

County: Morgan  
RFP: 19-085

# MORGAN COUNTY BOARD OF EDUCATION

## Financial Statements

June 30, 2021

MORGAN COUNTY BOARD OF EDUCATION  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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MORGAN COUNTY BOARD OF EDUCATION  
BOARD OFFICIALS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Office	Name	Term
<u>Elective</u>		
Board Members:	Eric R. Lyda	07/01/2018 – 06/30/2022
	Laura S. Smith	07/01/2018 – 06/30/2022
	John D. Rowland	07/01/2020 – 06/30/2024
	Peter W. Gordon	07/01/2020 – 06/30/2024
Board President	Aaron T. Close	07/01/2018 – 06/30/2022
<u>Appointive</u>		
Superintendent	Kristen Tuttle	07/01/2020 – 06/30/2021
Treasurer	Ann Bell	07/01/2020 – 06/30/2021



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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Morgan County Board of Education  
Berkeley Springs, West Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Morgan County Board of Education as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board'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.

### ***Auditors' 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, 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 from material misstatement.

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 5 through 14 and 55 through 65 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morgan County Board of Education's basic financial statements. The schedule of changes in school activity funds, the schedule of excess levy revenues and expenditures, and the schedule of state grant receipts and expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the Board's internal control over financial reporting and our testing of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 the Board's internal control over financial reporting and compliance.

*The Fyffe Jones Group, AL*

THE FYFFE JONES GROUP, AC

Huntington, West Virginia  
December 3, 2021

MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Our discussion and analysis of the Morgan County Board of Education's (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2021. Please read this discussion and analysis in conjunction with the Board's basic financial statements, which are presented immediately following this Management's Discussion and Analysis.

### Financial Highlights

- The Board's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$17 million at the close of the most recent fiscal year. Of this amount \$5.2 million may be used to meet the government's ongoing obligations to citizens and credits.
- The Board's total net position increased by approximately \$3.6 million. This increase is attributable to increases in current assets, capital assets, and a decrease in the proportionate share of the OPEB liability.
- As of the close of the fiscal year, the Board's governmental funds reported a combined ending balance of \$8.7 million, an increase of \$3.0 million in comparison with the prior year. Approximately \$3.6 million of this total amount is available for spending at the Board's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$3.6 million or 15 percent of total general fund expenditures.

### Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements** - The district-wide financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 or 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 (e.g., uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 15 and 16 of this report.



MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**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 Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue funds, all of which are considered major funds as found on pages 17 and 19.

**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 54 following the basic financial statements.

### **District-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$17.0 million at the close of the most recent fiscal year.

- The largest portion of the Board's net position (59%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles). The Board uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities
- An additional portion of the Board's net position (10%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is reserved for restricted projects and capital projects.

MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

- The remaining balance of unrestricted net position (31%) may be used to meet the Board's obligations to students, employees, and creditors, and to honor next year's budget.

The following summarizes the statement of net position at June 30, 2021, in comparison with June 30, 2020:

	<b>2021</b>	<b>2020</b>	
	<b>Governmental</b>	<b>Governmental</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Variance</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Current and other assets	\$ 11,551,603	\$ 8,882,884	\$ 2,668,719
Capital assets	13,950,163	13,672,589	277,574
Deferred outflows of resources	940,602	1,210,561	(269,959)
<b>Total assets and deferred outflows of resources</b>	<b>\$ 26,442,368</b>	<b>\$ 23,766,034</b>	<b>\$ 2,676,334</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>Liabilities and deferred inflows of resources:</b>			
Current and other liabilities	\$ 2,622,403	\$ 2,644,518	\$ (22,115)
Long-term liabilities outstanding	3,686,647	3,919,289	(232,642)
Deferred inflows of resources	1,839,948	1,350,609	489,339
Net pension liability - Proportionate share	1,018,365	1,416,925	(398,560)
Net other post employment benefit (OPEB) liability - Proportionate share	266,690	1,081,022	(814,332)
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 9,434,053</b>	<b>\$ 10,412,363</b>	<b>\$ (978,310)</b>
<b>Net position:</b>			
Net investment in capital assets	\$ 10,030,874	\$ 9,534,780	\$ 496,094
Restricted	1,780,624	1,179,089	601,535
Unrestricted	5,196,817	2,639,802	2,557,015
<b>Total net position</b>	<b>\$ 17,008,315</b>	<b>\$ 13,353,671</b>	<b>\$ 3,654,644</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 26,442,368</b>	<b>\$ 23,766,034</b>	<b>\$ 2,676,334</b>

MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The key elements of the increase of the Board's net position for the year ended June 30, 2021, are as follows:

- Current and other assets increased by approximately \$2.7 million which primarily represents an increase in cash & cash equivalents due to increased property tax collections, Medicaid reimbursements, state funding, and the adoption of GASB 84.
- Capital assets increased by approximately \$277 thousand which represents the construction of four tennis courts, the purchase of land and buildings, cafeteria equipment, a plasma cutter, ceiling-mounted projector, pick-up truck, 65 passenger bus and ATV as well as the disposal of three buses.
- Current and other liabilities decreased by approximately \$22 thousand which was primarily the result of the decreases in compensated absences.
- Long-term liabilities decreased by approximately \$232 thousand which was primarily the result of decreases on capital leases.
- Deferred inflows of resources increased by approximately \$489 thousand which was primarily the result of changes to the proportionate share of OPEB liability as required by GASB 75.
- Restricted net position increased by \$601 thousand during the year ended June 30, 2021. This increase resulted primarily from the increased fund balance in the special revenue fund and the inclusion of the School Activity Fund due to GASB 84.
- The Board's net position increased by approximately \$3.6 million during the current year. The following discussion and analysis on governmental activities focuses on this increase.

MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following summarizes the statement of activities for the year ended June 30, 2021, in comparison with the year ended June 30, 2020:

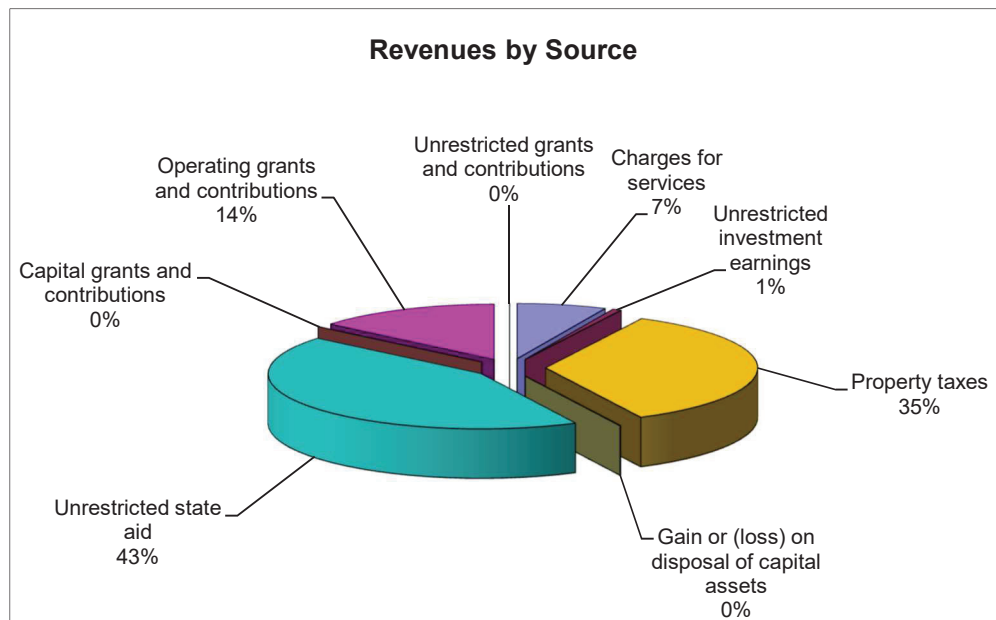
	<b>2021</b>	<b>2020</b>	
	<b>Governmental</b>	<b>Governmental</b>	<b>Variance</b>
	<b>Activities</b>	<b>Activities</b>	
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,953,622	\$ 1,325,101	\$ 628,521
Operating grants and contributions	4,016,941	2,526,932	1,490,009
Capital grants and contributions	-	1,045,524	(1,045,524)
General revenues:			
Property taxes	10,143,356	10,183,584	(40,228)
Unrestricted state aid	12,499,402	14,131,503	(1,632,101)
Unrestricted investment earnings	192,069	197,812	(5,743)
Gain/(loss) on disposal of capital assets	15,293	12,187	3,106
<b>Total revenues</b>	<b>\$ 28,820,683</b>	<b>\$ 29,422,643</b>	<b>\$ (601,960)</b>
<b>Expenses:</b>			
Instruction	\$ 13,516,643	\$ 14,038,100	\$ (521,457)
Supporting services:			
Students	1,595,824	1,645,589	(49,765)
Instructional staff	1,732,434	1,730,458	1,976
General administration	305,958	349,792	(43,834)
School administration	1,502,570	1,658,037	(155,467)
Central services	472,413	472,351	62
Operation and maintenance of facilities	2,568,105	2,824,669	(256,564)
Student transportation	2,031,413	2,241,676	(210,263)
<b>Total supporting services</b>	<b>10,208,717</b>	<b>10,922,572</b>	<b>(713,855)</b>
Food services	1,763,158	1,955,937	(192,779)
Community services	36,294	35,889	405
Interest on long-term debt	113,098	117,806	(4,708)
<b>Total Expenses</b>	<b>\$ 25,637,910</b>	<b>\$ 27,070,304</b>	<b>\$ (1,432,394)</b>
<b>Change in net position</b>	<b>\$ 3,182,773</b>	<b>\$ 2,352,339</b>	<b>\$ 830,434</b>
<b>Net position - Beginning</b>	<b>\$ 13,353,671</b>	<b>\$ 11,172,948</b>	<b>\$ 2,180,723</b>
<b>Prior period adjustment</b>	<b>\$ 471,871</b>	<b>\$ (171,616)</b>	<b>\$ 643,487</b>
<b>Net position - Ending</b>	<b>\$ 17,008,315</b>	<b>\$ 13,353,671</b>	<b>\$ 3,654,644</b>

**MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The key elements of the changes in the Board's statement of activities for the year ended June 30, 2021, are as follows:

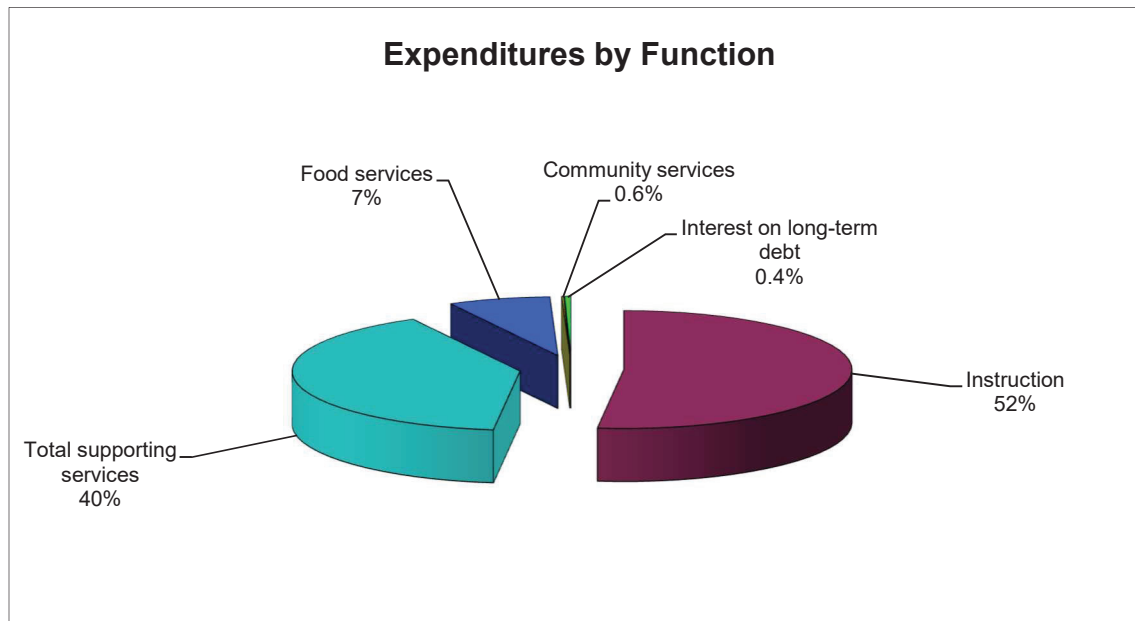
- Charges for services increased by approximately \$628 thousand which was primarily the result of an increase in child nutrition revenue and the inclusion of Student Activity Funds due to GASB 84.
- Operating grants and contributions increased by approximately \$1.5 million which was primarily the result of increased state and federal funding due to Covid-19.
- Capital grants and contributions decreased by approximately \$1.0 million which was primarily the result of no capital projects during the year.
- General revenues from property taxes decreased by approximately \$40 thousand which was primarily the result of lower regular and excess levy tax collections.
- General revenues from unrestricted state aid decreased by approximately \$1.6 million which was primarily the result of decreased enrollment and decreases in state allocations.
- Overall expenses decreased by approximately \$1.4 million which was primarily the result of decreases spending in all areas and the completion of capital projects from the previous year.

