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**Wilkinson County School District**

Audited Financial Statements  
For the Year Ended June 30, 2021

**Fortenberry & Ballard, PC**  
Certified Public Accountants

# Wilkinson County School District

## TABLE OF CONTENTS

	PAGE #	
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION . . . . .	4	
MANAGEMENT’S DISCUSSION AND ANALYSIS . . . . .	8	
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Exhibit A - Statement of Net Position. . . . .	17	
Exhibit B - Statement of Activities . . . . .	18	
Governmental Funds Financial Statements		
Exhibit C - Balance Sheet . . . . .	19	
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position . . . . .	20	
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances . . . . .	21	
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities. . . . .	22	
Notes to the Financial Statements . . . . .	24	
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule - General Fund . . . . .	48	
Budgetary Comparison Schedule - ESSER Fund . . . . .	49	
Schedule of the District’s Proportionate Share of the Net Pension Liability . . . . .	50	
Schedule of District Contributions (PERS). . . . .	51	
Schedule of the District’s Proportionate Share of the Net OPEB Liability. . . . .	52	
Schedule of District Contributions (OPEB) . . . . .	53	
Notes to the Required Supplementary Information . . . . .	54	
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures of Federal Awards . . . . .	59	
Notes to the Supplementary Information . . . . .	60	
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds . . . . .	61	
OTHER INFORMATION		
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years . . . . .	63	
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years . . . . .	64	
REPORTS ON INTERNAL CONTROL AND COMPLIANCE		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	66	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance Required by the Uniform Guidance . . . . .	68	
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS. . . . .		72
SCHEDULE OF FINDINGS AND QUESTIONED COSTS . . . . .	77	
AUDITEE’S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR YEAR AUDIT FINDINGS. . . . .		81

## FINANCIAL AUDIT REPORT



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

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

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilkinson County 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the school district adopted Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. As a result, net position as of July 1, 2020, has been restated. Our opinion is not modified with respect to this matter.

## **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 8 to 15 and 48 to 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilkinson County 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 January 17, 2023, on our consideration of the Wilkinson County 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 Wilkinson County 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 Wilkinson County School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 17, 2023

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

The following discussion and analysis of Wilkinson County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2021 decreased \$1,650,884, including a fund reclassification for GASB 84 in the amount of \$23,587 and a prior period adjustment of (\$35,350), which represents a 76% decrease from fiscal year 2020. Total net position for 2020 increased \$329,499, including a prior period adjustment of (\$222,434), which represents a 13% increase from fiscal year 2019.
- General revenues amounted to \$8,333,079 and \$8,692,544, or 64% and 67% 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 \$4,649,030, or 36% of total revenues for 2021, and \$4,286,793, or 33% of total revenues for 2020.
- The District had \$14,621,230 and \$12,427,404 in expenses for fiscal years 2021 and 2020; only \$4,649,030 for 2021 and \$4,286,793 for 2020 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$8,333,079 for 2021 were not adequate to provide for these programs. General revenues of \$8,692,544 for 2020 were adequate to provide for these programs.
- Among major funds, the General Fund had \$8,179,199 in revenues and \$8,778,043 in expenditures for 2021, and \$8,682,837 in revenues and \$8,908,207 in expenditures in 2020. The General Fund's fund balance decreased by \$307,340 from 2020 to 2021, including a fund reclassification for GASB 84 in the amount of \$23,587 and a prior period adjustment of (\$46,243), and decreased by \$68,612 from 2019 to 2020, including a prior period adjustment of (\$181,470).
- Capital assets, net of accumulated depreciation, decreased by \$106,676 for 2021 and decreased by \$382,916 for 2020. The decrease for 2021 was due primarily to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt, excluding compensated absences, decreased by \$102,582 for 2021 and decreased by \$143,283 for 2020. The decrease for 2021 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$6,996 for 2021 and increased by \$560 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.

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

### **Fund Financial Statements**

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

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

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

A net pension liability and net OPEB liability result in liabilities on the government-wide financial statements but are not reported on governmental funds financial statements.

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

### **Notes to the financial statements**

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,816,842 as of June 30, 2021.

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED 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.

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

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2021	June 30, 2020	Percentage Change
Current assets	\$ 8,063,129	\$ 8,168,939	(1.30) %
Restricted assets	3,894,359	3,860,584	0.87 %
Capital assets, net	5,563,473	5,670,149	(1.88) %
<b>Total assets</b>	<b>17,520,961</b>	<b>17,699,672</b>	<b>(1.01) %</b>
 <b>Deferred outflows of resources</b>	 <b>4,976,060</b>	 <b>1,570,871</b>	 <b>216.77 %</b>
 Current liabilities	 483,550	 39,318	 1,129.84 %
Long-term debt outstanding	2,524,580	2,634,158	(4.16) %
Net OPEB liability	1,035,953	1,153,879	(10.22) %
Net pension liability	21,288,333	16,028,574	32.81 %
<b>Total liabilities</b>	<b>25,332,416</b>	<b>19,855,929</b>	<b>27.58 %</b>
 <b>Deferred inflows of resources</b>	 <b>981,447</b>	 <b>1,580,572</b>	 <b>(37.91) %</b>
 <b>Net position:</b>			
Net investment in capital assets	4,440,644	4,489,738	(1.09) %
Restricted	4,659,172	5,121,867	(9.03) %
Unrestricted	(12,916,658)	(11,777,563)	(9.67) %
<b>Total net position (deficit)</b>	<b>\$ (3,816,842)</b>	<b>\$ (2,165,958)</b>	<b>(76.22) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (12,916,658)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	18,329,673
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	\$ 5,413,015

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 \$106,676.
- The principal retirement of \$102,582 of long-term debt.



WILKINSON COUNTY 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 \$12,982,109 and \$12,979,337, respectively. The total cost of all programs and services was \$14,621,230 for 2021 and \$12,427,404 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
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,035,913	\$ 1,220,461	(15.12) %
Operating grants and contributions	3,613,117	2,816,332	28.29 %
Capital Grants and Contributions	-	250,000	(100.00) %
General revenues:			
Property taxes	2,329,793	2,307,110	0.98 %
Grants and contributions not restricted	5,590,199	5,968,773	(6.34) %
Investment earnings	100,684	101,644	(0.94) %
Sixteenth section sources	301,232	289,912	3.90 %
Other	11,171	25,105	(55.50) %
<b>Total revenues</b>	<b>12,982,109</b>	<b>12,979,337</b>	<b>0.02 %</b>
<b>Expenses:</b>			
Instruction	6,499,141	5,765,623	12.72 %
Support services	4,999,051	4,723,055	5.84 %
Non-instructional	662,310	869,981	(23.87) %
Sixteenth section	18,579	22,627	(17.89) %
Pension expense	2,390,448	945,593	152.80 %
OPEB expense	4,522	51,757	(91.26) %
Interest on long-term liabilities	47,179	48,768	(3.26) %
<b>Total expenses</b>	<b>14,621,230</b>	<b>12,427,404</b>	<b>17.65 %</b>
<b>Increase (Decrease) in net position</b>	<b>(1,639,121)</b>	<b>551,933</b>	<b>(396.98) %</b>
<b>Net Position (deficit), July 1, as previously reported</b>	<b>(2,165,958)</b>	<b>(2,495,457)</b>	13.20 %
<b>Fund Reclassification</b>	<b>23,587</b>	-	N/A %
<b>Prior Period Adjustment</b>	<b>(35,350)</b>	<b>(222,434)</b>	84.11 %
<b>Net Position (deficit), July 1, as restated</b>	<b>(2,177,721)</b>	<b>(2,717,891)</b>	<b>19.87 %</b>
<b>Net Position (deficit), June 30</b>	<b>\$ (3,816,842)</b>	<b>\$ (2,165,958)</b>	<b>(76.22) %</b>

