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WEST TALLAHATCHIE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2021

WEST TALLAHATCHIE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Tallahatchie School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions (PERS), the Schedule of the

District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 4-12 and 44-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022, on our consideration of the West Tallahatchie School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Tallahatchie School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Tallahatchie School District's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
September 9, 2022

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of West Tallahatchie 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 increased \$966,389, including a prior period adjustment of (\$127,733) and a fund reclassification of (\$2,627), which represents a 16% increase from fiscal year 2020. Total net position for 2020 decreased \$383,702, including a prior period adjustment of \$16,902, which represents a 7% decrease from fiscal year 2019.
- General revenues amounted to \$7,228,314 and \$6,972,062, or 72% and 76% 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 \$2,790,959, or 28% of total revenues for 2021, and \$2,149,092, or 24% of total revenues for 2020.
- The District had \$8,922,524 and \$9,521,758 in expenses for fiscal years 2021 and 2020; only \$2,790,959 for 2021 and \$2,149,092 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,228,314 for 2021 were adequate to provide for these programs and \$6,972,062 for 2020 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$6,831,325 in revenues and \$5,752,423 in expenditures for 2021, and \$6,753,891 in revenues and \$6,938,538 in expenditures in 2020. The General Fund's fund balance increased by \$642,791 including a fund reclassification of (\$2,627) from 2020 to 2021, and increased by \$107,295, including a prior period adjustment of \$26,440 from 2019 to 2020.
- Capital assets, net of accumulated depreciation, decreased by \$154,921 for 2021 and decreased by \$113,528 for 2020. The decrease for 2021 was due to the increase in accumulated depreciation.
- Long-term debt decreased by \$98,790 for 2021 and decreased by \$90,000 for 2020. The decrease for 2021 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$3,790 for 2021 and increased by \$2,833 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 non-fiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the

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

most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$5,100,922 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.

WEST TALLAHATCHIE 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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Current assets	\$ 6,542,744	\$ 4,954,949	32.04 %
Restricted assets	649,010	549,048	18.21 %
Capital assets, net	<u>3,586,635</u>	<u>3,741,556</u>	(4.14) %
Total assets	<u>10,778,389</u>	<u>9,245,553</u>	16.58 %
 Deferred outflows of resources	 <u>2,001,457</u>	 <u>1,701,484</u>	 17.63 %
 Current liabilities	 621,508	 683,569	 (9.08) %
Long-term debt outstanding	1,551,685	1,650,475	(5.99) %
Net OPEB Liability	920,328	1,037,151	(11.26) %
Net pension liability	<u>14,220,228</u>	<u>13,272,440</u>	7.14 %
Total liabilities	<u>17,313,749</u>	<u>16,643,635</u>	4.03 %
 Deferred inflows of resources	 <u>567,019</u>	 <u>370,713</u>	 52.95 %
 Net position:			
Net investment in capital assets	2,086,635	2,146,556	(2.79) %
Restricted	2,422,211	1,315,184	84.17 %
Unrestricted	<u>(9,609,768)</u>	<u>(9,529,051)</u>	(0.85) %
Total net position	<u>\$ (5,100,922)</u>	<u>\$ (6,067,311)</u>	15.93 %

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)	\$ (9,609,768)
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	<u>13,706,118</u>
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 4,096,350</u>

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

- Decrease in net capital assets in the amount of \$154,921.
- The principal retirement of \$95,000 of long-term debt.
- Recognition of the net pension liability in the amount of \$14,220,228.
- The recognition of a net OPEB liability in the amount of \$920,328.

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

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2021 and June 30, 2020 were \$10,019,273 and \$9,121,154, respectively. The total cost of all programs and services was \$8,922,524 for 2021 and \$9,521,758 for 2020.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2021	Year Ended June 30, 2020	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 857,580	\$ 568,542	50.84 %
Operating grants and contributions	1,933,379	1,580,550	22.32 %
General revenues:			
Property taxes	2,550,582	2,304,882	10.66 %
Grants and contributions not restricted	4,105,320	4,125,187	(0.48) %
Investment earnings	15,821	16,302	(2.95) %
Sixteenth section sources	354,504	349,604	1.40 %
Other	202,087	176,087	14.77 %
Total revenues	10,019,273	9,121,154	9.85 %
Expenses:			
Instruction	3,193,923	3,732,753	(14.44) %
Support services	3,584,431	3,710,522	(3.40) %
Non-instructional	603,377	549,778	9.75 %
Pension expense	1,458,031	1,395,371	4.49 %
OPEB expense	24,342	68,963	(64.70) %
Interest on long-term liabilities	58,420	64,371	(9.24) %
Total expenses	8,922,524	9,521,758	(6.29) %
Increase (Decrease) in net position	1,096,749	(400,604)	373.77 %
Net Position, July 1, as previously reported	(6,067,311)	(5,683,609)	(6.75) %
Fund Reclassification	(2,627)	-	100.00 %
Prior Period Adjustment	(127,733)	16,902	(855.73) %
Net Position, July 1, as restated	(6,197,671)	(5,666,707)	(9.37) %
Net Position, June 30	\$ (5,100,922)	\$ (6,067,311)	15.93 %

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

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2021	2020	
Instruction	\$ 3,193,923	\$ 3,732,753	(14.44) %
Support services	3,584,431	3,710,522	(3.40) %
Non-instructional	603,377	549,778	9.75 %
Pension expense	1,458,031	1,395,371	4.49 %
OPEB expense	24,342	68,963	(64.70) %
Interest on long-term liabilities	58,420	64,371	(9.24) %
Total expenses	\$ 8,922,524	\$ 9,521,758	(6.29) %
	Net (Expense) Revenue		Percentage Change
	2021	2020	
Instruction	\$ (2,747,086)	\$ (3,189,054)	13.86 %
Support services	(1,817,969)	(2,604,664)	30.20 %
Non-instructional	(25,717)	(50,243)	48.81 %
Pension expense	(1,458,031)	(1,395,371)	(4.49) %
OPEB expense	(24,342)	(68,963)	64.70 %
Interest on long-term liabilities	(58,420)	(64,371)	9.24 %
Total net (expense) revenue	\$ (6,131,565)	\$ (7,372,666)	16.83 %

- Net cost of governmental activities (\$6,131,565 for 2021 and \$7,372,666 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$2,550,582 for 2021 and \$2,304,882 for 2020) and state and federal revenues (\$4,105,320 for 2021 and \$4,125,187 for 2020). In addition, there was \$354,504 and \$349,604 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$15,821 for 2021 and \$16,302 for 2020.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6,621,912, an increase of \$1,748,189, which includes a prior period adjustment of (\$127,733), a fund reclassification of (\$2,627),

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

and a decrease in inventory of \$13,540. \$4,031,020, or 61% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,590,892, or 39% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$642,791 which includes a fund reclassification of (\$2,627). The fund balance of Other Governmental Funds showed a decrease in the amount of \$6,169, which includes a prior period adjustment of (\$127,733) and a decrease in inventory of \$13,540.