The following chart shows the Board's revenues for fiscal year ended June 30, 2021, by source:



MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following chart shows the Board's expenditures for fiscal year ended June 30, 2021, by function:



### Financial Analysis of the Board's Funds

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

*Governmental funds.* The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the Board completed the year, its governmental funds reported a combined fund balance of approximately \$8.2 million.

Governmental funds report the differences between their assets, deferred outflows, liabilities and deferred inflows as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. Nonspendable, restricted, committed, and assigned indicate the portion of the Board's fund balances that are not available for appropriation. The unassigned fund balance is available, expendable financial resources in governmental funds. The fund balance of the general fund is primarily designated for the following purpose:

Educational trips	\$ 6,936
WVU extension	1,420
Student activities	139,022
Medicaid reimbursements	130,819
School allocations	225,057
Textbooks	20,925
<b>Total</b>	<b>\$ 524,179</b>

MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

In addition, the following other changes in fund balances should be noted and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use:

- Nonspendable – TDC Retirement Forfeiture: \$317,765

The Board had four major funds for the fiscal year ended June 30, 2021. Those funds are the General Current Expense Fund and three Special Revenue Funds:

#### General Current Expense Fund

This is the principal operation fund which accounts for all financial resources of the Board except those required to be accounted for in another fund. The fund balance increased from \$4.5 million to \$6.9 million during the fiscal year ended June 30, 2021. As previously discussed, this increase of \$2.4 million was due primarily to an overall decrease in spending, an increase in state and federal funding due to Covid-19 and a reduced sponsor's contribution to the child nutrition program.

#### Special Revenue Fund

This is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditures for specific purposes. The fund balance increased from \$1.1 million to \$1.2 million during the fiscal year ended June 30, 2021. This increase of \$116 thousand was due primarily to due to the timing of federal reimbursements.

#### Special Revenue Fund - Federal Stimulus and Stabilization Fund (FSSF)

This is a separate special revenue fund to account for all revenue and expenditures attributable to funds received as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act, which are legally restricted to expenditures for specific purposes. The fund balance remained unchanged from \$0 to \$0. This was due primarily to spending matching federal reimbursements and much of the funding being allocated to the subsequent fiscal year.

#### Special Revenue Fund - School Activity

This is a separate special revenue fund to account for the financial resources received and held by each school to support co-curricular and extra-curricular student activities in which the Board has administrative involvement. The fund balance increased from \$472 thousand to \$485 thousand during the fiscal year ended June 30, 2021. This increase of \$13 thousand was due primarily to decreased expenditures at the schools due to Covid-19.

### General Fund Budgetary Highlights

During the year, the Board revised the budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$2,801,405 or 12% in total general fund expenditures. The most significant differences, including the differences between the original and final budget figures, and significant variances between



MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

the actual amounts and final budget amounts may be summarized in Medicaid reimbursements and unrestricted state aid.

### Capital Asset and Debt Administration

**Capital assets** - The Board's investment in capital assets for its governmental activities as of June 30, 2021, amounts to approximately \$13.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. The total increase in the Board's investment in capital assets for the current fiscal year was approximately 10 percent.

Major capital asset events during the current fiscal year included the following:

- Purchase of property and buildings on Fairview Drive
- Construction of four tennis courts
- Purchase of a plasma cutter
- Purchase of two steamer tables
- Purchase of a used Ford pick-up truck
- Purchase of an ATV
- Purchase of a 65 passenger school bus
- Retirement of three school buses

Additional information on the Board's capital assets can be found in notes to the basic financial statements.

	<b>2021</b>	<b>2020</b>	
	<b>Governmental</b>	<b>Governmental</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Variance</b>
Land	\$ 736,155	\$ 587,755	\$ 148,400
Land improvements	341,546	-	341,546
Buildings and improvements	11,137,525	11,306,755	(169,230)
Furniture and equipment	662,890	659,487	3,403
Vehicles	1,072,047	1,118,592	(46,545)
<b>Total capital assets</b>	<b>\$ 13,950,163</b>	<b>\$ 13,672,589</b>	<b>\$ 277,574</b>

**Long-term debt** - At the end of the current fiscal year, the Board had no bonded debt and capital lease obligations of \$3.9 million. Employees of the Board are eligible to receive special termination benefits in the form of convertible sick leave earned but not used prior to retirement. Upon retirement, an employee's accumulated sick leave may be converted to a greater retirement benefit or to payment of the retired employee's health insurance premiums. The cost of additional retirement benefits is the liability of the West Virginia Consolidated Public Retirement Board and therefore are not recorded in the Board's financial statements. However, the cost of the health insurance premiums must be absorbed by the last agency employing the retiree. Historically, the West Virginia Legislature has appropriated funds for the Board for payment of these costs. However, because such appropriations are at the discretion of the Legislature and therefore not guaranteed, the liability for the cost of sick leave convertible to health insurance premiums is recorded in the Board's financial statements. At June 30, 2021, the liability for such costs was \$267 thousand, which is included in the district-wide financial statement of net position. The obligation for compensated absences for vacations was \$102,155 at June 30, 2021.



MORGAN COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>2021</b>	<b>2020</b>	
	<b>Governmental</b>	<b>Governmental</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Variance</b>
Compensated absences	\$ 102,155	\$ 84,602	\$ 17,553
Capital lease obligations	3,919,289	4,137,809	(218,520)
<b>Total debt outstanding</b>	<b>\$ 4,021,444</b>	<b>\$ 4,222,411</b>	<b>\$ (200,967)</b>

Additional information on the Board's long-term debt can be found in the notes to the basic financial statements.

### **Factors Bearing on the Board's Future**

At the time these financial statements were prepared and audited, the Board was aware of circumstances that could significantly affect its financial health in the future:

- On May 8, 2018 the Board renewed the excess levy due to expire on June 30, 2019. The levy call is for four fiscal years (FY 2020 thru FY 2023) and capped the maximum levy rate at 70%. The renewal of this levy will be before the voters on May 10, 2022.
- On March 13, 2020, schools were closed due to the COVID-19 pandemic and learning shifted to an online model. For the 2020-21 school term, our instruction was split between an in-person and virtual learning environment. Supporting an online learning model has caused significant resources to be expended for technology and internet access for students and teachers. In addition, the government required that breakfast and lunch be provided for all students whether they attended school in-person or virtually. To date, grant funding and resources in reserve have been used to fund the additional technology, child nutrition requirements and cleaning/sanitation/PPE needed for COVID-19. The majority of the grant funding expires within two to three years which will place a burden of continuance of these materials/programs on the Board's finances.

### **Contacting the Board's Financial Management**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board Office, Ann Bell, Treasurer, Morgan County Board of Education, 247 Harrison Avenue, Berkeley Springs, WV 25411

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,547,517
Deposit with Retirement Board	317,766
Taxes receivable, net of allowance for uncollectible taxes	540,193
Food service receivable	99,468
Due from other governments:	
State aid receivable	102,687
PEIA allocation receivable	275,434
Reimbursements receivable	668,538
Capital Assets:	
Land	736,155
Land Improvements	341,546
Buildings and improvements	20,677,291
Furniture and equipment	1,798,937
Vehicles	3,528,996
Less accumulated depreciation	(13,132,762)
Total capital assets, net of depreciation	<u>13,950,163</u>
<b>Total assets</b>	<u><u>25,501,766</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflows from pension activity	489,024
Deferred outflows from other post employment benefit (OPEB) activity	<u>451,578</u>
<b>Total deferred outflows of resources</b>	<u><u>940,602</u></u>
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 26,442,368</u></u>
<b>LIABILITIES</b>	
Salaries payable and related payroll liabilities	\$ 1,795,584
PEIA premiums payable	401,437
Compensated absences	102,155
Accounts payable	90,585
Long-term obligations:	
Due within one year:	
Bonds, capital leases, and contracts	232,642
Due beyond one year:	
Bonds, capital leases, and contracts	3,686,647
Net pension liability - proportionate share	1,018,365
Net other post employment benefit (OPEB) liability - proportionate share	<u>266,690</u>
<b>Total liabilities</b>	<u><u>7,594,105</u></u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows from pension activity	443,470
Deferred inflows from other post employment benefit (OPEB) activity	<u>1,396,478</u>
<b>Total deferred inflows of resources</b>	<u><u>1,839,948</u></u>
<b>Total liabilities and deferred inflows of resources</b>	<u><u>\$ 9,434,053</u></u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	\$ 10,030,874
Restricted for:	
Special projects	1,780,624
Unrestricted	<u>5,196,817</u>
<b>Total net position</b>	<u><u>\$ 17,008,315</u></u>

See Notes to the Basic Financial Statements.

**MORGAN COUNTY BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Functions</b>	Program Revenues			Net (Expense), Revenue & Changes in Net Position Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 13,516,643	\$ 456,582	\$ 2,133,160	\$ -
Supporting services:				
Students	1,595,824	-	358,766	-
Instructional staff	1,732,434	-	273,408	-
General administration	305,958	-	48,286	-
School administration	1,502,570	-	237,132	-
Business services	472,413	-	74,555	-
Operation and maintenance of facilities	2,568,105	-	405,291	-
Student transportation	2,031,413	180,442	320,592	-
Food services	1,763,158	1,316,598	165,751	-
Community services	36,294	-	-	-
Interest on long-term debt	113,098	-	-	-
Total governmental activities	\$ 25,637,910	\$ 1,953,622	\$ 4,016,941	\$ -
General revenues:				
Property taxes				10,143,356
Unrestricted state aid				12,499,402
Unrestricted investment earnings				192,069
Gain on sale of capital asset				15,293
Transfers in				532,557
Transfers (out)				(532,557)
Total general revenues and transfers				22,850,120
Change in net position				3,182,773
Net position - beginning				13,353,671
Prior period adjustment (See Note 2)				471,871
Net position - beginning, as restated				13,825,542
Net position - ending				\$ 17,008,315

See Notes to the Basic Financial Statements.

MORGAN COUNTY BOARD OF EDUCATION  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Current Expense Fund	Special Revenue Fund	Special Revenue Fund - School Activity	Special Revenue Fund - FSSF	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,180,723	\$ 1,015,240	\$ 484,629	\$ (133,075)	\$ 9,547,517
Taxes receivable, net	540,193	-	-	-	540,193
Deposit with Retirement Board	317,766	-	-	-	317,766
Food service receivable, net	-	99,468	-	-	99,468
Due from other governments:					
State aid receivable	102,687	-	-	-	102,687
PEIA allocation receivable	275,434	-	-	-	275,434
Reimbursements receivable	-	535,144	-	133,395	668,539
<b>Total assets</b>	<b>9,416,803</b>	<b>1,649,852</b>	<b>484,629</b>	<b>320</b>	<b>11,551,604</b>
<b>Deferred outflows of resources</b>	-	-	-	-	-
<b>Total deferred outflows of resources</b>	-	-	-	-	-
<b>TOTAL ASSETS PLUS DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 9,416,803</b>	<b>\$ 1,649,852</b>	<b>\$ 484,629</b>	<b>\$ 320</b>	<b>\$ 11,551,604</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Salaries payable and related payroll liabilities	\$ 1,623,046	\$ 172,538	\$ -	\$ -	\$ 1,795,584
PEIA premiums payable	350,645	50,792	-	-	401,437
Accounts payable	59,206	31,059	-	320	90,585
<b>Total liabilities</b>	<b>2,032,897</b>	<b>254,389</b>	<b>-</b>	<b>320</b>	<b>2,287,606</b>
<b>Deferred inflows of resources</b>	450,131	99,468	-	-	549,599
<b>Total deferred inflows of resources</b>	<b>450,131</b>	<b>99,468</b>	<b>-</b>	<b>-</b>	<b>549,599</b>
<b>Fund Balances:</b>					
Nonspendable	317,766	-	-	-	317,766
Restricted	524,179	1,295,995	484,629	-	2,304,803
Assigned	2,399,012	-	-	-	2,399,012
Unassigned	3,692,818	-	-	-	3,692,818
<b>Total fund balances</b>	<b>6,933,775</b>	<b>1,295,995</b>	<b>484,629</b>	<b>-</b>	<b>8,714,399</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,416,803</b>	<b>\$ 1,649,852</b>	<b>\$ 484,629</b>	<b>\$ 320</b>	<b>\$ 11,551,604</b>

See Notes to the Basic Financial Statements.

