0.66%

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

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

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

VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For 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 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%.



VICKSBURG WARREN SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For 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.

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

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

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

**VICKSBURG WARREN 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
<b><u>U.S. Department of Agriculture</u></b>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	205MS326N1099	1,527,788
National school lunch program	10.555	205MS326N1099	2,876,079
Summer food service program for children	10.559	205MS326N1099	237,821
Total child nutrition cluster			4,641,688
Fresh Fruit and Vegetable Program	10.582	205MS326L1603	19,767
Total passed-through Mississippi Department of Education			4,661,455
<b>Total U.S. Department of Agriculture</b>			<b>4,661,455</b>
<b><u>U.S. Department of Defense</u></b>			
Direct Program:			
Reserve Officers' Training Corps	12.xxx	N/A	105,017
<b>Total U.S. Department of Defense</b>			<b>105,017</b>
<b><u>U.S. Department of Treasury</u></b>			
Passed-through Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund:			
Equity in Distance Learning Act	21.019	21/12010115/8491/EDLA	2,353,549
Mississippi Pandemic Response Broadband Availability Act	21.019	21/1201021785/8499/PRBAA	522,108
COVID-19 - Coronavirus Relief Fund Subtotal			2,875,657
Total passed-through Mississippi Department of Education			2,875,657
<b>Total U.S. Department of Treasury</b>			<b>2,875,657</b>
<b><u>Federal Communications Commission</u></b>			
Administered through the Universal Service Administrative Company:			
The schools and libraries program of the universal service fund	32.xxx	N/A	110,597
<b>Total Federal Communications Commission</b>			<b>110,597</b>
<b><u>U.S. Department of Education</u></b>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A200024	3,624,568
Career and technical education - basic grants to states	84.048	VO048A190024	131,101
Supporting Effective Instruction State Grants	84.367	ES367A200023	458,490
Title V - Rural Education	84.365	ES358B190024	86,658
Student support and academic enrichment	84.424	ES424A200025	130,506
Subtotal			4,431,323
Elementary and Secondary School Emergency Relief I	84.425D	S425D200031	1,744,908
Elementary and Secondary School Emergency Relief II	84.425D	S425D210031	262,649
COVID-19 - Education Stabilization Fund (ESSER) Subtotal:			2,007,557
Special education cluster:			
Special education - grants to states	84.027	H027A200108	1,920,232
Special education - preschool grants	84.173	H173A200113	63,576
Total special education cluster			1,983,808
Total passed-through Mississippi Department of Education			8,422,688
<b>Total U.S. Department of Education</b>			<b>8,422,688</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed-through Mississippi Department of Education			
Medical assistance program	93.778	2105MS5ADM	52,677
Total passed-through Mississippi Department of Education			52,677
<b>Total U.S. Department of Health and Human Services</b>			<b>52,677</b>
<b>Total for All Federal Awards</b>			<b>\$ 16,228,091</b>

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

VICKSBURG WARREN 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 Vicksburg Warren 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 Vicksburg Warren School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Vicksburg Warren School District.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

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

(4) Noncash Awards

Donated commodities of \$139,775 are included in the National School Lunch Program.

**VICKSBURG WARREN SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2021**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 66,075,246	49,213,243	2,901,446	4,238,545	9,722,012
Other	70,565,870	8,931,115	1,362,458	100,501	60,171,796
Total	<u>\$ 136,641,116</u>	<u>58,144,358</u>	<u>4,263,904</u>	<u>4,339,046</u>	<u>69,893,808</u>
Total number of students *	<u>6,573</u>				
Cost per student	<u>\$ 20,788</u>	<u>8,846</u>	<u>649</u>	<u>660</u>	<u>10,633</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

**VICKSBURG WARREN SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	<u>2021</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
<b>Revenues:</b>				
Local sources	\$ 33,025,271	\$ 31,349,424	\$ 32,851,467	\$ 32,982,636
State sources	35,994,813	36,120,752	34,752,619	35,277,252
Federal sources	285,380	310,584	299,717	1,333,396
Sixteenth section sources	<u>376,151</u>	<u>421,288</u>	<u>403,777</u>	<u>392,565</u>
Total Revenues	<u>69,681,615</u>	<u>68,202,048</u>	<u>68,307,580</u>	<u>69,985,849</u>
<b>Expenditures:</b>				
Instruction	38,847,773	39,986,568	39,043,476	37,967,046
Support services	25,597,194	25,353,023	24,383,005	24,065,648
Noninstructional services	37,456	83,397	89,403	74,858
Sixteenth section	<u>43,457</u>	<u>41,745</u>	<u>17,808</u>	<u>8,360</u>
Total Expenditures	<u>64,525,880</u>	<u>65,464,733</u>	<u>63,533,692</u>	<u>62,115,912</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>5,155,735</u>	<u>2,737,315</u>	<u>4,773,888</u>	<u>7,869,937</u>
<b>Other Financing Sources (Uses):</b>				
Insurance loss recovery	28,456	-	2,400	68,457
Operating transfers in	97,233	111,034	130,450	610,482
Sales of transportation equipment	-	-	12,808	-
Other financing uses	(432,338)	(48,000)	-	-
Operating transfer out	<u>(770,335)</u>	<u>(5,105,874)</u>	<u>(5,783,802)</u>	<u>(3,147,890)</u>
Total Other Financing Sources (Uses)	<u>(1,076,984)</u>	<u>(5,042,840)</u>	<u>(5,638,144)</u>	<u>(2,468,951)</u>
Net Change in Fund Balances	<u>4,078,751</u>	<u>(2,305,525)</u>	<u>(864,256)</u>	<u>5,400,986</u>
<b>Fund Balances:</b>				
Beginning of period as previously reported	23,527,817	25,935,405	26,697,598	21,272,779
Fund reclassification	92,071	-	-	-
Prior period adjustments	<u>-</u>	<u>(102,063)</u>	<u>102,063</u>	<u>23,833</u>
Beginning of period, as restated	<u>23,619,888</u>	<u>25,833,342</u>	<u>26,799,661</u>	<u>21,296,612</u>
End of Period	\$ <u>27,698,639</u>	\$ <u>23,527,817</u>	\$ <u>25,935,405</u>	\$ <u>26,697,598</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