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2021, the District's total capital assets were \$7,989,071, including land, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a decrease of \$11,491 from 2020. Total accumulated depreciation as of June 30, 2021, was \$4,402,436, and total depreciation expense for the year was \$183,401, resulting in total net capital assets of \$3,586,635.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2021	June 30, 2020	Percentage Change
Land	\$ 15,491	\$ 15,491	- %
Buildings	2,467,800	2,542,455	(2.94) %
Building improvements	645,356	681,543	(5.31) %
Improvements other than buildings	108,174	118,991	(9.09) %
Mobile equipment	305,459	356,626	(14.35) %
Furniture and equipment	44,355	26,450	67.69 %
Total	\$ 3,586,635	\$ 3,741,556	(4.14) %

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

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

Debt Administration. At June 30, 2021, the District had \$1,551,685 in outstanding long-term debt, of which \$2,584 is due within one year. During the fiscal year, the District made principal payments totaling \$95,000 on outstanding long-term debt. The liability for compensated absences decreased \$3,790 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Three mill notes payable	\$ -	\$ 95,000	(100.00) %
Qualified school construction bonds payable	1,500,000	1,500,000	- %
Compensated absences payable	51,685	55,475	(6.83) %
Total	<u>\$ 1,551,685</u>	<u>\$ 1,650,475</u>	<u>(5.99) %</u>

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

CURRENT ISSUES

The West Tallahatchie 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 West Tallahatchie School District, P.O. Box 129, Webb, MS 38966.

FINANCIAL STATEMENTS

West Tallahatchie School District

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,957,370
Due from other governments	509,612
Accrued interest receivable	4,701
Other receivables, net	55,004
Inventories	16,057
Restricted assets	649,010
Capital assets, non-depreciable:	
Land	15,491
Capital assets, net of accumulated depreciation:	
Buildings	2,467,800
Building improvements	645,356
Improvements other than buildings	108,174
Mobile equipment	305,459
Furniture and equipment	44,355
Total Assets	<u>10,778,389</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	1,787,197
Deferred outflows - OPEB	214,260
Total Deferred Outflows of Resources	<u>2,001,457</u>
Liabilities	
Accounts payable and accrued liabilities	569,842
Interest payable on long-term liabilities	51,666
Long-term liabilities, due within one year:	
Non-capital related liabilities	2,584
Net OPEB liability	34,560
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,500,000
Non-capital related liabilities	49,101
Net pension liability	14,220,228
Net OPEB liability	885,768
Total Liabilities	<u>17,313,749</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	330,995
Deferred inflows - OPEB	236,024
Total Deferred Inflows of Resources	<u>567,019</u>
Net Position	
Net investment in capital assets	2,086,635
Restricted for:	
Expendable:	
School-based activities	548,649
Debt service	691,017
Capital improvements	1,120,507
Forestry improvements	25,873
Unemployment benefits	7,928
Non-expendable:	
Sixteenth section	28,237
Unrestricted	(9,609,768)
Total Net Position (deficit)	<u>\$ (5,100,922)</u>

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

West Tallahatchie School District

**Statement of Activities
For Year Ended June 30, 2021**

Exhibit B

						Net (Expense)
						Revenue and
						Changes in Net
						Position
		Program Revenues				
			Operating	Capital		
Functions/Programs	Expenses	Charges for	Grants and	Grants and		Governmental
		Services	Contributions	Contributions		Activities
Governmental Activities:						
Instruction	\$ 3,193,923	\$ 3,235	\$ 443,602	\$ -	\$	(2,747,086)
Support services	3,584,431	854,345	912,117	-		(1,817,969)
Non-instructional	603,377	-	577,660	-		(25,717)
Pension expense	1,458,031	-	-	-		(1,458,031)
OPEB expense	24,342	-	-	-		(24,342)
Interest on long-term liabilities	58,420	-	-	-		(58,420)
Total Governmental Activities	\$ 8,922,524	\$ 857,580	\$ 1,933,379	\$ -	\$	(6,131,565)
General Revenues:						
Taxes:						
General purpose levies						2,430,885
Debt purpose levies						119,697
Unrestricted grants and contributions:						
State						4,040,926
Federal						64,394
Unrestricted investment earnings						15,821
Sixteenth section sources						354,504
Other						202,087
Total General Revenues						7,228,314
Change in Net Position						1,096,749
Net Position - Beginning, as previously reported						(6,067,311)
Fund Reclassification						(2,627)
Prior Period Adjustments						(127,733)
Net Position - Beginning, as restated						(6,197,671)
Net Position (deficit) - Ending						\$ (5,100,922)

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

**West Tallahatchie School District
Governmental Funds**

**Balance Sheet
June 30, 2021**

Exhibit C

	Major Funds				
	General Fund	Save the Children Fund	RHB Tornado Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,235,838	\$ -	\$ 1,118,773	\$ 603,301	\$ 5,957,912
Cash with fiscal agents	-	-	-	107,873	107,873
Investments	-	-	-	540,595	540,595
Due from other governments	58,751	146,882	-	303,979	509,612
Accrued interest receivable	-	-	-	4,701	4,701
Other receivables, net	55,004	-	-	-	55,004
Due from other funds	246,350	-	-	-	246,350
Inventories	-	-	-	16,057	16,057
Total assets	\$ 4,595,943	\$ 146,882	\$ 1,118,773	\$ 1,576,506	\$ 7,438,104
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 447,908	\$ 6,114	\$ -	\$ 115,820	\$ 569,842
Due to other funds	-	140,768	-	105,582	246,350
Total Liabilities	447,908	146,882	-	221,402	816,192
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	16,057	16,057
Permanent fund principal	-	-	-	28,237	28,237
Restricted:					
Debt service	-	-	-	742,683	742,683
Capital projects	-	-	1,118,773	1,734	1,120,507
Forestry improvement purposes	-	-	-	25,873	25,873
Grant activities	-	-	-	532,592	532,592
Unemployment benefits	-	-	-	7,928	7,928
Assigned:					
Activity funds	117,015	-	-	-	117,015
Unassigned	4,031,020	-	-	-	4,031,020
Total Fund Balances	4,148,035	-	1,118,773	1,355,104	6,621,912
Total Liabilities and Fund Balances	\$ 4,595,943	\$ 146,882	\$ 1,118,773	\$ 1,576,506	\$ 7,438,104