MORGAN COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total fund balance on the governmental fund's balance sheet	\$ 8,714,399
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet	13,950,163
Property taxes receivable, e-rate, and food service billings will be collected this year but are not available soon enough to pay for the current period's expenditures, and are therefore in deferred funds	549,599
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	489,024
Deferred outflows of resources related to OPEB	451,578
Deferred inflows of resources related to pensions	(443,470)
Deferred inflows of resources related to OPEB	(1,396,478)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease payable, due within one year	(232,643)
Capital lease payable, due beyond one year	(3,686,647)
Accrued sick leave payable	(102,155)
Net pension liability - proportionate share	(1,018,365)
Net OPEB liability - proportionate share	(266,690)
Net position of governmental activities	<u><u>\$ 17,008,315</u></u>

See Notes to the Basic Financial Statements.

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Current Expense Fund	Special Revenue Fund	Special Revenue Fund - School Activity	Special Revenue Fund - FSSF	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 10,376,889	\$ -	\$ -	\$ -	\$ 10,376,889
Other local sources	259,109	646,132	233,104	-	1,138,345
State sources	14,735,276	1,075,457	-	-	15,810,733
Federal sources	456,582	2,956,226	-	621,499	4,034,307
<b>Total revenues</b>	<b>25,827,856</b>	<b>4,677,815</b>	<b>233,104</b>	<b>621,499</b>	<b>31,360,274</b>
<b>Expenditures:</b>					
Instruction	12,780,769	1,539,521	293,634	226,166	14,840,090
Supporting services:					
Students	1,491,404	256,736	-	342	1,748,482
Instructional staff	1,113,237	387,928	-	338,956	1,840,121
General administration	325,074	-	-	13	325,087
School administration	1,737,745	-	-	366	1,738,111
Central services	489,750	23,693	-	-	513,443
Operation and maintenance of facilities	2,480,257	256,076	-	30,319	2,766,652
Student transportation	1,947,935	259,923	-	996	2,208,854
Food services	8,795	1,780,553	-	11,232	1,800,580
Community services	36,293	-	-	-	36,293
Capital outlay	346,500	341,546	-	-	688,046
Debt service:					
Principal retirement	218,520	-	-	-	218,520
Interest and fiscal charges	113,098	-	-	-	113,098
<b>Total expenditures</b>	<b>23,089,377</b>	<b>4,845,976</b>	<b>293,634</b>	<b>608,390</b>	<b>28,837,377</b>
Excess (deficiency) of revenues over expenditures	2,738,479	(168,161)	(60,530)	13,109	2,522,897
<b>Other financing sources (uses):</b>					
Proceeds from disposal of real or personal property	15,293	-	-	-	15,293
Transfers in	53,683	401,854	77,020	-	532,557
Transfers (out)	(398,929)	(116,787)	(3,732)	(13,109)	(532,557)
<b>Total other financing sources (uses)</b>	<b>(329,953)</b>	<b>285,067</b>	<b>73,288</b>	<b>(13,109)</b>	<b>15,293</b>
<b>Net change in fund balances</b>	<b>2,408,526</b>	<b>116,906</b>	<b>12,758</b>	<b>-</b>	<b>2,538,190</b>
<b>Fund balances - beginning</b>	<b>4,525,249</b>	<b>1,179,089</b>	<b>-</b>	<b>-</b>	<b>5,704,338</b>
<b>Prior period adjustment - See Note 2</b>	<b>-</b>	<b>-</b>	<b>471,871</b>	<b>-</b>	<b>471,871</b>
<b>Fund balances - ending</b>	<b>\$ 6,933,775</b>	<b>\$ 1,295,995</b>	<b>\$ 484,629</b>	<b>\$ -</b>	<b>\$ 8,714,399</b>

See Notes to the Basic Financial Statements.

MORGAN COUNTY BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds	\$ 2,538,190
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Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect on net position is the amount by which capital outlays exceed depreciation in the current period.

Depreciation expense	(613,891)
Capital outlays	891,465

Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures. This is the amount by which such receivables increased (decreased).

Property taxes receivable	(233,533)
Operating grants and contributions	(2,973)

The repayment of the principal of long-term debt (e.g., bonds, leases) consumes the current financial resources of governmental funds. However, such repayment has no effect on net assets.	218,520
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Differences in the cost and accumulated depreciation on disposed capital assets are reported as a loss and reduction in net assets in the statement of activities.

Cost of assets disposed	(175,012)
Accumulated depreciation of assets disposed	175,012

Compensated absences are reported as liabilities in the statement of net position, but are only reported in government funds to the extent they have matured. This is the amount by which compensated absences (increased)/decreased.

Accrued vacation payable	(17,553)
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Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions	139,877
Cost of benefits earned net of employee contributions	(114,396)

Governmental funds report district OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.

District OPEB contributions	75,719
Cost of benefits earned net of employee contributions	301,348

Change in net position of governmental activities	\$ 3,182,773
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MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies:**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity:**

The Morgan County Board of Education (Board) is a corporation created under the authority of West Virginia Code §18-5-1 et seq. and is composed of five members nominated and elected by the voters of the county for four-year terms. The Board is responsible for the supervision and control of the county school district and has the authority, subject to State statutes and the rules and regulations of the State Board, to control and manage all of the public schools and school interests in the county.

GASB Statement 14 establishes the criteria for determining the governmental reporting entity and the component units that should be included within the reporting entity. Under provisions of this statement, the Board is considered to be a primary government, since it is a separate legal entity, has its own elected governing body, and is fiscally independent of other local governments. The Board has no component units, defined by GASB Statement 14 as other legally separate organizations for which the elected board members are financially accountable.

**B. District-wide and Fund Financial Statements:**

The *district-wide financial statements* (the statement of net position and the statement of activities) display information about the Board as a whole. These statements include the financial activities of the overall government, except for fiduciary fund activities. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the school district's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function.

Depreciation expenses for capital assets that can be specifically identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (such as a school building that may be used for instructional services, student and instructional staff support services, school administration, and child nutrition services) is distributed proportionally among the various functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Program revenues include: grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, restricted state aid, tuition, and other fees and charges paid by students. Revenues that are not considered as program revenues are classified as general revenue and include property taxes, unrestricted state aid, unrestricted investment earnings, gain on sale of capital assets, and federal and state grants not restricted to a specific purpose.



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

The ***fund financial statements*** provide information about the individual funds maintained by the Board. All funds maintained by the school district are considered to be major funds for reporting purposes and are discretely presented in the accompanying financial statements.

The funds maintained by the Board are:

General Current Expense Fund: The General Current Expense Fund is the operating fund of the Board and accounts for all revenues and expenditures not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Current Expense Fund.

Special Revenue Fund: The Special Revenue Fund is an operating fund of the Board and accounts for all revenues and expenditures attributable to state and federal grants and other revenue sources that are legally restricted to expenditure for specific purposes.

Special Revenue Fund - Federal Stimulus and Stabilization Fund: A governmental fund type used to account for the financial resources of the Board received through the federal government; most notably in regard to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the American Rescue Plan (ARP) Act.

Special Revenue Fund - School Activity Fund: A governmental fund type used to account for the financial resources received and held by each school to support co-curricular and extra-curricular student activities.

**C. Measurement Focus and Basis of Accounting:**

The ***district-wide statements*** (Statement of Net Position and the Statement of Activities) were prepared using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows are received. Revenues and expenses resulting from exchange and exchange-like transactions are recognized when the exchange takes place; revenues and expenses resulting from non-exchange transactions, such as property taxes, federal and state grants, state aid to schools, and donations, are recognized in accordance with the requirements of GASB Statement 33. Property taxes are recognized in the fiscal year for which the taxes are levied; state aid to schools is recognized in the year for which the legislative appropriation is made; and grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

The *governmental fund financial statements* were prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded generally when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General 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 resources.

**D. Encumbrances:**

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Cash and Investments:**

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash in the accompanying financial statements.

Boards of education are authorized by statute to provide excess funds to either the State Consolidated Investment Pool or the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

The Board had no fixed-term investments at June 30, 2021.

Deposits with financial institutions were entirely covered by federal deposit insurance or secured by adequate bond or other securities held by the banking institution in the board’s name. Custodian credit risk is the risk that in event of a bank failure, the Board’s deposits may not be returned to it. The Board has limited its custodial credit risk by assuring that these deposits with financial institutions are adequately collateralized.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

**F. Food Service Receivables:**

The accounts receivable for the Food Service Program has been reduced by approximately \$25 thousand, for uncollectible accounts. The allowance for uncollectible accounts was calculated based upon management's estimate of the amount outstanding from individuals who were on "free" status as of June 30, 2021.

**G. Interfund 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., current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

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.

**H. Inventories:**

Inventories are valued at cost or, if donated, at fair value when received. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The Board did not operate a centralized warehouse for inventories at June 30, 2021.

**I. Prepaid Items:**

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

**J. Capital Assets:**

Capital assets, which include land, buildings and improvements, furniture and equipment, and vehicles are reported in the district-wide financial statements. The Board defines capital assets as assets with an initial, individual cost of \$5,000, or more for land, furniture, vehicles, and equipment and \$100,000, for buildings and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is not capitalized.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

Buildings and improvements, furniture and equipment, and vehicles of the Board are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Site improvements	20-35
Furniture and equipment	5-20
Vehicles	8-12

**K. Deferred Outflow of Resources:**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts.

**L. 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 State Teacher Retirement System (TRS) and additions to/deductions from the TRS fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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. See Note 11 for further discussion.

**M. Compensated Absences and Other Post Employment Benefit Liability:**

**Compensated Absences:**

It is the Board's policy to permit employees to accumulate earned but unused vacation pay benefits. Vacation benefits can be accumulated up to 20 days and carried forward to the subsequent fiscal year. All vacation pay is accrued when incurred and the liability for these amounts is reported in the general long-term debt account group. Upon termination employees may be compensated for vacation benefits accumulated. In lieu of a cash payment at retirement, employees hired prior to July 1, 2015 can elect to use accumulated annual leave toward their postemployment health care insurance premium. Employees also earn sick leave benefits which accumulate but do not vest.

**Other Post Employment Benefit (OPEB) Liability:**

It is the Board's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State 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 West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 for further discussion.

**N. Long-term Obligations:**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses during the period in which the bonds were issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital lease payments are reported in the general current expense or special revenue fund.

**O. Deferred Inflow of Resources:**

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. The details of the aggregate amount of the deferred outflows in the statement of net position are found in Note 11 and 12. The details of the aggregate amount report on the governmental fund balance sheet are as follows:

Taxes receivable	\$	450,131
Child nutrition payments receivable		99,468

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

**P. Net Position:**

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

- **Invested in capital assets, net of related debt** - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.
- **Restricted net position, expendable** - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Restricted net position, nonexpendable** – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2021.
- **Unrestricted net position** - This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

**Q. Fund Equity:**

The Board follows GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards of accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the Board is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2021. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member Board or by a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.
- 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. In other funds, any negative fund balances would be unassigned.

**R. Elimination and Reclassifications:**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

**S. Accounting Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**T. Restricted Resources:**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

**U. Newly Adopted Statements Issued by the GASB:**

The Governmental Accounting Standards Board has issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2019. 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. The Board adopted this statement in the current year.

The Governmental Accounting Standards Board has also issued Statement No. 90, *Majority Equity Interests*, effective for fiscal years beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Board has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

**V. Recent Statements Issued by the GASB:**

The Governmental Accounting Standards Board has issued Statement No. 93, *Replacement of Interbank Offered Rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. GASB 95 extended the due date for paragraphs 13 and 14 (lease modifications) to reporting periods beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2020.* The primary objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Board has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefits plans and paragraph 5 of this Statement were effective for FY 2020. The requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The Board has not yet determined the effect that the adoption of GASB Statement No. 97 may have on its financial statements.



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

The Governmental Accounting Standards Board has also issued Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The Board has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for fiscal years beginning after December 15, 2020. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Board has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 90, Majority Equity Interests, effective for fiscal years beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Board has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 91, Conduit Debt Obligations, effective for fiscal years beginning after December 15, 2021. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Board has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 92, Omnibus 2020, effective for reporting periods beginning after June 15, 2021. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Board has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its financial statements.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 - Summary of Significant Accounting Policies (Cont.):**

The Governmental Accounting Standards Board has also issued Statement No. 93, Replacement of Interbank Offered Rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. GASB 95 extended the due date for paragraphs 13 and 14 (lease modifications) to reporting periods beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2020. The primary objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Board has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Board has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 96, Subscription-Based Information Technology Arrangements, effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The Board has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its financial statements.

**Note 2 – Restatement of Net Position due to Change in Accounting Principles:**

Effective July 1, 2020 the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. The Statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, School Activity Funds are reflected as a special revenue fund and beginning net position has been restated as follows:

	<u>Governmental Activities</u>
Beginning net position as previously reported at June 30, 2020	\$ 13,353,671
Prior period adjustment - Implementation of GASB 84	<u>471,871</u>
June 30, 2020 net position, as restated	<u>\$ 13,825,542</u>
	<u>Governmental Funds</u>
Beginning fund balance as previously reported at June 30, 2020	\$ 5,704,338
Prior period adjustment - Implementation of GASB 84	<u>471,871</u>
June 30, 2020 fund balance, as restated	<u>\$ 6,176,209</u>

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 3 - Stewardship, Compliance and Accountability:**

Deficiencies in Net Changes in Fund Balances and Deficit Fund Balances:

- No funds had deficiencies in net changes in fund balances for the year ended June 30, 2021.
- No funds have a deficit fund balance as of June 30, 2021.