**Governmental activities**

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

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ 6,499,141	\$ 5,765,623	12.72 %
Support services	4,999,051	4,723,055	5.84 %
Non-instructional	662,310	869,981	(23.87) %
Sixteenth section	18,579	22,627	(17.89) %
Pension Expense	2,390,448	945,593	152.80 %
OPEB Expense	4,522	51,757	(91.26) %
Interest on long-term liabilities	47,179	48,768	(3.26) %
<b>Total expenses</b>	<b>\$ 14,621,230</b>	<b>\$ 12,427,404</b>	<b>17.65 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>	
Instruction	\$ (4,657,226)	\$ (4,681,940)	0.53 %
Support services	(2,754,984)	(2,302,064)	(19.67) %
Non-instructional	(99,262)	(87,862)	(12.97) %
Sixteenth section	(18,579)	(22,627)	17.89 %
Pension Expense	(2,390,448)	(945,593)	(152.80) %
OPEB Expense	(4,522)	(51,757)	91.26 %
Interest on long-term liabilities	(47,179)	(48,768)	3.26 %
<b>Total net (expense) revenue</b>	<b>\$ (9,972,200)</b>	<b>\$ (8,140,611)</b>	<b>(22.50) %</b>

- Net cost of governmental activities (\$9,972,200 for 2021 and \$8,140,611 for 2020) was financed by general revenue, which is primarily made up of property taxes (\$2,329,793 for 2021 and \$2,307,110 for 2020) and state and federal revenues (\$5,590,199 for 2021 and \$5,968,773 for 2020). In addition, there was \$301,232 and \$289,912 in Sixteenth Section sources for 2021 and 2020, respectively.
- Investment earnings amounted to \$100,684 for 2021 and \$101,644 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 \$11,493,300, a decrease of \$518,347, which includes a fund reclassification for GASB 84 in the amount of \$23,587, a prior period adjustment of (\$35,350), and a decrease in inventory of \$2,764. \$5,097,295, or 44% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, or assigned to specific purposes within the general fund. The remaining fund balance of \$6,396,005, or 56% is either

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$307,340, which includes a fund reclassification for GASB 84 in the amount of \$23,587 and a prior period adjustment of (\$46,243). The fund balance of Other Governmental Funds showed a decrease in the amount of \$369,239, which includes a prior period adjustment of \$10,893 and a decrease in inventory of \$2,764. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
ESSER Fund	no increase or decrease
QSCB Debt Service Fund	\$ 133,500
Sixteenth Section Principal Fund	\$ 24,732

## BUDGETARY HIGHLIGHTS

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

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

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2021, the District's total capital assets were \$13,758,924, 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 an increase of \$69,199 from 2020. Total accumulated depreciation as of June 30, 2021, was \$8,195,451, and total depreciation expense for the year was \$363,440, resulting in total net capital assets of \$5,563,473.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 113,365	\$ 113,365	0.00 %
Buildings	2,939,922	3,032,258	(3.05) %
Building improvements	1,618,502	1,772,002	(8.66) %
Improvements other than buildings	168,171	176,355	(4.64) %
Mobile equipment	448,922	293,654	52.87 %
Furniture and equipment	89,991	71,956	25.06 %
Leased property under capital leases	184,600	210,559	(12.33) %
<b>Total</b>	<b>\$ 5,563,473</b>	<b>\$ 5,670,149</b>	<b>(1.88) %</b>

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

WILKINSON COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021

**Debt Administration.** At June 30, 2021, the District had \$2,524,580 in outstanding long-term debt, of which \$107,838 is due within one year. During the fiscal year, the District made principal payments totaling \$102,582 on outstanding long-term debt. The liability for compensated absences decreased \$6,996 from the prior year.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Percentage Change</u>
Obligations under capital leases	\$ 122,829	\$ 180,411	(31.92) %
Qualified school construction bonds payable	2,347,000	2,392,000	(1.88) %
Compensated absences payable	54,751	61,747	(11.33) %
<b>Total</b>	<b><u>\$ 2,524,580</u></b>	<b><u>\$ 2,634,158</u></b>	<b><u>(4.16) %</u></b>

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

## CURRENT ISSUES

The Wilkinson County 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 Wilkinson County School District, P.O. Box 785, Woodville, MS 39669.

## FINANCIAL STATEMENTS

**WILKINSON COUNTY SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 4,811,016
Investments	2,684,532
Due from other governments	509,377
Accrued interest receivable	1,734
Inventories	15,329
Prepaid items	41,141
Restricted assets	3,894,359
Capital assets, non-depreciable:	
Land	113,365
Capital assets, net of accumulated depreciation:	
Buildings	2,939,922
Building improvements	1,618,502
Improvements other than buildings	168,171
Mobile equipment	448,922
Furniture and equipment	89,991
Leased property under capital leases	184,600
Total Assets	<u>17,520,961</u>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	4,779,070
Deferred outflows - OPEB	196,990
Total Deferred Outflows of Resources	<u>4,976,060</u>
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	464,188
Interest payable on long-term liabilities	19,362
Long-term liabilities, due within one year:	
Capital related liabilities	60,100
Non-capital related liabilities	47,738
Net OPEB liability	40,787
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,062,729
Non-capital related liabilities	1,354,013
Net pension liability	21,288,333
Net OPEB liability	995,166
Total Liabilities	<u>25,332,416</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	695,022
Deferred inflows - OPEB	286,425
Total Deferred Inflows of Resources	<u>981,447</u>
 <b>Net Position</b>	
Net investment in capital assets	4,440,644
Restricted for:	
Expendable:	
School-based activities	206,424
Debt service	1,641,544
Capital improvements	125,274
Forestry improvements	179,287
Unemployment benefits	28,636
Non-expendable:	
Sixteenth section	2,421,537
Other	56,470
Unrestricted	(12,916,658)
Total Net Position (deficit)	<u>\$ (3,816,842)</u>

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

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

				Net (Expense) Revenue and Changes in Net Position
		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 6,499,141	\$ 32,326	\$ 1,809,589	\$ (4,657,226)
Support services	4,999,051	979,999	1,264,068	(2,754,984)
Non-instructional	662,310	23,588	539,460	(99,262)
Sixteenth section	18,579	-	-	(18,579)
Pension expense	2,390,448	-	-	(2,390,448)
OPEB expense	4,522	-	-	(4,522)
Interest on long-term liabilities	47,179	-	-	(47,179)
Total Governmental Activities	\$ 14,621,230	\$ 1,035,913	\$ 3,613,117	\$ (9,972,200)