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

**West Tallahatchie 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	\$	6,621,912
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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	\$ 15,491	
Buildings	5,079,454	
Building improvements	951,302	
Improvements other than buildings	270,435	
Mobile equipment	1,330,286	
Furniture and equipment	342,103	
Accumulated depreciation	<u>(4,402,436)</u>	3,586,635
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	(14,220,228)	
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	1,787,197	
Deferred inflows of resources related to pensions	<u>(330,995)</u>	(12,764,026)
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	(920,328)	
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	214,260	
Deferred inflows of resources related to OPEB	<u>(236,024)</u>	(942,092)
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:		
Other bonds payable	(1,500,000)	
Compensated absences	(51,685)	
Accrued interest payable	<u>(51,666)</u>	(1,603,351)
Net Position of governmental activities	\$	<u>(5,100,922)</u>

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

**West Tallahatchie School District
Governmental Funds**

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

Exhibit D

	Major Funds				
	General Fund	Save the Children Fund	RHB Tornado Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 2,442,355	\$ -	\$ -	\$ 131,230	\$ 2,573,585
Intermediate sources	-	196,159	-	-	196,159
State sources	4,032,344	-	28,500	83,725	4,144,569
Federal sources	210	-	-	1,893,919	1,894,129
Sixteenth section sources	356,416	-	-	70	356,486
Total Revenues	6,831,325	196,159	28,500	2,108,944	9,164,928
Expenditures:					
Instruction	2,963,105	193,550	-	528,077	3,684,732
Support services	2,789,169	9,815	-	885,435	3,684,419
Noninstructional services	149	-	-	602,835	602,984
Debt service:					
Principal	-	-	-	95,000	95,000
Interest	-	-	-	58,494	58,494
Other	-	-	-	1,555	1,555
Total Expenditures	5,752,423	203,365	-	2,171,396	8,127,184
Excess (Deficiency) of Revenues over (under) Expenditures	1,078,902	(7,206)	28,500	(62,452)	1,037,744
Other Financing Sources (Uses):					
Insurance recovery	309,208	-	545,137	-	854,345
Payments held by escrow agent	-	-	-	89,149	89,149
Payment to QSCB debt escrow agent	-	-	-	(89,149)	(89,149)
Operating transfers in	-	-	545,136	209,014	754,150
Operating transfers out	(742,692)	-	-	(11,458)	(754,150)
Total Other Financing Sources (Uses)	(433,484)	-	1,090,273	197,556	854,345
Net Change in Fund Balances	645,418	(7,206)	1,118,773	135,104	1,892,089
Fund Balances:					
July 1, 2020, as previously reported	3,505,244	7,206	-	1,361,273	4,873,723
Fund reclassification	(2,627)	-	-	-	(2,627)
Prior period adjustments	-	-	-	(127,733)	(127,733)
July 1, 2020, as restated	3,502,617	7,206	-	1,233,540	4,743,363
Increase (Decrease) in inventory	-	-	-	(13,540)	(13,540)
June 30, 2021	\$ 4,148,035	\$ -	\$ 1,118,773	\$ 1,355,104	\$ 6,621,912

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

**West Tallahatchie School District
Governmental Funds**

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 1,892,089**

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	\$ 28,884	
Depreciation expense	<u>(183,401)</u>	(154,517)
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.		
		(404)
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	95,000	
Accrued interest payable	<u>1,629</u>	96,629
4. Some items relating to pensions and reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. The activities include:		
Pension expense	(1,458,031)	
Contributions subsequent to the measurement date	<u>729,669</u>	(728,362)
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	(24,342)	
Contributions subsequent to the measurement date	<u>25,406</u>	1,064
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	3,790	
Change in inventory	<u>(13,540)</u>	(9,750)
Change in Net Position of governmental activities		<u><u>\$ 1,096,749</u></u>

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

**West Tallahatchie School District
Fiduciary Funds**

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

Exhibit E

	Private-Purpos Trust Funds
Assets	
Cash and cash equivalents	\$ 1,462
Total Assets	<u>1,462</u>
Liabilities	
Due to other governments	
Due to other funds	
Total Liabilities	<u>-</u>
Net Position	
Reserved for endowments	1,462
Total Net Position	<u><u>\$ 1,462</u></u>

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

West Tallahatchie School District
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For Year Ended June 30, 2021

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$
Contributions and donations from private sources	
Total Additions	-
Deductions	
Scholarships awarded	
Total Deductions	-
Change in Net Position	-
Net Position	
July 1, 2020, as previously reported	1,462
Prior period adjustments	
July 1, 2020, as restated	1,462
June 30, 2021	\$ 1,462

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

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

Save the Children Fund – This is a special revenue fund that accounts for the revenues and expenditures of the save the children grant.

RJB Tornado Fund – This is a capital projects fund that accounts for the revenues and expenditures related to repairs from tornado damage.

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

The school district also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

Scholarship Funds – These two private purpose funds serve to report all trust arrangements.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

Private-purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

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

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

as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

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

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.

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the

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

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred outflow related to pensions and OPEB. See Note 14 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions and OPEB. See Note 14 for further details.

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

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Postemployment Benefits Other than Pensions (OPEB)

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

12. Fund Balances

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

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

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

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

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

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

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues or expenditures.