**Note 4 - Risk Management:**

The Board is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

**Board of Risk and Insurance Management (BRIM):** The Board participates in the West Virginia Board of Risk and Insurance Management, a common risk insurance pool for all State agencies, component units, boards of education and other local governmental agencies who wish to participate. The Board pays an annual premium to BRIM for its general insurance coverage. Fund underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM is paid by the participants. The BRIM risk pool retains the risk of the first \$2 million per property event and purchases excess insurance on losses above that level. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims.

**Public Employees Insurance Agency (PEIA):** The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

Health coverage under these programs has no lifetime maximum benefit, while life insurance coverage is limited to \$10,000. Members may purchase up to an additional \$500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

**Workers Compensation Fund (WCF):** The Travelers insurance company provides workers' compensation coverage to Morgan County Board of Education. The cost of all coverage, as determined by The Travelers Company, is paid by the Board.

The Travelers Company's risk pool retains the risk related to the compensation of injured employees under the program.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 5 - Property Taxes:**

All property in the State is classified as follows for ad valorem tax purposes:

- Class I - All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture, including livestock, while owned by the producer.
- Class II - All property owned, used and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants.
- Class III - All real and personal property situated outside of municipalities, exclusive of Class I and II property.
- Class IV - All real and personal property situated inside of municipalities, exclusive of Class I and II property.

According to West Virginia Code §11-8-6c, the maximum rates that county boards of education may impose on the various classes of property are: Class I - 22.95¢ per \$100 of assessed valuation; Class II - 45.90¢ per \$100 of assessed valuation; Class III - 91.80¢ per \$100 of assessed valuation; and Class IV - 91.80¢ per \$100 of assessed valuation.

Pursuant to West Virginia Code §11-8-6f, however, the rates of levy for county boards are to be reduced uniformly statewide and proportionately for all classes of property so that the total statewide property tax revenues to be realized from the regular levy tax collections for the forthcoming year will not increase by more than one percent of the current year's projected property tax revenues, exclusive of increases due to new construction, improvements to existing real property, or newly acquired personal property, unless the State Legislature holds a public hearing. The amounts to be paid to the Assessors Valuation Fund are also to be excluded from the calculation.

County boards of education are also authorized to impose an additional (excess) levy not to extend beyond five years if approved by at least a majority of the voters. The rates of levy cannot exceed the maximum rates specified above and must be proportional for all classes of property.

The assessed valuations and levy rates levied by the Board per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2021, were:

Class of Property	Assessed Valuations		
	for Tax Purposes	Current Expense	Excess Levy
Class I	\$ -	19.40¢	16.08¢
Class II	695,945,850	38.80¢	32.16¢
Class III	331,649,798	77.60¢	64.32¢
Class IV	43,971,891	77.60¢	64.32¢

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 5 - Property Taxes (Cont.):**

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distraint for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments. The first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first.

Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

**Taxes Receivable**

Taxes receivable as of June 30, 2021, for the Board's funds is as follows:

	<u>General Current Expense Fund</u>
Taxes Receivable	\$ 700,001
Less: Allowance for Uncollectable	<u>159,808</u>
 Taxes Receivable, net	 <u>\$ 540,193</u>

**Note 6 - Excess Levy:**

The Board had an excess levy in effect during the fiscal year ended June 30, 2021. The levy was authorized by the voters of the county at an election held on January 23, 2018 for the fiscal years ended June 30, 2021 through June 30, 2023 to provide funds for the following purposes:

- To provide instructional materials, programs, textbooks, and instructional equipment at an approximately total annual cost of \$400,000.
- To provide for the security, capital improvements, and maintenance of existing facilities at an annual cost of approximately \$535,000.
- To improve access to technology through the purchase or lease of hardware, software, infrastructure, repair, and training at an approximate annual cost of \$125,000.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 6 - Excess Levy (Cont.):**

- The continuation of the local salary schedule with required social security, unemployment compensation, worker's compensation and other employee benefits for school personnel at an approximate total annual cost of \$1.9 million. Such funding will allow Morgan County to employ and retain highly qualified personnel to continue to provide the highest quality education for the children of Morgan County.
- To provide support for critical educational programs including alternative education and prevention resources; behavioral, academic and remedial support; advanced placement and vocational programming at an approximate annual cost of \$1.1 million.
- To support the Morgan County Public Library and the Paw Paw Public Library at a combined annual cost of approximately \$35,000.

A total of \$4.7 million was received by the Board from the excess levy during the fiscal year ended June 30, 2021.

**Note 7 – Tax Abatement:**

The Board had no tax abatements as of June 30, 2021.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 8 - Capital Assets:**

Capital balances and activity for the year ended June 30, 2021, is as follows:

Governmental Activities	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Capital assets, non-depreciable:				
Land	\$ 587,755	\$ 148,400	\$ -	\$ 736,155
Total non-depreciable capital assets	\$ 587,755	\$ 148,400	\$ -	\$ 736,155
Capital assets, depreciable:				
Land improvements	\$ -	\$ 341,546	\$ -	\$ 341,546
Buildings and improvements	20,479,191	198,100	-	20,677,291
Furniture and equipment	1,740,418	58,519	-	1,798,937
Vehicles	3,559,108	144,900	(175,012)	3,528,996
Total depreciable capital assets	\$ 25,778,717	\$ 743,065	\$ (175,012)	\$ 26,346,770
Less: accumulated depreciation:				
Buildings and improvements	\$ (9,172,436)	\$ (367,330)	\$ -	\$ (9,539,766)
Furniture and equipment	(1,080,931)	(55,116)	-	(1,136,047)
Vehicles	(2,440,516)	(191,445)	175,012	(2,456,949)
Total accumulated depreciation	\$ (12,693,883)	\$ (613,891)	\$ 175,012	\$ (13,132,762)
Total depreciable capital assets, net	\$ 13,084,834	\$ 129,174	\$ -	\$ 13,214,008
Capital Assets - Net	<u>\$ 13,672,589</u>	<u>\$ 277,574</u>	<u>\$ -</u>	<u>\$ 13,950,163</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 368,228
Supporting services:	
Instructional staff	21,069
Central administration	3,510
Business services	861
Operation and maintenance of facilities	18,522
Transportation	192,496
Food services	9,205
	<u>\$ 613,891</u>



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 9 - Long-Term Debt:**

Long-term liability activity for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Retirement	Balance June 30, 2021	Amounts due within one year	Amounts due past one year
Compensated absences	\$ 84,602	\$ 17,553	\$ -	\$ 102,155	\$ -	\$ 102,155
Capital lease payable	4,137,809	-	218,520	3,919,289	232,642	3,686,647
Total long-term liabilities	\$ 4,222,411	\$ 17,553	\$ 218,520	\$ 4,021,444	\$ 232,642	\$ 3,788,802

**Note 10 - Leases:**

**Lease 1**

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of West Virginia Code §18-5-9a whereby energy conservation equipment will be installed in several of the schools (or description of other equipment being leased). The equipment is leased from Huntington Bank for a period of 15 years beginning July 6, 2018. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available. The future minimum lease obligations as of June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total Payment Amount
2022	\$ 165,976	\$ 107,935	\$ 273,911
2023	180,875	102,291	283,166
2024	196,590	96,142	292,732
2025	213,157	89,458	302,615
2026	230,618	82,210	312,828
2027	249,011	74,369	323,380
2028	268,382	65,903	334,285
2029	288,745	56,778	345,523
2030	310,236	46,961	357,197
2031	332,816	36,412	369,228
2032	356,566	25,097	381,663
2033	381,573	12,973	394,546
Total	\$ 3,174,545	\$ 796,529	\$ 3,971,074



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 10 – Leases (Cont.):**

**Lease 2**

The Board has entered into a capital lease-purchase agreement pursuant to the provisions of federal legislation which authorizes the issuance of qualified zone academy bonds (QZABs). The funding was used for heating, ventilation and air conditioning equipment and those assets are leased from federal government for a period of fifteen years beginning June, 2018. At the end of the contract period, the Board will have ownership of the equipment. By contract, the Board has the option of discontinuing the lease purchase and returning the equipment at the end of any fiscal year, if funding for the lease payments for the next fiscal year is not available.

The following is a summary of the future minimum required payments by year under the lease purchase agreement together with the present value of the net minimum payments as of June 30, 2021 for the Board's capital leases:

Fiscal Year	
2022	\$ 66,666
2023	66,666
2024	66,666
2025	66,666
2026	66,666
2027	66,666
2028	66,666
2029	66,666
2030	66,666
2031	66,666
2032	66,666
2033	11,418
Total	<u>\$ 744,744</u>

Assets acquired through capital leases by the Board as of June 30, 2021 are as follows:

Assets:	
Furniture and equipment	\$ 81,081
Less: Accumulated Depreciation - Furniture and equipment	<u>(8,270)</u>
Total assets, net of accumulated depreciation	<u><u>\$ 72,811</u></u>

The difference in total capital lease debt at June 30, 2021 of \$3.9 million and the gross amount of fixed assets added at June 30, 2021 of \$81 thousand is due to the majority of items purchased with the lease proceeds not meeting the Board's capitalization threshold policy, as discussed in Note 1.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 11 - Employee Retirement System:**

All full-time board of education employees are required to participate in one of two statewide, cost-sharing, multiple-employer retirement benefit plans, the Teachers' Retirement System (TRS) or the Teachers' Defined Contribution Retirement System (TDC). For the year ended June 30, 2021, the Board's total payroll for all employees was \$14,544,855, and the payroll was \$13,408,104, for employees covered by the two retirement programs.

Of the total amount appropriated by the State for retirement, the portion equal to the employers' average required contribution rate for both the defined benefit and the defined contribution plans is considered to be the employers' contribution for the current cash flow requirements for personnel funded under the Public School Support Program and is reflected as state revenue (Contributions For/On Behalf of the LEA) in the Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The balance is considered to be the State's contribution toward the past service unfunded liability and is included as a for/on behalf revenue and expenditure in the Board's financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The State's contribution to TRS on-behalf of the Board meets the GASB Statement No. 68 definition of a special funding source. Therefore, the Board has recorded pension expense and revenue for the portion of the State's total proportionate share of collective pension expense that is associated with the Board in the financial statements prepared on the economic resources focus and accrual basis of accounting.

Conversion of leave for post-retirement: For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) before July 1, 2015, upon retirement, an employee's vacation and sick leave may be converted to a greater retirement benefit or payment of health insurance premiums. The cost of the increased retirement benefit or payment of health insurance premiums must be absorbed by the last agency employing the retiree. For employees hired for the first time and first becoming a member of the Teachers' Retirement System (TRS) on or after July 1, 2015, there is no provision to convert an employee's unused vacation and sick leave to a greater retirement benefit or payment of health insurance premiums.

**A. Teachers' Retirement System (TRS):**

**Plan Description:**

The Teachers' Retirement System is a cost-sharing, multiple-employer public employee defined benefit retirement system which was established on July 1, 1941, and was closed for new members on July 1, 1991. Beginning July 1, 2005, all new employees become members of this plan. The West Virginia Legislature passed Senate Bill 529 in 2015 essentially adding a second tier of retirement benefits for those eligible to be a member of TRS who are hired for the first time and first become a member of TRS on or after July 1, 2015. Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 11 - Employee Retirement System (Cont.):**

*Benefits provided:* Prior to the passage of Senate Bill 529, to qualify for full benefits, a member must be age 60 with at least five years of credited service, or be age 55 with at least 30 years of credited service or any age with at least 35 years of credited service. A member may receive a disability benefit after completing ten years of service, if the member is disabled for six months, unable to perform his or her regular occupation, and the Retirement Board expects the disability to be permanent. With the passage of Senate Bill 529, to qualify for full benefits, employees hired for the first time and first becoming a member of TRS on or after July 1, 2015, must meet the following conditions:

- age 62 for an employee who goes directly into retirement with no break in service,
- age 64 for employees with a break in service between employment and retirement and less than 20 years of TRS service,
- age 63 for those with a break in service between employment and retirement and 20 or more years of TRS service,

With the passage of Senate Bill 529, to qualify for reduced annuity benefits employees hired for the first time and first becoming a member of TRS on or after July 1, 2015, must meet the following conditions:

- between the ages of 60 and 62 and having a minimum of 10 years of contributing service,
- between the ages of 57 and 62 and having 20 or more years of contributing service.
- between the ages of 55 and 62 and having 30 or more years of contributing service.