**General Revenues:**

**Taxes:**

General purpose levies	2,186,267
Debt purpose levies	143,526

**Unrestricted grants and contributions:**

State	5,450,988
Federal	139,211
Unrestricted investment earnings	100,684
Sixteenth section sources	301,232
Other	11,171

<b>Total General Revenues</b>	<b>8,333,079</b>
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<b>Change in Net Position</b>	<b>(1,639,121)</b>
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<b>Net Position (deficit) - Beginning, as previously reported</b>	<b>(2,165,958)</b>
Fund reclassification	23,587
Prior Period Adjustments	(35,350)
<b>Net Position (deficit) - Beginning, as restated</b>	<b>(2,177,721)</b>
<b>Net Position (deficit) - Ending</b>	<b>\$ (3,816,842)</b>

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**

**Exhibit C**

**June 30, 2021**

	Major Funds					
	General Fund	ESSER Fund	QSCB Debt Service Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,090,587	\$ -	\$ -	\$ 421,520	\$ 845,774	\$ 5,357,881
Cash with fiscal agents	-	-	15,994	-	-	15,994
Investments	2,684,532	-	1,331,500	2,000,000	-	6,016,032
Due from other governments	199,923	82,130	-	17	227,307	509,377
Accrued interest receivable	-	-	1,734	-	-	1,734
Due from other funds	312,627	-	-	-	9,012	321,639
Inventories	-	-	-	-	15,329	15,329
Prepaid items	41,141	-	-	-	-	41,141
Total assets	\$ 7,328,810	\$ 82,130	\$ 1,349,228	\$ 2,421,537	\$ 1,097,422	\$ 12,279,127
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 463,891	\$ -	\$ -	\$ -	\$ 297	\$ 464,188
Due to other funds	9,012	82,130	-	-	230,497	321,639
Total Liabilities	472,903	82,130	-	-	230,794	785,827
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	15,329	15,329
Permanent fund principal	-	-	-	2,421,537	-	2,421,537
Prepaid items	41,141	-	-	-	-	41,141
<b>Restricted:</b>						
Debt service	-	-	1,349,228	-	311,678	1,660,906
Capital projects	-	-	-	-	125,274	125,274
Forestry improvement purposes	-	-	-	-	179,287	179,287
Grant activities	-	-	-	-	206,424	206,424
Unemployment benefits	-	-	-	-	28,636	28,636
<b>Assigned:</b>						
Facility repairs	1,682,670	-	-	-	-	1,682,670
Activity funds	34,801	-	-	-	-	34,801
<b>Unassigned</b>	5,097,295	-	-	-	-	5,097,295
Total Fund Balances	6,855,907	-	1,349,228	2,421,537	866,628	11,493,300
Total Liabilities and Fund Balances	\$ 7,328,810	\$ 82,130	\$ 1,349,228	\$ 2,421,537	\$ 1,097,422	\$ 12,279,127

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



**WILKINSON COUNTY 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** \$ 11,493,300

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	\$ 113,365	
Buildings	6,175,629	
Building improvements	4,404,528	
Improvements other than buildings	472,573	
Mobile equipment	1,470,953	
Furniture and equipment	833,439	
Leased property under capital leases	288,437	
Accumulated depreciation	<u>(8,195,451)</u>	5,563,473

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 (21,288,333)

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	4,779,070	
Deferred inflows of resources related to pensions	<u>(695,022)</u>	(17,204,285)

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

Net OPEB liability (1,035,953)

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	196,990	
Deferred inflows of resources related to OPEB	<u>(286,425)</u>	(1,125,388)

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	(2,347,000)	
Capital lease obligations	(122,829)	
Compensated absences	(54,751)	
Accrued interest payable	<u>(19,362)</u>	(2,543,942)

**Net Position of governmental activities** \$ (3,816,842)

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

	Major Funds					
	General Fund	ESSER Fund	QSCB Debt Service Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 2,247,694	\$	\$ 28,136	\$ -	\$ 176,376	\$ 2,452,206
State sources	5,428,857		-	-	560,612	5,989,469
Federal sources	196,885	486,691	-	-	2,534,592	3,218,168
Sixteenth section sources	305,763		-	34,458	2,046	342,267
Total Revenues	8,179,199	486,691	28,136	34,458	3,273,626	12,002,110
<b>Expenditures:</b>						
Instruction	4,968,114	257,517	-	-	1,930,700	7,156,331
Support services	3,784,220	220,874	-	-	1,424,312	5,429,406
Noninstructional services	24,215	3,270	-	-	702,287	729,772
Sixteenth section	1,494		-	-	17,085	18,579
Debt service:						
Principal	-		-	-	102,582	102,582
Interest	-		-	-	45,961	45,961
Other	-		-	-	3,298	3,298
Total Expenditures	8,778,043	481,661	-	-	4,226,225	13,485,929
Excess (Deficiency) of Revenues over (under) Expenditures	(598,844)	5,030	28,136	34,458	(952,599)	(1,483,819)
<b>Other Financing Sources (Uses):</b>						
Insurance recovery	979,999		-	-	-	979,999
Payments held by escrow agent	-		105,364	-	-	105,364
Payment to QSCB debt escrow agent	-		-	-	(105,364)	(105,364)
Operating transfers in	24,199		-	-	967,205	991,404
Operating transfers out	(690,038)	(5,030)	-	(9,726)	(286,610)	(991,404)
Total Other Financing Sources (Uses)	314,160	(5,030)	105,364	(9,726)	575,231	979,999
Net Change in Fund Balances	(284,684)	-	133,500	24,732	(377,368)	(503,820)
<b>Fund Balances:</b>						
July 1, 2020, as previously reported	7,163,247	-	1,215,728	2,396,805	1,235,867	12,011,647
Fund reclassification	23,587	-	-	-	-	23,587
Prior period adjustments	(46,243)	-	-	-	10,893	(35,350)
July 1, 2020, as restated	7,140,591	-	1,215,728	2,396,805	1,246,760	11,999,884
Increase (Decrease) in inventory	-	-	-	-	(2,764)	(2,764)
June 30, 2021	\$ 6,855,907	\$ -	\$ 1,349,228	\$ 2,421,537	\$ 866,628	\$ 11,493,300

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ (503,820)

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	\$ 274,814	
Depreciation expense	<u>(363,440)</u>	(88,626)

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. (18,050)

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	102,582	
Accrued interest payable	<u>2,080</u>	104,662

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	(2,390,448)	
Contributions subsequent to the measurement date	<u>1,222,656</u>	(1,167,792)

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	(4,522)	
Contributions subsequent to the measurement date	<u>34,795</u>	30,273

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	6,996	
Change in inventory	<u>(2,764)</u>	4,232

<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b><u>(1,639,121)</u></b>
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The notes to the financial statements are an integral part of this statement.

**Wilkinson County School District**

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

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

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

#### **A. Financial Reporting Entity**

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

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

#### **B. Government-wide and Fund Financial Statements**

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

**ESSER Fund** - This is a special revenue fund used to account for federal revenue received and expenditures incurred under the Elementary and Secondary School Emergency Relief (ESSER) Fund program.

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

**Sixteenth Section Principal Fund** - This is a permanent fund used to account for resources from sixteenth section lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

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

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

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

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

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

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

##### Cash and cash equivalents

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

##### Investments

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

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

Investments for the district are reported at fair market value.