13. Accounting Standards Update

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

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

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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 and fiduciary funds was \$5,957,912 and \$107,873, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2021, none of the district's bank balance of \$6,153,623 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 \$107,873.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
CERTIFICATE OF DEPOSIT	NR	1	\$ 27,695
US TREASURY SLGS DEPOSIT	NR	7	512,900
Total			<u>\$ 540,595</u>

The district categorizes its fair value measurements within the fair value hierarchy established by generally

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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's investments are recurring fair value measurements as of June 30, 2021 that are 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.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Save the Children Fund	\$ 140,768
General Fund	Other Governmental Funds	105,582
Total		<u>\$ 246,350</u>

The primary purpose of the inter-fund receivables and payables is to close out federal program funds at year end. Inter-fund balances also represent loan transactions between governmental funds and amounts due to and from the clearing funds and governmental funds. All inter-fund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

Transfers out	Transfers in	Amount
General Fund	RHB Tornado Fund	\$ 545,136
General Fund	Other Governmental Funds	197,556
Other Governmental Funds	Other Governmental Funds	11,458
Total		<u>\$ 754,150</u>

Operating transfers were primarily for the following: vocational and special education expenditure transfers, interest earned on sixteenth section principal, and other routine operating transfers. These transfers are consistent with the activities of the fund making the transfer.

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Note 4 – Restricted Assets

The restricted assets represent the cash and investment balance totaling \$542 and \$27,694 respectively 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, cash with fiscal agent and investment balance totaling \$107,873 and \$512,901 of the Qualified School Construction Bond Fund, respectively.

Note 5 – Capital Assets

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

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 15,491	\$ -	\$ -	\$ 15,491
Total non-depreciable capital assets	15,491	-	-	15,491
<u>Depreciable capital assets:</u>				
Buildings	5,079,454	-		5,079,454
Building improvements	951,302	-		951,302
Improvements other than buildings	270,435	-		270,435
Mobile equipment	1,330,286	-		1,330,286
Furniture and equipment	353,594	28,884	40,375	342,103
Total depreciable capital assets	7,985,071	28,884	40,375	7,973,580
<u>Less accumulated depreciation for:</u>				
Buildings	2,536,999	74,655	-	2,611,654
Building improvements	269,759	36,187	-	305,946
Improvements other than buildings	151,444	10,817	-	162,261
Mobile equipment	973,660	51,167	-	1,024,827
Furniture and equipment	327,144	10,575	39,971	297,748
Total accumulated depreciation	4,259,006	183,401	39,971	4,402,436
Total depreciable capital assets, net	3,726,065	(154,517)	404	3,571,144
Governmental activities capital assets, net	\$ 3,741,556	\$ (154,517)	\$ 404	\$ 3,586,635

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 40,396
Support services	89,324
Non-instructional	53,681
Total depreciation expense - Governmental activities	\$ 183,401

The capital assets above include significant amounts of land, buildings, mobile equipment, and furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

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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. Three mill notes payable	95,000	-	95,000	-	-
B. Qualified school construction bonds payable	1,500,000	-	-	1,500,000	-
C. Compensated absences payable	55,475	-	3,790	51,685	2,584
Total	\$ 1,650,475	\$ -	\$ 98,790	\$ 1,551,685	\$ 2,584

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note, Series 2005	4.20%	9/1/2005	9/1/2020	\$ 1,065,000	\$ -
Total				\$ 1,065,000	\$ -

This debt was retired from the Three Mill Note Fund (Debt Service Fund).

B. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds, series 2014	4.49%	9/23/2014	8/1/2026	\$ 1,500,000	\$ 1,500,000
Total				\$ 1,500,000	\$ 1,500,000

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

Year Ending June 30	Principal	Interest	Total
2022		67,350	67,350
2023		67,350	67,350
2024		67,350	67,350
2025		67,350	67,350
2026		67,350	67,350
2027	1,500,000	67,350	1,567,350
Total	\$ 1,500,000	\$ 404,100	\$ 1,904,100

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C. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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 \$729,669, \$851,078 and \$773,890, 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 \$14,220,228 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

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pension liability was .073456 percent, which was based on a measurement date of June 30, 2020. This was a decrease of .00199 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.

For the year ended June 30, 2021, the District recognized pension expense of \$1,458,031. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 123,574	\$
Net difference between projected and actual earnings on pension plan investments	597,139	
Changes of assumptions	81,703	
Changes in proportion and differences between District contributions and proportionate share of contributions	255,112	330,995
District contributions subsequent to the measurement date	729,669	
Total	\$ <u>1,787,197</u>	\$ <u>330,995</u>

\$729,669 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	\$	180,882
2023		173,759
2024		213,672
2025		188,220

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 will be 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
Domestic Equity	27.00	%	4.90	%
International Equity	22.00		4.75	
Global Equity	12.00		5.00	
Fixed Income	20.00		0.50	
Real Estate	10.00		4.00	
Private Equity	8.00		6.25	
Cash	1.00		0.00	
Total	100	%		

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 18,406,338	\$ 14,220,228	\$ 10,765,005

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

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Note 8 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

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

Benefits provided.

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

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$25,406 for the year ended June 30, 2021.

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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 \$920,328 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 .11826247 percent. This was a decrease of .00396514 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 \$24,342. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,173	\$ 160,162
Changes of assumptions	142,889	38,892
Net difference between projected and actual earnings on OPEB plan investments	30	
Changes in proportion and differences between District contributions and proportionate share of contributions	44,762	36,970
District contributions subsequent to the measurement date	25,406	
Total	\$ <u>214,260</u>	\$ <u>236,024</u>

\$25,406 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	\$ (8,996)
2023	(8,996)
2024	(7,073)
2025	(6,885)
2026	(15,220)

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Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00-18.25 percent, including wage inflation
Municipal Bond Index Rate	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Year FNP is projected to be depleted	
Measurement Date	2020
Prior Measurement Date	2019
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation	
Measurement Date	2.19%
Prior Measurement Date	3.50%
Health Care Cost Trends	
Medicare Supplement Claims	7.00 percent for 2021 decreasing to an
Pre-Medicare	ultimate rate of 4.50% by 2030

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

The demographic actuarial assumptions used in the June 30, 2020 valuation were based on the results of the last actuarial experience study, dated April 2, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.19 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.50% to 2.19%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. As of June 30, 2020, the trust has \$1,037,371. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both the June 30, 2019 and the June 30, 2020 total OPEB liability. The discount rate used to measure the total OPEB liability at June 30, 2020 was based on a monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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:

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	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 1,017,025	\$ 920,328	\$ 837,388

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	\$ 849,782	\$ 920,328	\$ 1,000,253

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

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2022	354,504
2023	354,504
Total	<u>\$ 709,008</u>

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

Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct fund balance	\$ (84,419)
To correct cash with fiscal agents and accrued interest	(10,191)
Increase or decrease in revenue or expenditure	(33,123)
Total	<u>\$ (127,733)</u>

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

Fund	Explanation	Amount
Other Governmental Fund	To correct fund balance	(84,419)
Other Governmental Fund	To correct cash with fiscal agents and accrued interest	(10,191)
Other Governmental Fund	Increase or decrease in revenue or expenditure	(33,123)
Total		<u>\$ (127,733)</u>

Note 11 – Contingencies

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

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

Note 12 – Risk Management

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

Note 13 – 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

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

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 \$64,184.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$620,773. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2022	150,000
2023	150,000
2024	150,000
2025	150,000
2026	150,000
2027	150,000
Total	<u>\$ 900,000</u>

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$9,609,768) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$729,669 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$1,057,528 balance of the deferred outflow of resources related to pensions at June 30, 2021 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 4 years. The \$330,995 balance of the deferred inflow of resources related to pensions at June 30, 2021 will be recognized as a reduction of pension expense and will increase the unrestricted net position amount over the next 3 years.

The unrestricted net position (deficit) amount of (\$9,609,768) includes the effect of deferred inflows/outflows of resources related to OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$25,406 resulting from the 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 \$188,854 balance of the deferred outflows of resources related to OPEB at June 30, 2021 will be recognized as OPEB expense and will decrease the unrestricted net position amount over the next 5 years. The deferred inflows of resources totaling \$236,024 related to OPEB at June 30, 2021, will be recognized as a revenue and will increase the unrestricted net position over the next 5 years.

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

Note 15 - Insurance loss recoveries

The West Tallahatchie School District received \$854,345 in insurance loss recoveries related to property damage during the 2020-2021 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services.

Note 16 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the West Tallahatchie School District evaluated the activity of the district through September 9, 2022, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST TALLAHATCHIE 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	Final		to Final	to Actual
Revenues:					
Local sources	\$ 2,317,052	2,442,355	\$ 2,442,355	\$ 125,303	\$ -
State sources	4,024,886	4,032,344	4,032,344	7,458	-
Federal sources	34,000	210	210	(33,790)	-
Sixteenth section sources	355,104	301,412	356,416	(53,692)	55,004
Total Revenues	6,731,042	6,776,321	6,831,325	45,279	55,004
Expenditures:					
Instruction	2,970,779	3,053,574	2,963,105	(82,795)	90,469
Support services	3,194,664	2,929,816	2,789,169	264,848	140,647
Noninstructional services	2,400	199	149	2,201	50
Sixteenth section	1,150	50	-	1,100	50
Facilities acquisition and construction	31,000	31,000	-	-	31,000
Total Expenditures	6,199,993	6,014,639	5,752,423	185,354	262,216
Excess (Deficiency) of Revenues over (under) Expenditures	531,049	761,682	1,078,902	230,633	317,220
Other Financing Sources (Uses):					
Insurance recovery	-	309,208	309,208	309,208	-
Operating transfers in	1,370,612	1,602,787	-	232,175	(1,602,787)
Other financing sources	-	-	-	-	-
Operating transfers out	(1,487,481)	(1,548,289)	(742,692)	(60,808)	805,597
Total Other Financing Sources (Uses)	(116,869)	363,706	(433,484)	480,575	(797,190)
Net Change in Fund Balances	414,180	1,125,388	645,418	711,208	(479,970)
Fund Balances:					
July 1, 2020, as previously reported	-	2,877,756	3,505,244	2,877,756	627,488
Fund reclassification	-	-	(2,627)	-	(2,627)
July 1, 2020, as restated	-	2,877,756	3,502,617	2,877,756	624,861
June 30, 2021	\$ 414,180	\$ 4,003,144	\$ 4,148,035	\$ 3,588,964	\$ 144,891

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

WEST TALLAHATCHIE SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 122,863	\$ -	\$ -	\$ (122,863)	\$ -
Intermediate sources	-	185,098	196,159	185,098	11,061
Total Revenues	122,863	185,098	196,159	62,235	11,061
Expenditures:					
Instruction	122,863	161,209	193,550	(38,346)	(32,341)
Support services	-	10,000	9,815	(10,000)	185
Total Expenditures	122,863	171,209	203,365	(48,346)	(32,156)
Excess (Deficiency) of Revenues over (under) Expenditures	-	13,889	(7,206)	13,889	(21,095)
Net Change in Fund Balances	-	13,889	(7,206)	13,889	(21,095)
Fund Balances:					
July 1, 2020	-	(13,889)	7,206	(13,889)	21,095
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

PERS

Last 10 Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.073456%	0.075446%	0.076283%	0.069576%	0.071927%	0.071979%	0.073610%
District's proportionate share of the net pension liability	\$ 14,220,228	\$ 13,272,440	\$ 12,688,130	\$ 11,565,893	\$ 12,847,958	\$ 11,126,534	\$ 8,934,906
District's covered payroll	\$ 4,891,253	\$ 4,913,587	\$ 4,871,371	\$ 4,463,359	\$ 4,601,359	\$ 4,496,762	\$ 4,497,962
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	290.7277%	270.1171%	260.4632%	259.1298%	279.2209%	247.4344%	198.6434%
Plan fiduciary net position as a percentage of the total pension liability	58.974%	61.590%	62.540%	61.490%	57.468%	61.704%	67.208%

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

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

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

**West Tallahatchie School District
Required Supplementary Information**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 729,669	\$ 851,078	\$ 773,890	\$ 767,241	\$ 702,979	\$ 724,714	\$ 708,240
Contributions in relation to the contractually required contribution	729,669	851,078	773,890	767,241	702,979	724,714	708,240
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	4,193,500	4,891,253	4,913,587	4,871,371	4,463,359	4,601,359	4,496,762
Contributions as a percentage of covered payroll	17.40%	17.40%	15.75%	15.75%	15.75%	15.75%	15.75%