Upon retirement members select one of five benefit payment options. If a member terminates employment with at least five years of credited service, he may freeze his membership until he qualifies for retirement or he may withdraw his contributions from the plan. The employers' contributions remain with the plan. Retirement benefits are based on two percent of the average member's five highest fiscal years of total earnings from covered employment during the member's last 15 years of service.

The normal form of benefit is a single life annuity paid monthly, in an amount equal to 2% of the final average salary times years of credited service. Other forms of benefits may be elected subject to actuarial reduction: Cash Refund Annuity, 50% or 100% Contingent Joint and Survivor Annuities, and ten year Certain and Life Annuities. Pre-retirement death benefits are paid to the spouse of a deceased member who had attained the age 50 and completed 25 years of credited service. The annuity payment is computed as if the member had retired on the date of death with a 100% Joint and Survivor pension. If the member's age and service are less than that required, the sum of the accumulated member's and employer contributions with interest is paid to the member's beneficiary or estate.

**Contribution Requirements and Payments Made:** This is a fully qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 6% of their gross compensation and the board of education contributes 15% of covered members' gross compensation to the retirement plan, for a total of 21% annually for those who became members prior to July 1, 1991. Participants who became members after July 1, 2005 contribute 6% of their gross compensation and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 13.5% annually.

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**Note 11 - Employee Retirement System (Cont.):**

The employers' contributions are derived from state appropriations and county funds. Federally funded grant programs provide the funding for the employer contributions for salaries paid from federal grants.

**Net Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources:**

At June 30, 2021, the Board reported a liability for its proportionate share of the TRS net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of net pension liability	\$ 1,018,365
State's proportionate share of the net pension liability associated with the Board	<u>18,628,020</u>
Total portion of net pension liability associated with the Board	<u>\$ 19,646,385</u>

The TRS net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date. The Board's proportion of the net pension liability was based on its proportionate share of employer and non-employer contributions to the TRS Plan for the fiscal year ended on the measurement date.

For the year ended June 30, 2020, the Board's proportion was 0.031617%, which was a decrease of 0.016008% from its proportion measured as of June 30, 2019 (0.047625%)

For the year ended June 30, 2021, the Board recognized pension expense of \$2,195,433, and for support provided by the State, revenue of \$2,081,039. At June 30, 2021, the Board reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 61,702	\$ -
Differences between expected and actual experience	23,399	22,361
Changes in proportion and differences between Board contributions and proportionate share of contributions	249,696	421,109
Changes in assumptions	14,350	-
District contributions subsequent to the measurement date	<u>139,877</u>	<u>-</u>
Total	<u>\$ 489,024</u>	<u>\$ 443,470</u>

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**Note 11 - Employee Retirement System (Cont.):**

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ 15,518
2023	(24,250)
2024	(32,201)
2025	(53,390)
2026	-
Thereafter	-
Total	\$ (94,323)

**Actuarial Assumptions:**

For TRS, the actuarial assumptions used in the June 30, 2018 valuation, with update procedures used to roll forward the total pension liability to June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2010, to June 30, 2015. These assumptions are as follows:

**Inflation** – 3.0%

**Salary increases** – State: 3.00-6.00%. Non-State: 3.00%-6.50%.

**Investment rate of return** – 7.5%, net of pension plan investment expense, including inflation.

**Mortality** – Active: Pub-2010 General Employee Tables, headcount-weighted, projected with Scale MP-2019. Retired: healthy males – Pub-2010 General Retiree Male Table, headcount-weighted, projected with Scale MP-2019, healthy females – 112% of Pub-2010 General Retiree Female Table, headcount-weighted, projected with Scale MP-2019; disabled males – 107% of Pub-2010 General/Teachers Disabled Male Table, headcount-weighted, projected with Scale MP-2019, disabled females – 113% of Pub-2010 General/Teachers Disabled Female Table, headcount-weighted, projected with Scale MP-2019

**Discount Rate** – 7.5%

MORGAN COUNTY BOARD OF EDUCATION  
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**Note 11 - Employee Retirement System (Cont.):**

**Investment Asset Allocation:**

The long-term rate of return on pension plan investments was determined using the building block method in which estimates of expected real rates of return (expected returns, net of pension plan investment expense and 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 percentages and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.5%	5.5%
International Equity	27.5%	7.0%
Fixed Income	15.0%	2.2%
Real Estate	10.0%	6.6%
Private Equity	10.0%	8.5%
Hedge Funds	10.0%	4.0%
	100%	

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.5%. The projections of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of the TRS Plan was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the Board's proportionate share of its net pension liability calculated using the discount rate of 7.5% and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease 6.50%	Current Discount Rate 7.50%	1.0% Increase 8.50%
Board's proportionate share of the TRS net pension liability	\$ 1,375,724	\$ 1,018,365	\$ 713,869

MORGAN COUNTY BOARD OF EDUCATION  
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**Note 11 - Employee Retirement System (Cont.):**

**Payables to the pension plan:**

At June 30, 2021, the Board reported a liability of \$230,107 for its unpaid legally required contributions to the pension plan. The liability is included in the balance of salaries payable and related payroll liabilities on the Governmental Funds Balance Sheet and the Statement of Net Position.

**B. Teachers' Defined Contribution Retirement System:**

**Plan Description:**

All Board employees hired after July 1, 1991, but before July 1, 2005, participated in the Teachers' Defined Contribution Retirement System. Employees in the Teachers' Defined Benefit System could freeze their benefits in the old plan and become a member of this plan. Members with less than five years of service in the old defined benefit plan could change to this plan and transfer the funds that were deposited in the old plan to this plan. Once a member transferred to the defined contribution plan, the member was not allowed to rejoin the defined benefit plan.

Effective July 1, 2005, the Teachers' Defined Contribution Plan was closed to new membership. All employees hired after that date became members of the Teachers' Defined Benefit Retirement System which was reopened for participation on July 1, 2005. Existing members of the Teachers' Defined Contribution Plan were given the option to transfer membership to the Teachers' Defined Benefit Retirement System during the 2008-09 fiscal year. To earn full benefits at retirement, however, members electing to transfer are required to contribute the 1.5% difference between the two plans' employee contribution rates.

A unique feature of the Teachers' Defined Contribution Plan is that each member chooses the investment options and may make changes at any time. The investment options are: Great-West SF Balanced Trust, Great-West Lifetime 2015 Trust II, Great-West Lifetime 2025 Trust II, Great-West Lifetime 2035 Trust II, Great-West Lifetime 2045 Trust II, Great-West Lifetime 2055 Trust II, American Funds EuroPacific R5, Franklin Mutual Global Discovery Fund – Z, DFA US Targeted Value R1, T. Rowe Price Diversified Small Cap Growth, Vanguard Small-Cap Index Fund – Inv, American Century Heritage Inv, Scout Mid Cap, Fidelity New Millennium, Putnam Equity Income Y, Vanguard Large Cap Index Inv, Western Asset Core Plus Bond A, TIAA-CREF High Yield Inst, Vanguard Interm-Term Bond Index Fund, and VALIC Fixed Annuity Option.

Employees are eligible to participate from the date of employment. Employee contributions are fully vested, and employer contributions and earnings vest with the member as follows: one-third after 6 years, two-thirds after 9 years, and 100% after 12 years. The member is fully vested at death or disability. As of June 30, 2020, this plan had approximately \$584.3 million in net position held in trust for pension benefits. Retirement or disability benefits are based solely on the accumulation of dollars in the member's individual account at the time of retirement. The accounting administration of the Plan is the responsibility of Great West Retirement Services, an independent third party administrator.



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**Note 11 - Employee Retirement System (Cont.):**

Funding Status: There is no unfunded liability for a defined contribution plan since a member's total maximum lifetime benefit is limited to that which has accumulated in the member's account from employee and employer contributions and all investment earnings thereon. Any forfeited, unvested employer contributions are, by statute, to be transferred to the Teachers' Defined Benefit Retirement System.

Contribution Requirements and Payments Made: This is a fully-qualified plan by the Internal Revenue Service. Therefore, all employee contributions are tax deferred. Participants contribute 4.5% of their gross salary and the board of education contributes 7.5% of covered members' gross compensation to the retirement plan, for a total of 12% annually.

Total payments reflected in the Board's financial statements to the defined contribution plan for the fiscal year ended June 30, 2021 were:

Employees' contributions (4.5%)	\$	65,423
Employer's contributions (7.5%)		109,038
Total contributions	\$	<u>174,461</u>

**Note 12 - Post-Employment Benefits Other Than Pension:**

**General Information**

Other post-employment benefits in West Virginia consist mainly of: Allowing employees hired prior to July 1, 2001 to convert unused annual, sick and/or personal leave to paid-up PEIA premiums, and allowing retirees to purchase PEIA health insurance at a deeply discounted premium rate.

As a result, the West Virginia Legislature passed HB 4654 in 2006 adding a new article to the State Code, WVC §5-16D-1 et seq. The article, among other things: Created the West Virginia Retiree Health Benefit Trust Fund (RHBT) for the purpose of administering retiree post-employment health care benefits, vested the responsibility for operation of the fund with the PEIA Board of Finance, and required the Board of Finance to have an actuarial valuation conducted at least biannually.

All retired employees are eligible to obtain health insurance coverage through PEIA with the retired employee's premium contribution established by the Finance Board. The Finance Board has allowed retirees to obtain health insurance coverage at essentially the same premium rate as active employees with the difference between the retirees' premium contributions and the cost of providing health care to retirees subsidized by the State. It is this subsidy that has created the major portion of the OPEB actuarial liability.

**Plan Description:**

The West Virginia Other Postemployment Benefit Plan (the Plan) is a cost sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code §5-16D-2. The financial activities of the Plan are accounted for in the RHBT, a fiduciary fund of the State of West Virginia, established July 1, 2006 as an irrevocable trust. The Plan is administered by a



MORGAN COUNTY BOARD OF EDUCATION  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

combination of PEIA and RHBT staff. The Plan administers and provides medical and prescription drug benefits to certain retired members receiving pension benefits under the PERS, TRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A or Troopers Plan B pension systems, as administered by the CPRB. The Plan sponsor provides a capped pay-as-you-go subsidy to each covered retired member, as well as a fully insured retiree life insurance program.

Retiree contributions are set each year by the RHBT and approved by the PEIA Finance Board. Increases to retiree contributions may reflect healthcare inflation, claim experience, and premium increases above the plan sponsor capped pay-as-you-go subsidy. Retiree contributions depend on date of hire and years of service at retirement. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy. Members hired before July 1, 2010, pay retiree healthcare contributions that are reduced by a sponsor subsidy which depends on the member's years of service at retirement.

Details regarding this plan and a copy of the RHBT financial report can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

**Benefits provided:**

Upon retirement, the public employees who elected to participate in the PEIA insurance plan are eligible to credit unused sick or annual leave towards insurance coverage, according to the following formulas:

Retired employees who elected to participate in the PEIA insurance plan prior to July 1, 1988: Those without dependents may credit two days of unused sick or annual leave towards one month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one month of insurance coverage.

Retired employees who elected to participate in the PEIA insurance plan between July 1, 1988 and June 30, 2001: those without dependents may credit two days of unused sick or annual leave towards one-half month of insurance coverage; the retirees with dependents may credit three days of unused sick or annual leave towards one-half month of insurance coverage.

Employees hired on or after July 1, 2001 may not apply any unused sick or annual leave towards the cost of health insurance premiums.

In the alternative to applying unused sick and annual leave to health insurance, all employees participating in the PEIA insurance plan, and who are members of the State Teachers' Defined Benefit Retirement System prior to July 1, 2015, may apply unused sick and annual leave towards an increase in the employee's retirement benefits with those days constituting additional credited service. The cost for the employees who elect this option is reflected as a liability of the State Teachers' Retirement System and not included as an OPEB obligation.

MORGAN COUNTY BOARD OF EDUCATION  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

**Contributions:**

WVC §5-16D-3 states that contribution requirements of the members and the participating employers are set each year by the RHBT and approved by the PEIA Finance Board. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The Paygo rates for June 30, 2020 and 2019, respectively, were:

	2020	2019
Paygo Premium	\$ 168	\$ 183

Contributions to the OPEB plan from the Board were \$421,566 for the year end June 30, 2021. Employees are not required to contribute to the OPEB plan. The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. This special funding under the school aid formula subsidizes employer contributions of the county boards of education and contributes to the overall unfunded OPEB liability.

The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. This special funding under the school aid formula subsidizes employer contributions of the County Boards of Education and contributes to the overall unfunded OPEB liability.

The State is a nonemployer contributing entity that provides funding through Senate Bill 419, effective July 1, 2012 and amended by West Virginia Code §11-21-96. For fiscal years beginning on and after July 1, 2016, this Senate Bill and corresponding State Code section requires that an annual amount of \$30 million from the State shall be dedicated for payment of the unfunded liability of the RHBT fund. The \$30 million annual contribution is to continue through July 1, 2037, or until the unfunded liability has been eliminated, whichever comes first.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 Million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2021

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

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

At June 30, 2021, the Board reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Board. The amount recognized by the Board as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Board were as follows:

Board's proportionate share of net OPEB liability	\$ 266,690
State's proportionate share of the net OPEB liability associated with the Board	<u>1,235,801</u>
Total portion of net OPEB liability associated with the Board	<u>\$ 1,502,491</u>

The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to the measurement date. The Board's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date.