**VICKSBURG WARREN SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	<u>2021</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
<b>Revenues:</b>				
Local sources	\$ 40,734,113	\$ 40,627,757	\$ 35,842,995	\$ 33,534,676
State sources	38,136,381	38,546,514	37,525,430	38,463,174
Federal sources	16,228,091	12,531,018	12,150,763	12,719,994
Sixteenth section sources	392,592	503,479	481,838	449,565
Total Revenues	<u>95,491,177</u>	<u>92,208,768</u>	<u>86,001,026</u>	<u>85,167,409</u>
<b>Expenditures:</b>				
Instruction	48,745,485	45,934,378	45,371,397	44,496,427
Support services	30,126,700	28,736,759	32,346,633	29,121,845
Noninstructional services	4,279,113	5,290,971	3,806,156	3,753,680
Sixteenth section	71,717	69,184	22,508	24,570
Facilities acquisition and construction	44,065,205	70,007,404	16,512,831	1,104,036
Debt service:				
Principal	3,984,272	4,351,302	2,120,302	2,697,000
Interest	5,368,624	4,094,899	636,995	88,518
Other	-	1,027,262	2,930,645	-
Total Expenditures	<u>136,641,116</u>	<u>159,512,159</u>	<u>103,747,467</u>	<u>81,286,076</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(41,149,939)</u>	<u>(67,303,391)</u>	<u>(17,746,441)</u>	<u>3,881,333</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	37,035,000	97,585,000	-
Insurance loss recovery	28,456	-	2,400	68,457
Premiums on debt issuance	-	3,000,209	12,770,714	-
Sale of transportation equipment	-	-	12,808	-
Operating transfers in	909,154	5,216,908	5,914,252	4,462,218
Operating transfers out	(909,154)	(5,216,908)	(5,914,252)	(4,462,218)
Other financing uses	(437,036)	(48,920)	-	-
Total Other Financing Sources (Uses)	<u>(408,580)</u>	<u>39,986,289</u>	<u>110,370,922</u>	<u>68,457</u>
Net Change in Fund Balances	<u>(41,558,519)</u>	<u>(27,317,102)</u>	<u>92,624,481</u>	<u>3,949,790</u>
<b>Fund Balances:</b>				
Beginning of period as previously reported	102,000,678	127,037,602	34,371,799	30,319,221
Fund reclassification	92,071			
Prior period adjustments	(26,986)	2,139,546	102,063	107,792
Beginning of period, as restated	<u>102,065,763</u>	<u>129,177,148</u>	<u>34,473,862</u>	<u>30,427,013</u>
Increase (decrease) in inventory	(60,514)	140,632	(60,741)	(5,004)
End of Period	\$ <u><u>60,446,730</u></u>	\$ <u><u>102,000,678</u></u>	\$ <u><u>127,037,602</u></u>	\$ <u><u>34,371,799</u></u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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  
Vicksburg Warren 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 Vicksburg Warren School District, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise Vicksburg Warren School District's basic financial statements, and have issued our report thereon dated December 16, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Vicksburg Warren 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Vicksburg Warren School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Vicksburg Warren 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 or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vicksburg Warren 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 financial statements. 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Vicksburg Warren School District's Response to Finding**

The Vicksburg Warren School District's response to the finding identified in our audit is described in the accompanying Auditee Corrective Action Plan. We did not audit the Vicksburg Warren School District's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*JD CPA, PLLC*

Jackson, Mississippi  
December 16, 2022



246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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

Superintendent and School Board  
Vicksburg Warren School District

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

We have audited Vicksburg Warren 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 Vicksburg Warren School District's major federal programs for the year ended June 30, 2021. The Vicksburg Warren School District's major federal programs are identified in the summary of the 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 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 Vicksburg Warren 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 the 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 on the school district's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Vicksburg Warren 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 Vicksburg Warren 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 Vicksburg Warren 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 Vicksburg Warren School District's internal control over compliance.