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

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

WEST TALLAHATCHIE SCHOOL DISTRICT
Required Supplementary Information

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

OPEB

Last 10 Fiscal Years*

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.11826247%	0.12222761%	0.12384740%	0.11477963%
District's proportionate share of the net OPEB liability	\$ 920,328	\$ 1,037,151	\$ 958,022	\$ 900,571
District's covered-employee payroll	5,699,489	5,597,323	5,601,534	5,156,733
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.15%	18.53%	17.10%	17.46%
Plan fiduciary net position as a percentage of the total OPEB liability	0.13%	0.12%	0.13%	0%

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

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

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

WEST TALLAHATCHIE SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	2021	2020	2019	2018
Actuarially determined contribution	\$ 25,406	\$ 36,703	\$ 41,572	\$ 38,393
Contributions in relation to the actuarially determined contribution	25,406	36,703	41,572	38,393
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
District's covered-employee payroll	4,193,500	4,891,253	4,775,566	4,871,371
Contributions as a percentage of covered-employee payroll	0.61%	0.75%	0.87%	0.79%

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

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

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

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

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

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

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

2019:

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

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

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

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

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

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

(2) *Changes in benefit provisions*

2016:

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

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2018 valuation for the June 30, 2020 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

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

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

WEST TALLAHATCHIE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the 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 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

WEST TALLAHATCHIE SCHOOL DISTRICT
Supplementary Information

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

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
National school lunch program	10.555	215MS326N1099	\$ 34,464
COVID-19 Summer Food Service Program for Children	10.559	215MS326N1099	595,194
Total child nutrition cluster			629,658
Total passed-through Mississippi Department of Education			629,658
Total U.S. Department of Agriculture			629,658
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	S010A200024	328,643
Rural Education	84.358	S358B200024	15,092
Supporting Effective Instruction state grants	84.367	S367A200023	8,926
Student Support and Academic Enrichment program	84.424	S424A200025	26,943
Subtotal			379,604
Special education cluster:			
Special education - grants to states	84.027	H027A200108	214,025
Special education - preschool grants	84.173	H173A200113	3,431
Total special education cluster			217,456
Elementary & Secondary School Emergency Relief Fund I	84.425D	S425D200031	195,953
Total passed-through Mississippi Department of Education			793,013
Total U.S. Department of Education			793,013
<u>U.S. Department of Social Security Administration</u>			
Passed-through the Mississippi Department of Rehabilitation Services:			
Social Security Disability Insurance	96.001	N/A	210
Total passed-through Mississippi Department of Rehabilitation Services			210
Total U.S. Department of Social Security Administration			210
<u>U.S. Department of the Treasury</u>			
Passed-through the Mississippi Department of Education:			
COVID-19 - Coronavirus Relief Fund	21.019	2021	360,021
COVID-19 - Coronavirus Relief Fund Subtotal			360,021
Total passed-through Mississippi Department of Education			360,021
Total U.S. Department of the Treasury			360,021
Total for All Federal Awards			\$ 1,782,902

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

WEST TALLAHATCHIE 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 West Tallahatchie 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 West Tallahatchie School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the West Tallahatchie School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

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

(4) Other Items

Donated commodities are included in the National School Lunch Program.

*- the passthrough entity did not provide any identifying number.

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

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

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

WEST TALLAHATCHIE 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	\$ 5,819,474	3,967,401	633,651	420,353	798,069
Other	2,307,710	855,430	308,690	7,219	1,136,371
Total	<u>\$ 8,127,184</u>	<u>4,822,831</u>	<u>942,341</u>	<u>427,572</u>	<u>1,934,440</u>
Total number of students *	<u>592</u>				
Cost per student	<u>\$ 13,729</u>	<u>8,147</u>	<u>1,592</u>	<u>722</u>	<u>3,268</u>

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

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

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

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

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

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

OTHER INFORMATION

WEST TALLAHATCHIE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 2,442,355	2,185,538	\$ 2,345,027	\$ 2,552,091
Intermediate sources	-	-	48,549	248,184
State sources	4,032,344	4,217,265	3,922,361	3,815,501
Federal sources	210	392	434	-
Sixteenth Section sources	356,416	350,696	355,622	321,237
Total Revenues	6,831,325	6,753,891	6,671,993	6,937,013
Expenditures:				
Instruction	2,963,105	3,570,207	3,611,314	3,682,985
Support services	2,789,169	3,364,893	3,308,480	3,166,701
Noninstructional services	149	3,438	2,630	11,182
Sixteenth Section	-	-	1,109	-
Facilities acquisition and construction	-	-	285,150	-
Total Expenditures	5,752,423	6,938,538	7,208,683	6,860,868
Excess (Deficiency) of Revenues over (under) Expenditures	1,078,902	(184,647)	(536,690)	76,145
Other Financing Sources (Uses):				
Insurance recovery	309,208	511,366	-	-
Operating transfers in	-	-	-	157,694
Operating transfers out	(742,692)	(245,864)	(211,492)	(201,862)
Total Other Financing Sources (Uses)	(433,484)	265,502	(211,492)	(44,168)
Net Change in Fund Balances	645,418	80,855	(748,182)	31,977
Fund Balances:				
Beginning of period , as previously reported	3,505,244	3,397,949	4,146,131	4,115,920
Fund reclassification	(2,627)	-	-	-
Prior period adjustments	-	26,440	-	(1,766)
Beginning of period , as restated	3,502,617	3,424,389	4,146,131	4,114,154
End of Period	\$ 4,148,035	3,505,244	\$ 3,397,949	\$ 4,146,131