#### **2. Receivables and payables**

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

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

#### **3. Due from Other Governments**

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

#### **4. Inventories and Prepaid Items**

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

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



WILKINSON COUNTY SCHOOL DISTRICT

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

statements.

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred deferred outflows which are presented as deferred outflows related to pensions and deferred outflows related to OPEB.

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

See Note 16 for further details.

### 8. Compensated Absences

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

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

### 9. Long-term Liabilities and Bond Discounts/Premiums

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

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

### 10. Pensions

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

### 11. Postemployment Benefits Other than Pensions (OPEB)

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

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

### 12. Fund Balances

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

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

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

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

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

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

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

### 13. Accounting Standards Update

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

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

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

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

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

#### **Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds was \$10,042,413 (which includes \$4,684,532 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments). The bank balance

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

was \$10,866,800.

**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 \$10,866,800 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 \$15,994.

### Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	1 to 10 years	\$ 1,331,500
Certificates of deposit	N/A	less than 1 year	4,684,532
Total			<u>\$ 6,016,032</u>

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

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

- U.S. Treasury SLGS Deposits of \$1,331,500 are valued using quoted market prices (Level 1 inputs)
- Certificates of deposit totaling \$4,684,532 are valued at fair value as of the end of the fiscal year (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

WILKINSON COUNTY SCHOOL DISTRICT

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

to which this would apply.

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

Issuer	Fair Value	% of Total Investments
U.S. Treasury SLGS Deposit - Bank Plus Wealth Management	\$ 1,331,500	22%
Certificate of Deposit - Concordia Bank & Trust	1,684,532	28%
Certificate of Deposit - Concordia Bank & Trust	1,000,000	17%
Certificate of Deposit - Concordia Bank & Trust	2,000,000	33%
	<u>\$ 6,016,032</u>	<u>100%</u>

**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	ESSER Fund	\$ 82,130
	Other Governmental Funds	230,497
Other Governmental Funds	General Fund	9,012
Total		<u>\$ 321,639</u>

The primary purpose of the inter-fund receivables and payables was to close out federal program funds as part of routine year-end closing procedures. 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	Other Governmental Funds	\$ 690,038
ESSER Fund	General Fund	5,030
Sixteenth Section Principal Fund	General Fund	9,726
Other Governmental Funds	General Fund	9,443
	Other Governmental Funds	277,167
Total		<u>\$ 991,404</u>

Operating transfers were primarily for: indirect cost transfers, consolidated administrative cost transfers, vocational and special education expenditure transfers, the transfer of expendable sixteenth section sources, debt service transfers, unemployment compensation transfers, and other routine operating transfers.

WILKINSON COUNTY SCHOOL DISTRICT

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

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance and investment balance, totaling \$421,520 and \$2,000,000, 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 with fiscal agent and investment balance, totaling \$15,994 and \$1,331,500, respectively, of the QSCB Debt Service Fund. The restricted assets also include the cash balance totaling \$125,345 of the DFA Construction Fund resulting from unspent grant funds from DFA to be used for infrastructure.

**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
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 113,365	\$	\$	113,365
Total non-depreciable capital assets	113,365	-	-	113,365
<u>Depreciable capital assets:</u>				
Buildings	6,175,629			6,175,629
Building improvements	4,404,528			4,404,528
Improvements other than buildings	472,573			472,573
Mobile equipment	1,404,279	226,561	159,887	1,470,953
Furniture and equipment	830,914	48,253	45,728	833,439
Leased property under capital leases	288,437			288,437
Total depreciable capital assets	13,576,360	274,814	205,615	13,645,559
<u>Less accumulated depreciation for:</u>				
Buildings	3,143,371	92,336		3,235,707
Building improvements	2,632,526	153,500		2,786,026
Improvements other than buildings	296,218	8,184		304,402
Mobile equipment	1,110,625	55,304	143,898	1,022,031
Furniture and equipment	758,958	28,157	43,667	743,448
Leased property under capital leases	77,878	25,959		103,837
Total accumulated depreciation	8,019,576	363,440	187,565	8,195,451
Total depreciable capital assets, net	5,556,784	(88,626)	18,050	5,450,108
Governmental activities capital assets, net	\$ 5,670,149	\$ (88,626)	\$ 18,050	\$ 5,563,473

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 233,408
Support services	113,242
Non-instructional	16,790
Total depreciation expense	\$ 363,440

WILKINSON COUNTY SCHOOL DISTRICT

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

**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	Reductions	Balance 6/30/2021	Amounts due within one year
A. Obligations under capital leases	\$ 180,411	\$ 57,582	\$ 122,829	\$ 60,100
B. Qualified school construction bonds payable	2,392,000	45,000	2,347,000	45,000
C. Compensated absences payable	61,747	6,996	54,751	2,738
Total	\$ 2,634,158	\$ 109,578	\$ 2,524,580	\$ 107,838

**A. Obligations under capital leases**

The school district has entered into a lease agreement as lessee for financing the acquisition of buses at a cost of \$288,437. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Lease purchase	4.37%	3/26/2018	3/26/2023	\$ 288,437	\$ 122,829
Total				\$ 288,437	\$ 122,829

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2022	\$ 60,100	\$ 5,373	\$ 65,473
2023	62,729	2,744	65,473
Total	\$ 122,829	\$ 8,117	\$ 130,946

This debt will be retired from the District Maintenance Fund.

**B. Qualified school construction bonds payable**

As more fully explained in Note 14, 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
1. QSCB, Series 2010	0.65%	12/21/2010	12/15/2025	\$ 2,000,000	\$ 2,000,000
2. QSCB, Series 2014	5.45%	1/28/2015	12/1/2027	650,000	347,000
Total				\$ 2,650,000	\$ 2,347,000



WILKINSON COUNTY SCHOOL DISTRICT

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

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

1. QSCB bonds issued on December 21, 2010:

Year Ending June 30	Principal	Interest	Total
2022	\$ -	\$ 13,000	\$ 13,000
2023	-	13,000	13,000
2024	-	13,000	13,000
2025	-	13,000	13,000
2026	2,000,000	13,000	2,013,000
Total	\$ 2,000,000	\$ 65,000	\$ 2,065,000

This debt will be retired from the QSCB Debt Service Fund.

2. QSCB bonds issued on January 28, 2015:

Year Ending June 30	Principal	Interest	Total
2022	\$ 45,000	\$ 18,912	\$ 63,912
2023	40,000	16,459	56,459
2024	40,000	14,279	54,279
2025	40,000	12,099	52,099
2026	40,000	9,919	49,919
2027 – 2028	142,000	9,756	151,756
Total	\$ 347,000	\$ 81,424	\$ 428,424

This debt will be retired from the QSCB Debt Service Fund.

Total QSCB payments for all issues:

Year Ending June 30	Principal	Interest	Total
2022	\$ 45,000	\$ 31,912	\$ 76,912
2023	40,000	29,459	69,459
2024	40,000	27,279	67,279
2025	40,000	25,099	65,099
2026	2,040,000	22,919	2,062,919
2027 – 2028	142,000	9,756	151,756
Total	\$ 2,347,000	\$ 146,424	\$ 2,493,424

The District has currently pledged EEF Buildings and Buses funds of \$45,924 per year to pay the annual sinking fund deposit and interest payment until maturity of the debt.