For the year ended June 30, 2020, the Board's proportion was 2.483%, which was a decrease of 7.802% from its proportion measured as of June 30, 2019 (10.285%).

For the year ended June 30, 2021, the Board recognized OPEB expense of \$1,154,719 and for support provided by the State, revenue of \$853,371. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ 29,270	\$ 9,027
Differences between expected and actual experience	-	172,917
Changes in proportion and differences between Board contributions and proportionate share of contributions	346,589	595,125
Changes in assumptions	-	601,976
Reallocation of opt-out employer change in proportionate share	-	17,433
Board contributions subsequent to the measurement date	<u>75,719</u>	<u>-</u>
Total	<u>\$ 451,578</u>	<u>\$ 1,396,478</u>

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

	Year ending June 30:
2022	\$ (368,748)
2023	(364,389)
2024	(283,615)
2025	(3,867)
2026	-
Thereafter	-
Total	\$ (1,020,619)

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as June 30, 2018, using the following actuarial assumptions. These assumptions were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 and applied to all periods included in the measurement, unless otherwise specified. These assumptions are as follows:

**Inflation – 2.25%**

**Salary Increases** – Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation.

**Investment rate of return** – 6.65%, net of OPEB plan investment expense, including inflation.

**Healthcare cost trend rates** – Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036 – Experience-based table of rates that are specific to the type of eligibility condition.

**Actuarial cost method** – Entry Age Normal Cost Method.

**Amortization method** – level percentage of payroll over a 20-year closed period beginning June 30, 2017.

**Asset valuation method** – Market Value

**Wage inflation** – 2.75% for PERS and TRS, and 3.25% for Troopers

**Retirement age** – Experience-based table of rates that are specific to the type of eligibility condition

MORGAN COUNTY BOARD OF EDUCATION  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

**Aging factors** – Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”

**Mortality Post Retirement** – Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females

**Mortality Pre-Retirement** – Pub-2010 General Employee Mortality Tables projected with MP-2019.

**Discount rate** – 6.65%

**Investment Asset Allocation:**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and 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. Target asset allocations, capital market assumptions (CMA), and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan’s investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the West Virginia Board of Treasury Investments (WV-BTI) was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread. The target allocation estimates annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	55.0%	6.8%
Core plus fixed income	15.0%	4.1%
Core real estate	10.0%	6.1%
Hedge fund	10.0%	4.4%
Private equity	10.0%	8.8%
Total	100%	

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65% and a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date to the extent benefits are effectively financed on a pay-as-you-go basis. The long-term municipal bond rate used to develop the single discount rate was 3.13% as of the beginning of the year and 2.45% as of the end of the year. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Future pre-funding assumptions include a \$30 million annual contribution from the State through 2037.

MORGAN COUNTY BOARD OF EDUCATION  
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**Note 12 - Post-Employment Benefits Other Than Pension (Cont.):**

Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2025, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

The following table presents the Board's proportionate share of its net pension liability calculated using the discount rate and the impact of using a discount rate that is 1% higher or lower than the current rate.

	<u>1.0% Decrease</u> 5.65%	<u>Current Discount Rate</u> 6.65%	<u>1.0% Increase</u> 7.65%
Board's proportionate share of the RHBT net OPEB liability	\$ 380,336	\$ 266,690	\$ 171,554

**Healthcare Cost Trend Rate:**

The following table presents the Board's proportionate share of its net OPEB liability calculated using the healthcare cost trend rate that is 1% higher or lower than the current rate.

	<u>1.0% Decrease</u>	<u>Current Healthcare</u> <u>Cost Trend Rate</u>	<u>1.0% Increase</u>
Board's proportionate share of the RHBT net OPEB liability	\$ 160,470	\$ 266,690	\$ 394,983

**Payables to the OPEB Plan:**

At June 30, 2021, the Board reported a liability of \$51,388 for its unpaid legally required contributions to the OPEB plan. The liability is included in the balance of salaries payable and related payroll liabilities on the Governmental Funds Balance Sheet and the Statement of Net Position

**Opt-Out Employer Balance Reallocation:**

Certain employers that meet the plan's opt-out criteria are no longer required to make contributions to the plan. These opt-out employers have no continuing involvement with the plan. Accordingly, the amounts previously allocated to such employers for the net OPEB liability and related deferred inflows and outflows are reallocated to the remaining employers participating in the cost sharing plan. The plan reallocates these balances to the remaining active employers based on their proportionate share of contributions made in the period of reallocation.

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**Note 13 - Pending Litigation:**

The Board is not currently involved in legal proceedings and claims, involving students, employees and citizens who have sued the Board for damages.

**Note 14 - Fund Balance:**

The detailed components of the various fund balance categories as of June 30, 2021 are as follows:

Fund Balances	General Current Expense Fund	Special Revenue Fund	Special Revenue Fund - Student Activity	Special Revenue Fund - FSSF	Total Governmental Funds
<b>Nonspendable:</b>					
Deposit with Retirement Board	\$ 317,766	\$ -	\$ -	\$ -	\$ 317,766
<b>Restricted for:</b>					
Special Projects	-	1,295,995	484,629	-	1,780,624
Excess Levy	524,179	-		-	524,179
<b>Assigned to:</b>					
Medicaid	1,247,337	-		-	1,247,337
State Aid Projects	1,151,675	-		-	1,151,675
<b>Unassigned</b>	3,692,818	-		-	3,692,818
<b>Total Fund Balances</b>	<u>\$ 6,933,775</u>	<u>\$ 1,295,995</u>	<u>\$ 484,629</u>	<u>\$ -</u>	<u>\$ 8,714,399</u>

**Note 15 - Commitments, Contingencies and Subsequent Events:**

The Board had encumbrances totaling \$739,685 as of June 30, 2021 in the following funds:

General Current Expense Fund	Special Revenue Fund
\$ 381,670	\$ 358,015

Encumbrances are classified as Restricted, Committed, or Assigned fund balance depending on the specific purpose of the encumbrance.

Under the terms of certain federal grant programs, periodic audits may be made, and certain costs may be questioned as not being appropriate expenses. Laws and regulations governing the grant programs and allowability of program costs are complex and subject to interpretation. Accordingly, such audits could lead to disallowances requiring reimbursements to the grantor agencies, which could be material to the Board's financial statements. Management of the Board believes that the Board is in compliance with applicable laws and regulations, in all material respects. Based on prior experience, the Board believes such disallowances, if any, would be immaterial.



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 15 - Commitments, Contingencies and Subsequent Events (Cont.):**

Effective with the fiscal year ended June 30, 2015, the Medicaid school-based health services program through the West Virginia Department of Health and Human Resources (DHHR), Bureau for Medical Services has a cost settlement requirement. This change was required by the federal Centers for Medicare and Medicaid Services (CMS). Revenue for services provided during the fiscal year ended June 30, 2021 has been recognized in accordance with the fee-for-service billings because there is insufficient data to estimate the cost settlement amounts. The interim cost settlement for the fiscal year ended June 30, 2019 was received by the Board during August 2020. As such, Medicaid revenue has been adjusted accordingly within the accompanying financial statements. The interim cost settlement for the fiscal year ended June 30, 2021 will not be available until spring or summer of 2021. Laws and regulations governing the Medicaid program are complex and subject to interpretation. Management of the Board believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation. Accordingly, such reviews could lead to disallowances and/or significant regulatory action, including fines, penalties and exclusion from the Medicaid program resulting in reimbursement of previously reported revenue, which could be material to the Board's financial statements.

The Board owns various buildings which are known to contain asbestos and/or other environmental issues. The Board is not required by federal, state or local law to remove the asbestos from its buildings. The Board is required under federal environmental health and safety regulations to manage the presence of asbestos and other environmental issues in its buildings in a safe condition. The Board addresses its responsibility to manage the presence of asbestos and other environmental issues in its buildings on a case by case basis. Significant problems of dangerous asbestos conditions are abated as the conditions become known. The Board also addresses the presence of asbestos as building renovation or demolition projects are undertaken and through asbestos operation and maintenance programs directed at containing, managing, or operating with the asbestos in a safe condition.

**Note 16 - Interfund Balances and Transfers:**

**Interfund Transfers**

Receivable Fund	Payable Fund	Amount
Special Revenue Fund	General Fund	\$ 398,929
Special Revenue Fund	School Activity Fund	2,925
General Fund	Special Revenue Fund	39,765
General Fund	School Activity Fund	808
School Activity Fund	Special Revenue Fund	77,020
Federal Stimulus & Stabilization Fund	General Fund	13,110
	Total Transfers	\$ 532,557



MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 17 - Major Sources of Revenue:**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditor and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

**Note 18 – COVID-19 Pandemic:**

In response to the World Health Organization's declaration that the coronavirus outbreak (COVID-19) has been declared a pandemic, the Board has been impacted in a variety of manners by this declaration:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act provided federal stimulus dollars to assist state agencies, local school districts, businesses, organizations, families, students, and other entities during the COVID-19 pandemic. The Board received \$488,104 from these funds to help mitigate the expenses incurred directly from COVID-19.

On December 27, 2020, The Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was enacted. The CRRSA Act provided federal stimulus dollars to assist local school districts during the Covid-19 pandemic. The Board received \$1,905,936 from these funds to help mitigate the expenses incurred directly from COVID-19.

On March 11, 2021, The American Rescue Plan Elementary and Secondary School Emergency Relief ("ARP ESSER") Fund, authorized under the American Rescue Plan ("ARP") Act of 2021, provided federal stimulus dollars to assist local school districts during the Covid-19 pandemic. The Board received \$4,744,748 from these funds to help mitigate the expenses incurred directly from COVID-19.

It is unknown how long the adverse conditions from COVID-19 will last and what the complete financial effect will be to the Board.

**Note 19 - Subsequent Events:**

All other commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through December 3, 2021, the date of this report.

## **REQUIRED SUPPLEMENTARY INFORMATION**

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual GAAP Basis	Adjustments for Regulatory Basis	Actual Regulatory Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final				
<b>Revenues:</b>						
Property taxes	\$ 10,292,622	\$ 10,292,622	\$ 10,376,889	\$ -	\$ 10,376,889	\$ 84,267
Other local sources	196,000	196,932	259,109	-	259,109	62,177
State sources	14,940,613	14,771,778	14,735,276	-	14,735,276	(36,502)
Federal sources	70,000	456,582	456,582	-	456,582	-
<b>Total revenues</b>	<b>25,499,235</b>	<b>25,717,914</b>	<b>25,827,856</b>	<b>-</b>	<b>25,827,856</b>	<b>109,942</b>
<b>Expenditures:</b>						
Instruction						
Supporting services:						
Students	15,066,263	16,168,906	12,780,769	-	12,780,769	3,388,137
Instructional staff	1,452,215	1,598,997	1,491,404	-	1,491,404	107,593
Central administration	1,176,072	1,377,655	1,113,237	-	1,113,237	264,418
School administration	342,094	377,336	325,074	-	325,074	52,262
Business	1,507,131	1,746,265	1,737,745	-	1,737,745	8,520
Operation and maintenance of facilities	390,487	474,157	489,750	-	489,750	(15,593)
Student transportation	2,645,758	2,856,831	2,480,257	-	2,480,257	376,574
Food services	2,097,831	2,521,101	1,947,935	-	1,947,935	573,166
Community services	-	8,795	8,795	-	8,795	-
Capital Outlay	35,000	37,714	36,293	-	36,293	1,421
Debt service:	-	346,500	346,500	-	346,500	-
Principal retirement						
Interest and fiscal charges	218,520	218,520	218,520	-	218,520	-
	113,098	113,098	113,098	-	113,098	-
<b>Total expenditures</b>	<b>25,044,469</b>	<b>27,845,875</b>	<b>23,089,377</b>	<b>-</b>	<b>23,089,377</b>	<b>4,756,498</b>
Excess (deficiency) of revenues over expenditures	454,766	(2,127,961)	2,738,479	-	2,738,479	4,866,440
<b>Other financing sources (uses):</b>						
Proceeds from disposal of real or personal property	-	-	15,293	-	15,293	15,293
Transfers in	40,764	40,764	53,683	-	53,683	12,919
Transfers (out)/reserves	(720,530)	(866,576)	(398,929)	-	(398,929)	467,647
<b>Total other financing sources (uses)</b>	<b>(679,766)</b>	<b>(825,812)</b>	<b>(329,953)</b>	<b>-</b>	<b>(329,953)</b>	<b>495,859</b>
<b>Change in fund balances</b>	<b>(225,000)</b>	<b>(2,953,773)</b>	<b>2,408,526</b>	<b>-</b>	<b>2,408,526</b>	<b>5,362,299</b>
<b>Fund balances - beginning</b>	<b>800,000</b>	<b>4,545,249</b>	<b>4,525,249</b>	<b>-</b>	<b>4,525,249</b>	<b>(20,000)</b>
<b>Fund balances - ending</b>	<b>\$ 575,000</b>	<b>\$ 1,591,476</b>	<b>\$ 6,933,775</b>	<b>\$ -</b>	<b>\$ 6,933,775</b>	<b>\$ 5,342,299</b>