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

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

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

*JD CPA, PLLC*

Jackson, Mississippi  
December 16, 2022

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



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246 Briarwood Drive, Suite 102  
Jackson, MS 39206  
p. 601-316-1444

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

Superintendent and School Board  
Vicksburg Warren School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2021, which collectively comprise Vicksburg Warren School District's basic financial statements and have issued our report thereon dated December 16, 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 ensure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

**Findings:**

During our testing of compliance with state laws and regulations, we noted the following instances of noncompliance:

- District is not properly managing its sixteenth section leases and appears to have a lack of internal controls in place to ensure timely payment of leases, termination of late leases, renewal of expired leases, obtaining appraisals, etc.
- During our testing of invoices, we noted multiple instances of invoices not being paid within 45 days of receipt of goods or services.
- During our testing of Retired/Rehired employees, we noted instances where PERS Form 4Bs were not submitted to PERS within 5 days of the date of rehire, and one instance where an employee was paid more than allowed.
- District board members did not file the annually required, Statement of Economic Interest form, by May 1<sup>st</sup>.

**Recommendation:**

We recommend that the District familiarize itself with all state laws and regulations and put procedures in place to ensure compliance with those laws and regulations.

**Response:**

The District will put procedures in place and/or continue to monitor existing policies to help ensure compliance with state laws and regulations.

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

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

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

*JD CPA, PLLC*

Jackson, Mississippi  
December 16, 2022

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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VICKSBURG WARREN 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 weakness(es) identified? (Yes/No)                  | Yes           |
|    | b. Significant deficiency(ies) identified? (Yes/None reported) | None reported |
| 3. | Noncompliance material to financial statements noted? (Yes/No) | No            |

Federal Awards:

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

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	COVID-19 – Coronavirus Relief Fund: Equity in Distance Learning Act; Mississippi Pandemic Response Broadband Availability Act
84.027 and 84.173	Special Education Cluster
84.425D	Elementary and Secondary School Emergency Relief I Elementary and Secondary School Emergency Relief II
84.367	Supporting Effective Instruction State Grants

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

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

Section II: Financial Statement Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported under *Government Auditing Standards*:

**Material Weakness:**

Finding 2021-001:

CRITERIA: Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records.

CONDITION:

- (1) We noted bank reconciliations were not being performed timely or accurately throughout the year, resulting in material adjustments by management after the close of the fiscal year. Failure to prepare accurate and timely bank reconciliations could lead to misappropriation of assets that go undetected by management.
- (2) During our testing of the cash with fiscal agents and the investments balance of unspent bond proceeds, we noted material variances with amounts reported in the financial statements. The investment statements had not been reconciled, resulting in transactions not being recorded in the financial statements.
- (3) During our search for unrecorded liabilities, we noted application for payments and retainage on construction contracts that had not been accrued. Additionally, an accurate detail listing of claims payable was not being properly maintained and resulted in numerous revisions being made.
- (4) During our testing of capital assets, we noted the district is not effectively tracking and accounting for ongoing construction projects.
- (5) During our testing of general disbursements, we noted numerous instances where purchase orders were dated after invoice dates.
- (6) During our testing of deposits, we noted instances where activity fund deposits were not being timely made and instances where amounts deposited, were less than amounts reported on activity fund transmittals.
- (7) During our District Employee payroll testing, we noted an instance where an employee was overpaid by \$6,018. Before our testing was completed, the employee had repaid the District \$3,000.

CAUSE: The cause is a result of not properly implementing a designed system of accounting and internal controls.

EFFECT: The effect of this condition could result in the financial statements being materially misstated.

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

RECOMMENDATION: It is recommended that the district implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

VIEWS OF RESPONSIBLE OFFICIALS: Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

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 AND  
SUMMARY OF PRIOR AUDIT FINDINGS

CHAD SHEALY  
Superintendent  
cshealy@vwsd.org

DAVID CAMPBELL  
Deputy Superintendent  
dcampbell@vwsd.org



SCHOOL BOARD  
Bryan Pratt, District 1  
Alonzo Stevens, District 2  
James Sturgus, Jr., District 3  
Kimble Slaton, District 4  
Sally Bullard, District 5

## AUDITEE'S CORRECTIVE ACTION PLAN

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 Vicksburg Warren School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2021:

### Finding

**2021-001**

### Corrective Action Plan Details

- A. Contact person responsible for corrective action:  
Name: Chad Sealy  
Title: Superintendent
- B. Description of corrective action planned:  
Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.
- C. Anticipated completion date of corrective action:  
Immediately

## SUMMARY OF PRIOR AUDIT FINDINGS

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 Vicksburg Warren School District has prepared and hereby submits the following summary of prior audit findings for the year ended June 30, 2021:

<u>Finding</u>	<u>Status</u>
2020-001	Repeated