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

#### **C. Compensated absences payable**

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

#### **Note 7 – Defined Benefit Pension Plan**

##### **General Information about the Pension Plan**

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

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

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2021 was 17.40% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2021, 2020 and 2019 were \$1,222,656, \$1,274,101 and \$934,598, 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 \$21,288,333 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension

WILKINSON COUNTY SCHOOL DISTRICT

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

liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2021 net pension liability was 0.109967 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.018854 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 \$2,390,448. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 184,216	\$
Net difference between projected and actual earnings on pension plan investments	873,502	
Changes of assumptions	98,669	
Changes in proportion and differences between District contributions and proportionate share of contributions	2,400,027	695,022
District contributions subsequent to the measurement date	1,222,656	
Total	\$ <u>4,779,070</u>	\$ <u>695,022</u>

\$1,222,656 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	\$ 539,272
2023	1,045,394
2024	994,952
2025	<u>281,774</u>
Total	\$ <u>2,861,392</u>

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

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

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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

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.

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	\$ 27,555,132	\$ 21,288,333	\$ 16,115,707

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

### Note 8 – Other Postemployment Benefits (OPEB)

#### General Information about the OPEB Plan.

*Plan description.* State law mandates that all state, public education, library, junior and community college

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

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

#### *Benefits provided.*

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

#### *Contributions.*

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$34,795 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,035,953 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

WILKINSON COUNTY SCHOOL DISTRICT

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

date of June 30, 2020, the District's proportion was 0.13312032 percent. This was a decrease of 0.00286353 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 \$4,522. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,321	\$ 180,284
Changes of assumptions	160,841	43,778
Net difference between projected and actual earnings on OPEB plan investments	33	
Changes in proportion and differences between District contributions and proportionate share of contributions		62,363
District contributions subsequent to the measurement date	34,795	
<b>Total</b>	<b>\$ <u>196,990</u></b>	<b>\$ <u>286,425</u></b>

\$34,795 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	\$ (33,004)
2023	(33,004)
2024	(28,595)
2025	(13,868)
2026	<u>(15,759)</u>
Total	<u>\$ (124,230)</u>

*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

# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

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:

	1% Decrease (1.19%)	Current Discount Rate (2.19%)	1% Increase (3.19%)
Net OPEB liability	\$ 1,144,799	\$ 1,035,953	\$ 942,593

***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:

WILKINSON COUNTY SCHOOL DISTRICT

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

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 956,544	\$ 1,035,953	\$ 1,125,920

*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	\$ 282,391
Total	\$ 282,391

**Note 10 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
Correction of a prior period error in recording an asset/liability at the governmental fund level	\$ (35,350)
Total	\$ (35,350)

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

Fund	Explanation	Amount
General Fund	Correction of a prior period error in recording an asset/liability	\$ (46,243)
Other governmental funds	Correction of a prior period error in recording an asset/liability	10,893
Total		\$ (35,350)



# WILKINSON COUNTY SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2021

### Note 11 – Fund Reclassifications

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

#### Exhibit B - Statement of Activities

Explanation		Amount
To reclassify fiduciary funds as general funds per GASB 84 at the governmental fund level	\$	23,587
Total	\$	<u>23,587</u>

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

Fund	Explanation		Amount
General Fund	To reclassify fiduciary funds as general funds per GASB 84	\$	23,587
Total		\$	<u>23,587</u>

### Note 12 – 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 13 – Risk Management

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

#### Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 57 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has

WILKINSON COUNTY SCHOOL DISTRICT

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

insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

**Note 14 – Qualified School Construction Bonds**

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

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

For the \$2,000,000 QSCB, Series 2010, issued on December 21, 2010, the school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2021 was \$1,349,228, including accrued income of \$1,734. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2022	\$ 144,000
2023	144,000
2024	144,000
2025	143,000
2026	143,000
Total	<u>\$ 718,000</u>

For the \$650,000 QSCB, Series 2014, issued on January 28, 2015, the school district makes annual principal and interest payments, in which the principal portion is a reduction of the outstanding balance of the long-term debt. See Note 6.B.2 for a schedule of annual principal and interest payments.

**Note 15 - Insurance loss recoveries**

The Wilkinson County School District received \$979,999 in insurance loss recoveries during the fiscal year related primarily to damages sustained from a fire at Finch Elementary School and other property damages. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated to the support services expense function.

## WILKINSON COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2021

#### **Note 16 – Effect of Deferred Amounts on Net Position**

The unrestricted net position (deficit) amount of (\$12,916,658) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,222,656 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The \$3,556,414 balance of deferred outflow of resources related to pensions at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 4 years.

The unrestricted net position (deficit) amount of (\$12,916,658) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$695,022 balance of deferred inflow of resources related to pensions at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$12,916,658) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$34,795 resulting from the school district contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The \$162,195 balance of deferred outflow of resources related to OPEB at June 30, 2021, will be recognized as an expense and will decrease the unrestricted net position over the next 5 years.

The unrestricted net position (deficit) amount of (\$12,916,658) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$286,425 balance of deferred inflow of resources related to OPEB at June 30, 2021, will be recognized as revenue and will increase the unrestricted net position over the next 5 years.

#### **Note 17 – Other Matters**

The onset of the COVID-19 pandemic has resulted in a volatile investment market currently. The resulting impact of this pandemic upon the operations of the District is uncertain at this time.

#### **Note 18 – Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net position date require disclosure in the accompanying notes. Management of the Wilkinson County School district evaluated the activity of the district through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

Litigations against Liberty National over Finch fire claim.

## REQUIRED SUPPLEMENTARY INFORMATION

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,270,901	\$ 2,247,694	\$ 2,247,694	\$ (23,207)	\$ -
State sources	5,995,996	5,428,857	5,428,857	(567,139)	-
Federal sources	232,000	196,885	196,885	(35,115)	-
Sixteenth section sources	397,916	305,763	305,763	(92,153)	-
Total Revenues	8,896,813	8,179,199	8,179,199	(717,614)	-
<b>Expenditures:</b>					
Instruction	5,531,289	4,968,114	4,968,114	563,175	-
Support services	4,176,759	3,784,220	3,784,220	392,539	-
Noninstructional services	52,146	24,215	24,215	27,931	-
Sixteenth section	1,546	1,494	1,494	52	-
Facilities acquisition and construction	735,751	-	-	735,751	-
Total Expenditures	10,497,491	8,778,043	8,778,043	1,719,448	-
Excess (Deficiency) of Revenues over (under) Expenditures	(1,600,678)	(598,844)	(598,844)	1,001,834	-
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	979,999	979,999	979,999	-
Operating transfers in	3,125,971	3,456,708	24,199	330,737	(3,432,509)
Operating transfers out	(3,809,756)	(4,047,415)	(690,038)	(237,659)	3,357,377
Total Other Financing Sources (Uses)	(683,785)	389,292	314,160	1,073,077	(75,132)
Net Change in Fund Balances	(2,284,463)	(209,552)	(284,684)	2,074,911	(75,132)
<b>Fund Balances:</b>					
July 1, 2020, as previously reported	7,195,393	7,062,805	7,163,247	(132,588)	100,442
Fund reclassification	-	-	23,587	-	23,587
Prior period adjustments	-	-	(46,243)	-	(46,243)
July 1, 2020, as restated	7,195,393	7,062,805	7,140,591	(132,588)	77,786
June 30, 2021	\$ 4,910,930	\$ 6,853,253	\$ 6,855,907	\$ 1,942,323	\$ 2,654