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual GAAP Basis Amounts	Adjustments for Regulatory Basis	Actual Regulatory Basis Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final				
<b>Revenues:</b>						
Local sources	\$ 33,451	\$ 679,451	\$ 646,132	\$ -	\$ 646,132	\$ (33,319)
State sources	273,144	1,119,283	1,075,457	-	1,075,457	(43,826)
Federal sources	2,631,485	4,626,492	2,956,226	-	2,956,226	(1,670,266)
<b>Total revenues</b>	<b>2,938,080</b>	<b>6,425,226</b>	<b>4,677,815</b>	<b>-</b>	<b>4,677,815</b>	<b>(1,747,411)</b>
<b>Expenditures:</b>						
Instruction	1,367,627	3,630,443	1,539,521	-	1,539,521	2,090,922
Supporting services:						
Students	4,158	355,740	256,736	-	256,736	99,004
Instructional staff	213,996	1,137,928	387,928	-	387,928	750,000
Central administration	-	20,633	-	-	-	20,633
Business	-	39,898	23,693	-	23,693	16,205
Operation and maintenance of facilities	135,000	518,523	256,076	-	256,076	262,447
Student transportation	152,443	284,019	259,923	-	259,923	24,096
Food services	1,744,622	1,996,287	1,780,553	-	1,780,553	215,734
Capital Outlay	-	341,546	341,546	-	341,546	-
<b>Total expenditures</b>	<b>3,617,846</b>	<b>8,325,017</b>	<b>4,845,976</b>	<b>-</b>	<b>4,845,976</b>	<b>3,479,041</b>
Excess (deficiency) of revenues over expenditures	(679,766)	(1,899,791)	(168,161)	-	(168,161)	1,731,630
<b>Other financing sources (uses):</b>						
Transfers in	720,530	782,077	401,854	-	401,854	(380,223)
Transfers (out)	(40,764)	(61,375)	(116,787)	-	(116,787)	(55,412)
<b>Total other financing sources (uses)</b>	<b>679,766</b>	<b>720,702</b>	<b>285,067</b>	<b>-</b>	<b>285,067</b>	<b>(435,635)</b>
<b>Change in fund balances</b>	<b>-</b>	<b>(1,179,089)</b>	<b>116,906</b>	<b>-</b>	<b>116,906</b>	<b>1,295,995</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>1,179,089</b>	<b>1,179,089</b>	<b>-</b>	<b>1,179,089</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,295,995</b>	<b>\$ -</b>	<b>\$ 1,295,995</b>	<b>\$ 1,295,995</b>

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND - SCHOOL ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Regulatory Basis		Actual GAAP Basis Amounts	Adjustments for Regulatory Basis	Actual Regulatory Basis Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final				
<b>Revenues:</b>						
Local sources	\$ -	\$ -	\$ 233,104	\$ (233,104)	\$ -	\$ -
<b>Total revenues</b>	-	-	233,104	(233,104)	-	-
<b>Expenditures:</b>						
Instruction	-	-	293,634	(293,634)	-	-
<b>Total expenditures</b>	-	-	293,634	(293,634)	-	-
Excess (deficiency) of revenues over expenditures	-	-	(60,530)	60,530	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	77,020	(77,020)	-	-
Transfers (out)	-	-	(3,732)	3,732	-	-
<b>Total other financing sources (uses)</b>	-	-	73,288	(73,288)	-	73,288
<b>Change in fund balances</b>	-	-	12,758	(12,758)	-	73,288
<b>Fund balances - beginning</b>	-	-	471,871	12,758	484,629	484,629
<b>Fund balances - ending</b>	\$ -	\$ -	\$ 484,629	\$ -	\$ 484,629	\$ 557,917

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND - FSSF  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts Regulatory Basis		Actual GAAP Basis Amounts	Adjustments for Regulatory Basis	Actual Regulatory Basis Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final				
<b>Revenues:</b>						
Federal sources	\$ -	\$ 4,237,092	\$ 621,499	\$ -	\$ 621,499	\$ (3,615,593)
<b>Total revenues</b>	-	4,237,092	621,499	-	621,499	(3,615,593)
<b>Expenditures:</b>						
Instruction	-	3,007,900	226,166	-	226,166	2,781,734
Supporting services:						
Students	-	54,053	342	-	342	53,711
Instructional staff	-	337,360	338,956	-	338,956	(1,596)
Central administration	-	-	13	-	13	(13)
Business	-	-	366	-	366	(366)
Operation and maintenance of facilities	-	504,756	30,319	-	30,319	474,437
Student transportation	-	24,030	996	-	996	23,034
Food services	-	196,780	11,232	-	11,232	185,548
<b>Total expenditures</b>	-	4,124,879	608,390	-	608,390	3,516,489
Excess (deficiency) of revenues over expenditures	-	112,213	13,109	-	13,109	(99,104)
<b>Other financing sources (uses):</b>						
Transfers (out)	-	(112,213)	(13,109)	-	(13,109)	99,104
<b>Total other financing sources (uses)</b>	-	(112,213)	(13,109)	-	(13,109)	99,104
<b>Change in fund balances</b>	-	-	-	-	-	-
<b>Fund balances - beginning</b>	-	-	-	-	-	-
<b>Fund balances - ending</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Reported Fiscal Year (Measurement Date) 2021 (2020)	Reported Fiscal Year (Measurement Date) 2020 (2019)	Reported Fiscal Year (Measurement Date) 2019 (2018)	Reported Fiscal Year (Measurement Date) 2018 (2017)	Reported Fiscal Year (Measurement Date) 2017 (2016)	Reported Fiscal Year (Measurement Date) 2016 (2015)	Reported Fiscal Year (Measurement Date) 2015 (2014)
District's proportion of the net pension liability (asset)	0.031617%						
District's proportionate share of net pension liability (asset)	\$ 1,018,365	\$ 1,416,925	\$ 1,267,074	\$ 1,458,482	\$ 1,574,444	\$ 977,306	\$ 987,693
State's proportionate share of the net pension liability (asset) associated with the district	18,628,020	22,738,939	22,635,742	22,424,126	21,844,901	16,984,242	19,873,529
Total	19,646,385	24,155,864	23,902,816	23,882,608	23,419,345	17,961,548	20,861,222
District's covered-employee payroll	\$ 12,128,538	\$ 11,664,254	\$ 11,235,476	\$ 11,707,462	\$ 12,507,609	\$ 12,219,849	\$ 12,031,640
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.396%	12.148%	11.277%	12.458%	12.588%	7.998%	8.209%
Plan fiduciary net position as a percentage of the total pension liability	70.89%	72.64%	71.20%	67.85%	61.42%	66.25%	65.95%

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 934,449	\$ 956,548	\$ 937,819	\$ 918,421	\$ 969,209	\$ 1,020,530	\$ 1,061,997
Contributions in relation to the contractually required contribution	(934,449)	(956,548)	(937,819)	(918,421)	(969,209)	(1,020,530)	(1,061,997)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ 11,954,267	\$ 12,128,538	\$ 11,664,254	\$ 11,235,476	\$ 11,235,476	\$ 12,507,609	\$ 12,219,849
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.817%	7.887%	8.040%	8.174%	8.626%	8.159%	8.691%

See Notes to the Required Supplementary Information.



MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Reported Fiscal Year (Measurement Date)	Reported Fiscal Year (Measurement Date)	Reported Fiscal Year (Measurement Date)	Reported Fiscal Year (Measurement Date)
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
District's proportion of the net OPEB liability (asset)	0.060379%	0.065155%	0.101545%	0.062376%
District's proportionate share of net OPEB liability (asset)	\$ 266,690	\$ 1,081,022	\$ 2,178,577	\$ 1,533,816
State's proportionate share of the net OPEB liability (asset) associated with the district	1,235,801	4,918,165	5,630,830	7,173,495
Total	1,502,491	5,999,187	7,809,407	8,707,311
District's covered-employee payroll	\$ 10,742,369	\$ 10,510,294	\$ 10,335,851	\$ 10,869,966
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	2.483%	10.285%	21.078%	14.111%
Plan fiduciary net position as a percentage of the total OPEB liability	73.49%	39.69%	30.98%	25.10%

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 421,566	\$ 486,658	\$ 553,623	\$ 567,935
Contributions in relation to the contractually required contribution	<u>(421,566)</u>	<u>(486,658)</u>	<u>(553,623)</u>	<u>(567,935)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
District's covered-employee payroll	\$ 10,754,466	\$ 10,742,369	\$ 10,510,294	\$ 10,335,851
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	3.920%	4.530%	5.267%	5.495%

See Notes to the Required Supplementary Information.

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**A. Budgets and Budgetary Accounting:**

All boards of education within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the regulatory basis of accounting for all governmental funds. The regulatory basis of accounting for West Virginia Boards of Education does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other transactions such as donated foods from the West Virginia Department of Agriculture Food Distribution Program are also not included in the Board's regulatory basis budget. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

1. Pursuant to State statute, the Board is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The Board adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The Board then reconvenes its meeting on the third Tuesday of April to formally lay the approved levy.
2. The Board is also required to submit its proposed budget for the subsequent year to the State Board of Education for approval by the date established in the budget calendar. The Board is also required to hold a public hearing on the proposed budget before it is submitted for approval. The proposed budget must be made available for public inspection for at least 10 days before the public hearing is held.

Revisions to the budget are authorized only with the prior written approval of the State Board of Education.

**MORGAN COUNTY BOARD OF EDUCATION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**B. Changes in Assumptions:**

The actuarial assumptions used in the total pension liability calculation can change from year to year. Please see the table below which summarizes the actuarial assumptions used for the respective measurement dates:

	2020	2019	2018	2017	2016	2015	2014
Inflation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.2%
Salary Increases	State 3.00%-6.00%  Non-State 3.00%-6.50%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.50%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.50%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.00% to 6.00%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75% to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40% to 6.50%	For teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.75% to 5.25%. For non-teacher members, salary increases are based on member experience, dependent on age and gender, ranging from 3.40% to 6.50%
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation
Mortality	Active: Pub-2010 General Employee Tables, headcount-weighted, projected with Scale MP-2019. Retired: healthy males - Pub-2010 General Retiree Male Table, headcount-weighted, projected with Scale MP-2019, healthy females - 112% of Pub-2010 General Retiree Female Table, headcount-weighted, projected with Scale MP-2019; disabled males - 107% of Pub-2010 General/Teachers Disabled Male Table, headcount-weighted, projected with Scale MP-2019, disabled females - 113% of Pub-2010 General/Teachers Disabled Female Table, headcount-weighted, projected with Scale MP-2019	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males - 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; healthy females - 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males - 96% of RP-2000 Disabled Annuitant table, projected with a Scale AA on a fully generational basis; disabled females - 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males - 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; healthy females - 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males - 96% of RP-2000 Disabled Annuitant table, projected with a Scale AA on a fully generational basis; disabled females - 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males - 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; healthy females - 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males - 96% of RP-2000 Disabled Annuitant table, projected with a Scale AA on a fully generational basis; disabled females - 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	Active: RP-2000, Non-Annuitant table, projected with Scale AA on a fully generational basis. Retired: healthy males - 97% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; healthy females - 94% of RP-2000 Healthy Annuitant table, projected with Scale AA on a fully generational basis; disabled males - 96% of RP-2000 Disabled Annuitant table, projected with a Scale AA on a fully generational basis; disabled females - 101% of RP-2000 Disabled Annuitant table, projected with Scale AA on a fully generational basis	Active: RP-2000, non-annuitant monthly mortality table; Retired - RP2000 healthy annuitant, scale AA; Disabled - RP2000 disabled annuitant mortality table, scale AA	Active: RP-2000, non-annuitant monthly mortality table; Retired - RP2000 healthy annuitant, scale AA; Disabled - RP2000 disabled annuitant mortality table, scale AA
Discount Rate	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The actuarial assumptions used in the total OPEB liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	2020	2019	2018	2017
Inflation	2.25%	2.75%	2.75%	2.75%
Salary Increases	Specific to the OPEB covered group. Ranging from 2.75% to 5.18 %, including inflation.	Dependent upon pension system. Ranging from 3.0% to 6.5%	Dependent upon pension system. Ranging from 3.0% to 6.5%	Dependent upon pension system. Ranging from 3.0% to 6.5%
Investment Rate of Return	6.65% net of OPEB plan investment expense, including inflation	7.15% net of OPEB plan investment expense, including inflation	7.15% net of OPEB plan investment expense, including inflation	7.15% net of OPEB plan investment expense, including inflation
Mortality	Post Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females. Pre-retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019.	Post-Retirement: RP - 2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis	Post-Retirement: RP - 2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis	Post-Retirement: RP - 2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis
Discount Rate	6.65%	7.15%	7.15%	7.15%
Healthcare Cost Trend Rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, 6.50% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 31.11% for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