*SOURCE - PRIOR YEAR AUDIT REPORTS

WEST TALLAHATCHIE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2021	2020*	2019*	2018*
Revenues:				
Local sources	\$ 2,573,585	2,411,288	\$ 2,585,901	\$ 2,828,373
Intermediate sources	196,159	141,881	168,413	346,006
State sources	4,144,569	4,338,364	4,118,135	4,172,084
Federal sources	1,894,129	1,367,372	1,725,229	1,890,870
Sixteenth section sources	356,486	350,883	355,622	322,148
Total Revenues	9,164,928	8,609,788	8,953,300	9,559,481
Expenditures:				
Instruction	3,684,732	4,271,070	4,396,011	4,355,486
Support services	3,684,419	3,958,293	4,094,505	4,067,218
Noninstructional services	602,984	568,559	632,361	679,931
Sixteenth section	-	-	1,109	-
Facilities acquisition and construction	-	-	285,150	-
Debt service:				
Principal	95,000	90,000	85,000	246,500
Interest	58,494	73,230	76,905	85,627
Other	1,555	2,173	3,540	1,909
Total Expenditures	8,127,184	8,963,325	9,574,581	9,436,671
Excess (Deficiency) of Revenues over (under) Expenditures	1,037,744	(353,537)	(621,281)	122,810
Other Financing Sources (Uses):				
Payment held by escrow agent	89,149	95,641	100,000	100,000
Insurance recovery	854,345	511,366	-	-
Payment to QSCB debt escrow agent	(89,149)	(95,641)	(100,000)	(100,000)
Operating transfers in	754,150	245,864	211,492	370,040
Operating transfers out	(754,150)	(245,864)	(211,492)	(370,040)
Other financing uses	-	-	-	(4,462)
Total Other Financing Sources (Uses)	854,345	511,366	0	(4,462)
Net Change in Fund Balances	1,892,089	157,829	(621,281)	118,348
Fund Balances:				
Beginning of period, as previously reported	4,873,723	4,665,543	5,285,171	5,173,978
Fund reclassification	(2,627)	-	-	-
Prior period adjustment	(127,733)	28,308	-	(1,766)
Beginning of period, as restated	4,743,363	4,693,851	5,285,171	5,172,212
Increase (Decrease) in reserve for inventory	(13,540)	22,043	1,653	(5,389)
End of Period	\$ 6,621,912	4,873,723	\$ 4,665,543	\$ 5,285,171

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



McKENZIE CPA, PLLC

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

Superintendent and School Board
West Tallahatchie School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Tallahatchie School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise West Tallahatchie School District's basic financial statements, and have issued our report thereon dated September 9, 2022.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as **2021-001**, **2021-002**, and **2021-003** to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Tallahatchie School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

West Tallahatchie School District's Response to Findings

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

Purpose of this report

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

McKenzie CPA, PLLC
Madison, Mississippi
September 9, 2022

McKenzie CPA, PLLC



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

Superintendent and School Board
West Tallahatchie School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Tallahatchie 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 West Tallahatchie School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, West Tallahatchie 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item **Finding 2021-004**. Our opinion on each major federal program is not modified with respect to these matters. West Tallahatchie School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Tallahatchie School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item **Finding 2021-004** that we consider to be a significant deficiency. West Tallahatchie School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. West Tallahatchie School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this report

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

McKenzie CPA, PLLC
Madison, Mississippi
September 9, 2022



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



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INDEPENDENT AUDITOR'S REPORT

ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
West Tallahatchie School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Tallahatchie School District as of and for the year ended June 30, 2020, which collectively comprise West Tallahatchie School District's basic financial statements and have issued our report thereon dated September 9, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

State Legal Finding 01 – Scholarship Funds

MS AG Opinion 1980 WL 28797 state that a School board has no authority to administer Scholarship funds. Therefore, the school district may not maintain a scholarship fund composed of nonpublic fund.

During our test of scholarship compliance, we found that the district maintained scholarship funds within the 2021 fiscal year.

Recommendation

We recommend that the district prepare a plan to remove the scholarship funds so that they will no longer administer these funds.

Response

The district will implement procedures to ensure the scholarship funds are moved to another organization that can administer the scholarship funds.

State Legal Finding 02 – Sixteenth Section Revenues

Code Section 29-3-57 and 29-3-111, Miss. Code Ann. (1972), governs the method used by school districts related to timely deposit of revenues within the appropriate funds and also the method used for lease payments that are in default in excess of sixty days.

The West Tallahatchie School District had two lease deposits put into the wrong account and that was not corrected until the end of the year. Four of eight leases that were tested were in default in excess of sixty days and were not provided to the board to take action for termination or allow for extenuating circumstances.

Recommendation

We recommend that the district strengthen controls in the area of lease revenues being deposited timely. We also recommend that the district provide a listing of any leases in excess of sixty days to the board monthly so that they may terminate the leases or allow for extenuating circumstances.

Response

The West Tallahatchie School District will comply with Section 29-3-57 and 29-3-111 by implementing a tighter control system in place for tracking of leases.

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

The West Tallahatchie 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.

McKenzie CPA, PLLC
Madison, Mississippi
September 9, 2022



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | No |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency identified? | Yes |
| 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 |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555; 10.559	Child Nutrition Cluster
84.425D	Elementary and Secondary School Emergency Relief Fund (ESSER I)
21.019	COVID – 19 Coronavirus Relief Fund

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

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

Section II: Financial Statement Findings

Significant Deficiencies

2021-001 Finding
Repeat of 2020-001

Lack of Segregation of Duties

Criteria:

The district is charged with developing a system of accounting controls that will ensure the correctness and completeness of financial information and that will protect district assets. At the center of a well-designed control system is the concept of segregation of duties. When duties are segregated, no single person is responsible for asset handling, recording of transactions, and reconciliation of transactions to asset balances within a given control cycle.

Condition:

For the 2021 fiscal year, the business manager's functions involved receipting, depositing, entering into the general ledger, and preparing bank reconciliations for most transactions coming through the central office. The business manager was also responsible for preparing and posting journal entries. There was no person assigned that could review the adjusting journal entries for correctness or reasonableness.

Cause:

The cause is a lack of understanding of control systems and the need for sound control systems.

Effect:

The effect is a control deficiency that would allow errors or irregularities in the payroll expenditure and related payables control cycle and the cash receipts, revenues, and related receivables control cycle to occur and not be detected. The month end and year end closing routines are also exposed to a greater risk when there is no review or other controls over the formulating and posting of adjusting journal entries.

Recommendation:

We recommend that the district review its current control structure and segregate duties to the fullest extent possible.

Views of Responsible Officials

Please see Auditee's Corrective Action Plan on page 75.

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

2021-002 Finding
Repeat of 2020-003

Deficiencies in controls surrounding payroll expenditures.

Criteria:

The school district is charged with developing controls surrounding the payroll expenditure cycle that will provide for authorization of pay transactions through school board approval and the existence of time and attendance records. Controls should also include policies and procedures that will ensure compliance with the record-keeping requirements of federal wage and hour law. Finally, assignments for new employees should align to board approved duties and contracted descriptions.