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

**WILKINSON COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**ESSER Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 635,049	\$ 486,691	\$ 486,691	\$ (148,358)	\$ -
Total Revenues	635,049	486,691	486,691	(148,358)	-
<b>Expenditures:</b>					
Instruction	491,216	257,517	257,517	233,699	-
Support services	132,000	220,874	220,874	(88,874)	-
Noninstructional services	-	3,270	3,270	(3,270)	-
Total Expenditures	623,216	481,661	481,661	141,555	-
Excess (Deficiency) of Revenues over (under) Expenditures	11,833	5,030	5,030	(6,803)	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(11,833)	(5,030)	(5,030)	6,803	-
Total Other Financing Sources (Uses)	(11,833)	(5,030)	(5,030)	6,803	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2020	-	-	-	-	-
June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Wilkinson County School District**

## Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability	\$ 21,288,333	16,028,574	16,371,667	16,870,750	18,711,858	16,246,078	13,077,299
District's proportion of the net pension liability	0.109967%	0.091113%	0.098429%	0.101488%	0.104755%	0.105098%	0.107737%
District's covered payroll	7,322,420	5,371,253	6,285,657	6,510,502	6,701,410	6,565,911	6,583,283
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.73%	298.41%	260.46%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

**Wilkinson County School District**  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,222,656	1,274,101	934,598	989,991	1,025,404	1,055,472	1,034,131
Contributions in relation to the contractually required contribution	1,222,656	1,274,101	934,598	989,991	1,025,404	1,055,472	1,034,131
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
District's covered payroll	7,026,759	7,322,420	5,933,956	6,285,657	6,510,502	6,701,410	6,565,911
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.



**Wilkinson County School District**

## Schedule of the District's Proportionate Share of the Net OPEB Liability

## OPEB

## Last 10 Fiscal Years\*

	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 1,035,953	1,153,879	1,079,004	1,108,529
District's proportion of the net OPEB liability	0.13312032%	0.13598385%	0.13948734%	0.14128422%
District's covered-employee payroll	6,415,542	6,227,280	6,308,918	6,347,511 **
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%	0.00%

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

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

\*\* The amount used to calculate this figure was based on the Implicit Rate Subsidy at measurement date as it relates to contributions.

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.

**Wilkinson County School District**  
Schedule of District Contributions  
OPEB  
Last 10 Fiscal Years\*

	2021	2020	2019	2018
Actuarially determined contribution	\$ 34,795	41,314	46,251	47,258 **
Contributions in relation to the actuarially determined contribution	34,795	41,314	46,251	47,258 **
Contribution deficiency (excess)	\$ -	-	-	-
District's covered-employee payroll	\$ 5,289,337	7,322,420	5,933,956	6,285,657
Contributions as a percentage of covered-employee payroll	0.66%	0.56%	0.78%	0.75%

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

\*\* The amounts reflected above only deal with the Implicit Rate Subsidy as it relates to contributions.

## Wilkinson County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

#### Budgetary Comparison Schedules

##### (1) Basis of Presentation

The Budgetary Comparison Schedules present 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.

## Wilkinson County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

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

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

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

#### 2019:

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

## Wilkinson County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

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

#### OPEB Schedules

##### (1) Changes of assumptions

###### 2017:

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

###### 2018:

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

###### 2019:

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

###### 2020:

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

##### (2) Changes in benefit provisions

###### 2017:

None

###### 2018:

None

###### 2019:

None

## Wilkinson County School District

### Notes to the Required Supplementary Information For the Year Ended June 30, 2021

#### 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 calculation 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 Pre-Medicare	7.00%
Ultimate health care cost trend rates Medicare Supplement Claims Pre-Medicare	4.75%
Year of ultimate trend rates Medicare Supplement Claims Pre-Medicare	2028
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	3.50%

## SUPPLEMENTARY INFORMATION

**WILKINSON COUNTY SCHOOL DISTRICT**

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title/	Pass-through Entity Identifying Number	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>			
Passed-through the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	215MS326N1099	10.553	\$ 149,007
National School Lunch Program	215MS326N1099	10.555	290,096
Summer Food Service Program for Children	215MS326N1099	10.559	172,851
Total Child Nutrition Cluster			611,954
State Administrative Expenses for Child Nutrition	215MS907N2533	10.560	4,322
Total passed-through the Mississippi Department of Education			616,276
Passed-through Wilkinson County:			
Schools and Roads - Grants to States	N/A	10.665	88,213
Total passed-through Wilkinson County			88,213
<b>Total U.S. Department of Agriculture</b>			<b>704,489</b>
<b><u>U. S. Department of Defense</u></b>			
Direct program:			
Reserve Officers' Training Corps	N/A	12.xxx	57,674
<b>Total U.S. Department of Defense</b>			<b>57,674</b>
<b><u>U. S. Department of Treasury</u></b>			
Passed-through the Mississippi Department of Education			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	526,131
Total passed-through the Mississippi Department of Education			526,131
<b>Total U.S. Department of Treasury</b>			<b>526,131</b>
<b><u>U. S. Department of Education</u></b>			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	ES010A200024	84.010	788,000
Career and Technical Education - Basic Grants to States	V048A200024	84.048	25,878
Twenty-first Century Community Learning Centers	S287C170024	84.287	126,680
Rural Education	ES358B200024	84.358	26,060
Supporting Effective Instruction State Grants	ES367A200023	84.367	105,507
Student Support and Academic Enrichment Program	ES424A200025	84.424	77,419
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	S425D200031	84.425D	486,691
Subtotal			1,636,235
Special Education Cluster:			
Special Education - Grants to States	H027A200108	84.027	303,533
Special Education - Grants to States	H027A200108	84.027A	3,229
Special Education - Preschool Grants	H173A200113	84.173	11,224
Total Special Education Cluster			317,986
Total passed-through the Mississippi Department of Education			1,954,221
<b>Total U.S. Department of Education</b>			<b>1,954,221</b>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed-through the Mississippi Department of Education:			
Medical Assistance Program	1805MS5ADM	93.778	7,258
Total passed-through the Mississippi Department of Education			7,258
<b>Total U.S. Department of Health and Human Services</b>			<b>7,258</b>
Total for All Federal Awards			\$ 3,249,773

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



## Wilkinson County School District

Notes to the Schedule of Expenditures of Federal Awards  
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 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 school district, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school district.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The Wilkinson County School District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

Donated commodities of \$54,584 are included in the National School Lunch Program.