## **OTHER SUPPLEMENTARY INFORMATION**

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF CHANGES IN SCHOOL ACTIVITY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Cash Balance 7/1/2020	Revenues Received	Expenditures Paid	Cash Balance 6/30/2021
Berkeley Springs High School	\$ 205,811	\$ 182,533	\$ 161,751	\$ 226,593
Paw Paw Schools (Combined K-12)	66,695	21,194	23,149	64,740
Warm Springs Middle School	74,119	50,701	51,519	73,301
Pleasant View Elementary School	16,534	11,068	9,561	18,041
Warm Springs Intermediate School	50,690	21,835	23,769	48,756
Widmyer Elementary School	58,022	23,193	28,018	53,197
<b>Total</b>	<b>\$ 471,871</b>	<b>\$ 310,524</b>	<b>\$ 297,767</b>	<b>\$ 484,628</b>

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXCESS LEVY REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Current Year			Levy To Date		
	Estimated Per Levy Call	Actual	Variance	Estimated Per Levy Call	Actual	Variance
<b>Excess Levy Collections</b>	\$ 4,147,298	\$ 4,712,350	\$ 565,052	\$ 8,294,596	\$ 9,290,711	\$ 996,115
<b>Expenditures Morgan County Levy Call:</b>						
Technology hardware, software, and other instructional materials for 21st century curriculum and communication	125,000	125,000	-	250,000	250,000	-
Support for critical educational programs: Alternative Ed., PRO, academic and remedial support, STEM Programs, and CTE	1,147,438	1,147,438	-	2,294,876	2,294,876	-
Maintenance of facilities, supplies, services, and equipment	535,000	535,000	-	1,070,000	1,070,000	-
Employees salaries and benefits	1,904,860	2,469,912	565,052	3,809,720	4,805,835	996,115
Provide instructional materials, textbooks, and instructional equipment	400,000	400,000	-	800,000	800,000	-
Support for Public Libraries	35,000	35,000	-	70,000	70,000	-
<b>Total Expenditures</b>	<b>4,147,298</b>	<b>4,712,350</b>	<b>565,052</b>	<b>8,294,596</b>	<b>9,290,711</b>	<b>996,115</b>
<b>Excess of Collections over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Awarding Agency	Grant Name	Grant Identification	Period of Award	Total Grant Award	Beginning Balance (7/1/20)	Current Year Receipts	Current Year Expenditures	Ending Balance (6/30/21)
WVDE	Summer Food Support Grant	GRTAWD040221000005521	06/01/20-09/30/20	\$ 1,650	\$ -	\$ 1,650	\$ 1,650	\$ -
WVDE	NSLP Equipment Grant - BSHS	GRTAWD04022100005747	05/13/21-05/30/22	13,916	-	-	13,816	(13,816)
WVDE	NSLP Equipment Grant - WSIS	GRTAWD04022100005748	05/13/21-05/30/22	11,551	-	-	11,551	(11,551)
WVDE	County Backpack Grant 1st Sem	GRTAWD04022100002781	09/01/20-06/30/21	9,031	-	9,031	9,031	-
WVDE	P-EBT Administrative Assistance	GRTAWD04022100004295	01/14/21-06/30/21	1,000	-	1,000	1,000	-
WVDE	County Backpack Grant 2nd Sem	GRTAWD04022100004413	09/01/20-06/30/21	9,031	-	9,031	7,473	1,558
WVDE	State Special Education	GRTAWD04022100001502	07/01/20-09/30/22	77,477	-	77,477	63,584	13,893
WVDE	High Cost/High Acuity	GRTAWD04022100003490	07/01/20-09/30/22	6,020	-	6,020	-	6,020
WVDE	Reclaim WV - FY 20	GRTAWD04022000001436	07/01/19-06/30/21	18,385	13,175	-	13,175	-
WVDE	Reclaim WV - FY 21	GRTAWD04022100001577	07/01/20-06/30/21	21,172	-	21,172	9,944	11,229
WVDE	CTE - Secondary Block - FY 20	GRTAWD04022000000647	07/01/19-06/30/21	12,742	12,742	-	12,742	-
WVDE	CTE - Travel - FY 20	GRTAWD04022000000930	7/1/19-6/30/21	3,079	3,079	-	3,079	-
WVDE	CTE - Equipment - FY 20	GRTAWD04022000000628	7/1/19-6/30/21	2,587	2,587	-	2,587	-
WVDE	CTE - Secondary Block - FY 21	GRTAWD04022100001042	7/1/20 - 6/30/21	12,742	-	12,742	12,742	-
WVDE	CTE - Travel - FY 21	GRTAWD04022100001136	7/1/20 - 6/30/21	3,079	-	3,079	3,079	-
WVDE	CTE - Equipment - FY 21	GRTAWD04022100000884	7/1/20 - 6/30/21	2,587	-	2,587	2,587	-
WVDE	CTE - Secondary Block - FY 19	GRTAWD04021900000298	7/1/18-6/30/21	12,742	12,742	-	12,742	-
WVDE	CTE - Travel - FY 19	GRTAWD04021900000390	7/1/18-6/30/21	3,079	3,079	-	3,079	-
WVDE	CTE - Equipment - FY 19	GRTAWD04021900000502	7/1/18-6/30/21	2,587	2,587	-	2,587	-
WVDE	COVID Competitive Grant	GRTAWD04022100002427	5/7/20-9/30/22	227,655	-	227,655	30,356	197,300
WVDE	Ex Curricular Emergency Funding	GRTAWD04022100002436	5/7/20-9/30/22	136,443	-	136,443	26,429	136,443
WVDE	Early Literacy - FY 21	GRTAWD04022100000363	3/13/20-09/30/21	35,100	-	12,296	(14,133)	5,467
WVDE	Early Literacy - FY 20	GRTAWD040221000002196	07/01/20-06/30/21	27,911	-	27,911	22,444	5,467
WVDE	Early Literacy - FY 19	GRTAWD040220000001421	7/1/19-6/30/21	33,748	30,603	-	25,197	5,406
WVDE	Early Literacy - FY 18	GRTAWD04021900001421	7/1/18-6/30/21	34,095	9,685	-	9,685	-
WVDE	Early Literacy - FY 17	GRTAWD04021800001725	7/1/17-6/30/21	30,967	4,928	-	4,928	-
WVDE	Pre-K Early Learning Scale	GRTAWD04021700001282	7/1/16-6/30/21	40,589	2,988	-	2,988	-
WVDE	English Language Learners - FY 21	GRTAWD04022100003985	12/15/20-06/30/21	1,750	-	1,750	1,750	-
WVDE	English Language Learners - FY 20	GRTAWD04022000001643	7/1/20-6/30/21	235	-	235	235	-
WVDE	English Language Learners - FY 19	GRTAWD04021900002390	7/1/19-6/30/21	718	662	-	662	-
WVDE	Safe Schools - FY 21	GRTAWD040221000006052	7/1/20-3/31/22	1,897	197	-	197	-
WVDE	Safe Schools - FY 20	GRTAWD04022000003699	7/1/20-3/31/22	1,897	-	1,897	-	1,897
WVDE	Tools for Schools - FY 21	GRTAWD040220000001905	7/1/20-6/30/22	35,662	11,161	-	-	11,161
WVDE	Tools for Schools - FY 20	GRTAWD04022100001905	7/1/20-6/30/22	72,480	-	72,480	-	72,480
WVDE	Math-4 Life - FY 21	GRTAWD040221000002646	7/1/19-6/30/21	73,809	11,796	-	11,796	-
WVDE	Math-4 Life - FY 20	GRTAWD04022000002702	7/1/19-6/30/21	10,000	-	-	-	-
WVDE	Science & SS Fairs WSMS	GRTAWD040221000003942	9/16/19-9/15/20	25,000	22,786	-	22,755	31
WVDE	Science & SS Fairs PPE	GRTAWD04022100004152	12/09/20-06/30/21	100	-	100	100	-
WVDE	Science & SS Fairs BSHS	GRTAWD04022100004253	01/06/21-06/30/21	100	-	100	100	-
WVDE	Teacher Leadership framework	GRTAWD04022100005522	04/7/21-03/31/21	2,000	-	2,000	-	2,000
WVDE	STEM Minded Educator Grant	GRTAWD04022100004530	01/29/21-06/30/21	2,400	-	2,400	2,374	26
WVDE	Paw Paw Isolation Grant	GRTAWD04022100004030	7/1/20-6/30/21	100,000	-	100,000	100,000	-
WV DHHR	SBIRT Grant	G210652	10/1/20-9/30/21	50,000	-	29,333	45,194	(15,861)
WV DHHR	SBIRT Grant	G200624	10/1/19-9/30/20	50,000	(23,659)	29,000	5,341	-
WV DHHR	Expanded School Mental Health	G210363	7/1/20-6/30/21	60,000	-	46,800	59,858	(13,058)
WV DHHR	Expanded School Mental Health	G200478	7/1/19-6/30/20	60,000	(1,784)	1,784	-	-
TOTAL				\$ 119,353	\$ 836,074	\$ 558,935	\$ 396,492	

MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass-Through Grantor's <u>Number</u>	Expenditures <u>Paid</u>
U.S. Department of Agriculture			
Passed Through West Virginia Department of Agriculture			
Child Nutrition Cluster:			
Donated Foods (Non-cash)	10.555	88	\$ 66,283
Passed Through West Virginia Department of Education			
Child Nutrition Cluster:			
Summer Food Service Program	10.559	88	1,383,624
Total Child Nutrition Cluster			<u>1,449,907</u>
Child and Adult Care Food Program	10.558	88	2,048
Fresh Fruit and Vegetable Program	10.582	88	<u>28,234</u>
Total U.S. Department of Agriculture			<u>1,480,189</u>
U.S. Department of Education			
Passed Through West Virginia Department of Education			
Title I Grants to Local Educational Agencies	84.010	41	536,834
Special Education Cluster:			
Special Education Grants to States	84.027	43	551,155
Special Education - Pre-School	84.173	43	<u>12,006</u>
Total Special Education Cluster			563,161
Vocational Education	84.048	50	36,848
Education for Homeless Children and Youth	84.196	54	11,638
21st Century Community Learning Centers	84.287	46	215,370
Title II Improving Teacher Quality	84.367	40	113,231
Title IV Student Support and Academic Enrichment Program	84.424	N/A	43,541
Elementary and Secondary School Emergency Relief Fund (COVID-19)	84.425D	52	<u>621,499</u>
Total U.S. Department of Education			<u>2,142,122</u>
U.S. Department of Health and Human Services			
Passed Through West Virginia Department of Education			
Prevention and Treatment of Substance Abuse	93.959	N/A	<u>18,077</u>
Total U.S. Department of Health and Human Services			<u>18,077</u>
Total Federal Expenditures			<u>\$ 3,640,388</u>

See Notes to the Schedule of Expenditures of Federal Awards

MORGAN COUNTY BOARD OF EDUCATION  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 1 – Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Morgan County Board of Education and is presented on the accrual basis of accounting. 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).

**Note 2 – Indirect Cost:**

The Morgan County Board of Education did not elect to use the 10% de minimus indirect cost rate for its federal programs.

**Note 3 – Food Distribution:**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2021, commodities received were valued at \$66,283.

**Note 4 – Subrecipients:**

The Morgan County Board of Education did not have subrecipients during the 2021 fiscal year.



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Jones  
Group, AC

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INDEPENDENT AUDITORS' 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*

To the Morgan County Board of Education  
Berkeley Springs, West Virginia

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 and each major fund of the Morgan County Board of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Morgan County Board of Education's basic financial statements, and have issued our report thereon dated December 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Morgan County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Morgan County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morgan County Board of Education's internal control.

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

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

## Compliance and Other Matters

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

## 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.

A handwritten signature in blue ink that reads "The Fyffe Jones Group, AC". The signature is written in a cursive, flowing style.

THE FYFFE JONES GROUP, AC

Huntington, West Virginia  
December 3, 2021



**The  
Fyffe  
Jones  
Group, AC**

**The Fyffe Jones Group, AC**

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

To the Morgan County Board of Education  
Berkeley Springs, West Virginia

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Morgan County Board of Education'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 the 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 Morgan County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

Management of the Morgan County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Morgan County Board of Education'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 Morgan County Board of Education's internal control over compliance.

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

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

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



THE FYFFE JONES GROUP, AC

Huntington, West Virginia  
December 3, 2021



MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Programs tested:

<u>CFDA Number(s)</u>	<u>Name of the Federal Program/Cluster</u>
10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as a low-risk auditee:	Yes

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.



MORGAN COUNTY BOARD OF EDUCATION  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

There were no findings in the prior audit.