Condition:

In our review of the controls surrounding payroll expenditures, we noted the following issues:

- We noted hourly time records were not available to support compliance with wage and hour laws for non-exempt employees. Time sheets provided did not appear to be reconciled or agree to amounts paid to employees. Employees did not appear to be clocking in or out properly. District does not have adequate documentation to support that employees worked their required time per at-will agreements.

Cause:

The cause is likely an oversight or lack of controls to ensure items were reconciled and approved appropriately.

Effect:

The effect is a breakdown in the controls surrounding the payroll expenditure cycle and exposure to risk of noncompliance with federal wage and hour law. Further, employees without proper documentation could be overpaid or underpaid due to the lack of controls.

Recommendation:

We recommend that the school district comply with the recordkeeping requirements of the federal wage and hour law. All time sheets should be reconciled to each pay period.

Views of Responsible Officials

Please see Auditee's Corrective Action Plan on page 75.

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

2021-003 Finding

Deficiencies in controls surrounding year end accruals and balance sheet reconciliations.

Criteria:

The school district is charged with developing controls surrounding the reconciliation of year end accruals and year end balance sheet amounts.

Condition:

In our review of the controls surrounding year end accruals and balance sheet accounts, we noted that management had not properly reconciled the year end accruals and some balance sheet accounts needed to be updated to agree to the current year reconciliations. Some accounts hold fund balances that do not appear to be accurate or updated.

Cause:

The cause is likely an oversight or lack of controls to ensure items were reconciled and approved appropriately.

Effect:

The effect is a breakdown in the controls surrounding the year end close out cycle. Some balance will not agree to amounts recorded do not clearing previous balances or updating to new reconciliations.

Recommendation:

We recommend that the school district review their close out procedures and ensure that year end accruals and balance sheet reconciliation agree to support within each fund.

Views of Responsible Officials

Please see Auditee's Corrective Action Plan on page 76.

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

Section III: Federal Award Findings and Questioned Costs

Significant Deficiency Not Considered to be a Material Weakness and noncompliance

2021-004 Finding

Deficiencies in controls surrounding payroll expenditures.

Programs:

Child Nutrition Cluster, CFDA #10.553; 10.555; 10.559

Title I grants to local educational agencies, CFDA #84.010

Supporting Effective instruction state grants, CFDA # 84.367

Special Education Cluster, CFDA # 84.027; 84.173

Compliance Requirement: Allowable Cost

Questioned Cost: \$0

Criteria:

The school district is charged with developing controls surrounding the payroll expenditure cycle that will provide for authorization of pay transactions through school board approval and the existence of time and attendance records. Controls should also include policies and procedures that will ensure compliance with the record-keeping requirements of federal wage and hour law. Finally, assignments for new employees should align to board approved duties and contracted descriptions.

Condition:

In our review of the controls surrounding payroll expenditures, we noted the following issues:

- We noted hourly time records were not available to support compliance with wage and hour laws for non-exempt employees. Time sheets provided did not appear to be reconciled or agree to amounts paid to employees. Employees did not appear to be clocking in or out properly. District does not have adequate documentation to support that employees worked their required time per at-will agreements.

Cause:

The cause is likely an oversight or lack of controls to ensure items were reconciled and approved appropriately.

Effect:

The effect is a breakdown in the controls surrounding the payroll expenditure cycle and exposure to risk of noncompliance with federal wage and hour law. Further, employees without proper documentation could be overpaid or underpaid due to the lack of controls.

Recommendation:

We recommend that the school district comply with the recordkeeping requirements of the federal wage and hour law. All time sheets should be reconciled to each pay period.

Views of Responsible Officials

Please see Auditee's Corrective Action Plan on page 76.

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

**West Tallahatchie School District
P. O. Box 129
Office of the Superintendent
Webb, Mississippi 38966
Dr. Sherry T. Ellington, Superintendent
Madalyn Johnson, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

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

Finding	Corrective Action Plan Details
2021-001	<p><u>Lack of Segregation of Duties</u></p> <p>A. Name of contact person responsible for corrective action: Name: Madalyn Johnson Title: Business Manager</p> <p>B. Corrective action planned:</p> <p>The district will implement better controls to help segregate duties within the central office.</p> <p>C. Anticipated completion date:</p> <p>June 30, 2022.</p>
2021-002	<p><u>Non-Payroll expenditures should be supported by adequate documentation and approval.</u></p> <p>A. Name of contact person responsible for corrective action: Name: Madalyn Johnson Title: Business Manager</p> <p>B. Corrective action planned:</p> <p>The district will ensure that purchase orders are done before purchases and that paperwork is reconciled and completed properly before payment.</p> <p>C. Anticipated completion date:</p> <p>June 30, 2022.</p>

**West Tallahatchie School District
P. O. Box 129
Office of the Superintendent
Webb, Mississippi 38966
Dr. Sherry T. Ellington, Superintendent
Madalyn Johnson, Business Manager**

2021-003

Deficiencies in controls surrounding year end accruals and balance sheet reconciliations.

A. Name of contact person responsible for corrective action:

Name: Madalyn Johnson

Title: Business Manager

B. Corrective action planned:

The district will reconcile balance sheet accounts and review year end accruals to ensure they have been properly recorded and cleared from prior periods.

C. Anticipated completion date:

June 30, 2022.

2021-004

Deficiencies in controls surrounding payroll expenditures.

A. Name of contact person responsible for corrective action:

Name: Madalyn Johnson

Title: Business Manager

D. B. Corrective action planned:

The district will reconcile time sheets with each pay period and ensure contracts have been approved by the board and maintain proper documentation of those approvals.

C. Anticipated completion date:

June 30, 2022.

**West Tallahatchie School District
P. O. Box 129
Office of the Superintendent
Webb, Mississippi 38966
Dr. Sherry T. Ellington, Superintendent
Madalyn Johnson, Business Manager**

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Uniformed Guidance, the West Tallahatchie School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2021:

<u>Findings</u>	<u>Status</u>
2020-001	Not corrected: See 2021-001
2020-002	Corrected
2020-003	Not corrected: See 2021-002
2020-004	Corrected