**WILKINSON COUNTY SCHOOL DISTRICT**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits \$	9,672,480	6,997,247	765,105	754,248	1,155,880
Other	3,813,449	1,581,115	435,909	106,669	1,689,756
Total	\$ 13,485,929	8,578,362	1,201,014	860,917	2,845,636
Total number of students *	1,108				
Cost per student \$	12,171	7,742	1,084	777	2,568

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 functions: 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

**WILKINSON COUNTY SCHOOL DISTRICT**

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

"UNAUDITED"

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 2,247,694	2,212,656	2,157,882	2,121,712
State sources	5,428,857	5,951,998	5,822,316	5,886,494
Federal sources	196,885	229,948	256,292	184,439
Sixteenth section sources	305,763	288,235	796,259	384,400
Total Revenues	8,179,199	8,682,837	9,032,749	8,577,045
<b>Expenditures:</b>				
Instruction	4,968,114	5,189,821	4,674,460	4,477,835
Support services	3,784,220	3,676,895	3,497,266	3,760,538
Noninstructional services	24,215	40,019	102,973	116,099
Sixteenth section	1,494	1,472	2,304	2,486
Total Expenditures	8,778,043	8,908,207	8,277,003	8,356,958
Excess (Deficiency) of Revenues over (under) Expenditures	(598,844)	(225,370)	755,746	220,087
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	-	-	-	288,437
Insurance recovery	979,999	1,042,768	5,929	94,453
Sale of other property	-	-	7,514	-
Operating transfers in	24,199	97,412	87,187	170,703
Other financing sources	-	-	-	245
Operating transfers out	(690,038)	(801,952)	(732,190)	(654,722)
Total Other Financing Sources (Uses)	314,160	338,228	(631,560)	(100,884)
Net Change in Fund Balances	(284,684)	112,858	124,186	119,203
<b>Fund Balances:</b>				
Beginning of period, as previously reported	7,163,247	7,231,859	7,107,425	6,987,046
Fund reclassification	23,587	-	-	-
Prior period adjustments	(46,243)	(181,470)	248	1,176
Beginning of period, as restated	7,140,591	7,050,389	7,107,673	6,988,222
End of period	\$ 6,855,907	7,163,247	7,231,859	7,107,425

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**WILKINSON COUNTY SCHOOL DISTRICT**

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

All Governmental Funds

Last Four Years

**"UNAUDITED"**

	2021	2020*	2019*	2018*
<b>Revenues:</b>				
Local sources	\$ 2,452,206	2,544,940	2,520,861	2,454,674
State sources	5,989,469	6,640,804	6,083,082	6,358,678
Federal sources	3,218,168	2,397,319	2,695,882	2,775,272
Sixteenth section sources	342,267	353,506	929,040	447,525
Total Revenues	<u>12,002,110</u>	<u>11,936,569</u>	<u>12,228,865</u>	<u>12,036,149</u>
<b>Expenditures:</b>				
Instruction	7,156,331	6,451,356	5,656,095	5,401,139
Support services	5,429,406	4,917,745	4,770,607	5,142,573
Noninstructional services	729,772	916,477	1,142,618	1,172,085
Sixteenth section	18,579	22,627	13,100	2,486
Facilities acquisition and construction	-	-	-	197,748
Debt service:				
Principal	102,582	143,283	206,508	458,725
Interest	45,961	48,329	56,137	61,154
Other	3,298	2,499	2,229	2,830
Total Expenditures	<u>13,485,929</u>	<u>12,502,316</u>	<u>11,847,294</u>	<u>12,438,740</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,483,819)</u>	<u>(565,747)</u>	<u>381,571</u>	<u>(402,591)</u>
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	-	-	-	288,437
Insurance recovery	979,999	1,042,768	5,929	94,453
Payment held by QZAB/QSCB escrow agent	105,364	144,000	144,000	144,000
Payment to QZAB/QSCB deb escrow agent	(105,364)	(144,000)	(144,000)	(144,000)
Sale of other property	-	-	7,514	-
Operating transfers in	991,404	995,298	913,300	826,230
Other financing sources	-	-	-	245
Operating transfers out	(991,404)	(995,298)	(913,300)	(826,230)
Total Other Financing Sources (Uses)	<u>979,999</u>	<u>1,042,768</u>	<u>13,443</u>	<u>383,135</u>
Net Change in Fund Balances	(503,820)	477,021	395,014	(19,456)
<b>Fund Balances:</b>				
Beginning of period, as previously reported	12,011,647	11,762,080	11,393,899	11,421,438
Fund reclassification	23,587			
Prior period adjustment	(35,350)	(222,434)	(41,223)	(4,745)
Beginning of period, as restated	<u>11,999,884</u>	<u>11,539,646</u>	<u>11,352,676</u>	<u>11,416,693</u>
Increase (decrease) in inventory	<u>(2,764)</u>	<u>(5,020)</u>	<u>14,390</u>	<u>(3,338)</u>
End of period	<u>\$ 11,493,300</u>	<u>12,011,647</u>	<u>11,762,080</u>	<u>11,393,899</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Wilkinson County 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 Wilkinson County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Wilkinson County School District's basic financial statements, and have issued our report thereon dated January 17, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the school district's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2021-001 that we consider to be a material weakness.

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MADISON, MISSISSIPPI 39110  
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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Wilkinson County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Wilkinson County School District's Response to Finding**

The Wilkinson County School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. The Wilkinson County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC  
January 17, 2023

Certified Public Accountants



**FORTENBERRY & BALLARD, PC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

Superintendent and School Board  
Wilkinson County School District

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

We have audited Wilkinson County 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 Wilkinson County School District's major federal programs for the year ended June 30, 2021. The Wilkinson County School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

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## **Opinion on Each Major Federal Program**

In our opinion, the Wilkinson County 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 is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Wilkinson County School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Wilkinson County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Management of the Wilkinson County School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wilkinson County 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 the 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 a 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 the 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 certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

Wilkinson County School District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. Wilkinson County 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.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
January 17, 2023

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Wilkinson County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wilkinson County School District as of and for the year ended June 30, 2021, which collectively comprise Wilkinson County School District's basic financial statements and have issued our report thereon dated January 17, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed the following instance of noncompliance. The noncompliance is reported in finding 4 below.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure 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:

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## **Finding 1**

### Criteria:

Section 25-11-127 Miss. Code Ann. (1972), provides that a reemployed retiree is not paid more than allowed as noted on the Form 4B. Also, notice must be given within five (5) days from the date of employment and also from the date of termination of the employment.

### Condition:

During the testing of retired personnel, it was noted that 5 employees had form 4B submitted past the five (5) business days requirement.

### Cause:

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

### Effect:

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

### Recommendation:

The District should implement procedures and controls to monitor and ensure that all forms are submitted within the required timeframe.

### Response:

The District has implemented a plan that all Retirees will be contacted by the Payroll Clerk on or shortly before their first day of work to come to the Central Office and complete PERS Form 4B.

## **Finding 2**

### Criteria:

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

### Condition:

Three instances of invoices examined were paid over 45 days after receipt of goods or services.

### Cause:

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

### Effect:

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

### Recommendation:

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

Response:

The District has met with the appropriate staff and implemented procedures of submitting invoices in a timely manner to the Accounts Payable Clerk for payment. The Accounts Payable Clerk has also been given instructions to follow policies and procedures when it comes to invoice processing.

**Finding 3**

Criteria:

Section 27-105-5 requires that the District maintain collateral in the amount of bank balances at 6/30/21 as reported on the Public Depositor Annual Report.

Condition:

The amount of collateral reported on the Public Depositor Annual Report should equal the District's cash bank balances as on that date.

Cause:

The District inadvertently entered an incorrect bank account balance on the 6/30/21 Public Depositor Annual Report.

Effect:

The District was under collateralized by \$8,999.33.

Recommendation:

The District should ensure that correct bank account balances are used as collateralized amounts on the Public Depositor Annual Report.

Response:

The District will ensure that the required amount of collateral and the accurate Cash balances at the end of each fiscal year are reported correctly on the Public Depositor Annual Report as required by law.

**Finding 4**

Criteria:

Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), states the local school board may authorize each school to issue procurement cards provided by the Department of Finance and Administration under the provisions of Section 31-7-9(1)(c) for the use of teachers and necessary support personnel in making instructional supply fund expenditures under this section, consistent with the regulations of the Mississippi Department of Finance and Administration pursuant to Section 31-7-9. Such procurement cards shall be issued at the beginning of the school year and shall be issued in equal amounts per teacher determined by the total number of qualifying personnel and the current state appropriation for classroom supplies with the Education Enhancement Fund. Such cards will expire on a pre-determined date at the end of each school year.

Condition:

During the review of Education Enhancement Funds (EEF), we noted the district issued a procurement card to six (6) federally funded teachers. Federally funded teachers are not entitled to receive procurement cards as stated by Mississippi Code Section 37-61-33(3)(a)(iii).

Cause:

The cause of the above condition is primarily due to lack of controls to ensure compliance with state requirements.

Effect:

The district was not in compliance with Miss. Code Section 37-61-33(3)(a)(iii).

Recommendation:

We recommend the district ensures procurement cards are not issued to federally funded teachers as required by Miss. Code Section 37-61-33(3)(a)(iii) and the board policy.

Response:

The District will ensure that EEF cards are issued and accounted for according to State Law.

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

The Wilkinson County 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 17, 2023

Certified Public Accountants



## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Wilkinson County School District

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

#### Section I: Summary of Auditor's Results

##### Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? Yes.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

##### Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? Yes.
5. Type of auditor's report issued on compliance for major program: 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:

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? 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 2 CFR 200.511(b). Yes.

## Section II: Financial Statements Findings

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

### **Material Weakness**

#### **Finding 2021-001**

##### Criteria:

An effective system of internal controls is the responsibility of management. Management should establish an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records.

##### Condition:

During our audit, we noted the following:

- 1) 55 instances of invoices not being cancelled after payment.
- 2) 12 instances of invoices paid without proper documentation of receipt of goods.
- 3) 5 instances of invoices paid without approval from program director.
- 4) 3 instances of invoices paid more than 45 days after receipt of goods or services.
- 5) 5 instances of bank accounts maintained by individual schools within the District but not included in the District's accounting records. These accounts are reconciled at each school, but the reconciliations are not reviewed and approved at the district level.
- 6) 24 purchase orders were not approved by Purchase Clerk.

##### Cause:

This is the result of the District not properly implementing and maintaining an effective internal control system.

##### Effect:

Without a proper internal control system in place to ensure accurate accounting records, the District increases the risk that the financial statements will contain materially misstated accounts.

##### Recommendation:

The District should implement and maintain policies and procedures to establish an internal controls system that will ensure strong financial accountability, proper safeguarding of assets and accurate accounting records.

##### Response:

The District has met with the appropriate staff and implemented procedures of submitting invoices in a timely manner to the Accounts Payable Clerk for payment. Accounts Payable Clerk has also been given instructions to follow policies and procedures when it comes to invoice processing. The Advisor will review the financial records of each school and document accordingly.

### Section III: Federal Awards Findings and Questioned Costs

The results of our tests disclosed the following finding and questioned costs related to the federal awards.

#### **Significant Deficiency and Non-compliance**

##### **Finding 2021-002**

Program: U.S. Department of Education  
Pass-through the Mississippi Department of Education  
Child Nutrition Cluster  
CFDA #10.553, 10.555 & 10.559

Compliance requirement: Cash management

##### Criteria:

7 CFR Part 210.8 states that in order for the school district to be entitled to reimbursement, they shall submit to the Office of Child Nutrition a monthly claim for reimbursement. The Policies and Procedures Manual for Child Nutrition Programs in Mississippi states that this claim is due at the Office of Child Nutrition on the 10<sup>th</sup> of the month following the reporting month.

##### Condition:

Claims for reimbursement are not being submitted in a timely fashion. Two of the monthly claims were submitted past the 10<sup>th</sup> day of the following month.

##### Effect:

Lack of adequate controls concerning the inaccurate submission of the “Monthly Claim for Reimbursement - School Lunch and School Breakfast” reports could result in the district not receiving the correct amount of federal reimbursement to the cover the expenditures of the program.

##### Identification as a repeat finding:

This is a repeat finding from the previous five audits, 2016-001, 2017-001, 2018-001, 2019-001 and 2020-001.

##### Questioned Costs:

None.

##### Whether sampling was statistically valid:

No.

##### Cause:

Personnel were unable to prepare the information for submission by the 10<sup>th</sup> of each month for the previous month.

Recommendation:

Procedures should be established and/or training be provided to facilitate the information being prepared for submission within the required time from which is by the 10<sup>th</sup> of each month for the previous month.

View of responsible officials:

The Administrative Staff of Child Nutrition Department has changed and In-Service Training has been provided by the Mississippi Department of Education, Child Nutrition Division. The District will follow-up and monitor the submission of the monthly claim reports to ensure it is submitted timely. This monitoring is to be done by Advisor Audrey Veals.

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

WILKINSON COUNTY SCHOOL DISTRICT  
Chavis L. Bradford, Superintendent of Education  
POST OFFICE BOX 785  
WOODVILLE, MS 39669  
601-888-3582 601-888-3133 fax

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Wilkinson County 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.

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2021-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Sharon Tolliver &amp; Audrey Veals Title: Accounts Payable Clerk &amp; Financial Advisor, respectively Phone Number: 601-888-3582 ext. 12 &amp; 20</p> <p>b. Correction Action Planned: The District has meet with the appropriate staff and implemented procedures of submitting invoices in a timely manner to the Accounts Payable Clerk for payment. Accounts Payable Clerk has also been given instructions to follow policies and procedures when it comes to invoice processing.</p> <p>The Advisor will review the financial records of each school and document accordingly</p> <p>c. Anticipated Completion Date: June 30, 2023</p>
2021-002	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Lakeidra VanNorman Title: SFS Director Phone Number: 601-888-3483</p> <p>b. Correction Action Planned: The Administrative Staff of Child Nutrition Department has changed and In-Service Training has been provided by the Mississippi Department of Education, Child Nutrition Division. The District will follow-up and monitor the submission of the monthly claim reports to ensure it is submitted timely. This monitoring is to be done by Advisor Audrey Veals</p> <p>c. Anticipated Completion Date: June 30, 2023</p>

WILKINSON COUNTY SCHOOL DISTRICT  
Chavis L. Bradford, Superintendent of Education  
POST OFFICE BOX 785  
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601-888-3582  
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SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOLLOW UP

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

<u>Finding</u>	<u>Status</u>
2020-001	Not Corrected (see Finding 2021-002)
2020-002	Not Corrected