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**Greenville Public School District
Audited Financial Statements
For the Year Ended June 30, 2017**



**GREENVILLE PUBLIC SCHOOL DISTRICT
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GREENVILLE PUBLIC SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Greenville Public School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenville Public School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 6-14, 42-44, 45, and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2019, on our consideration of the Greenville Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Greenville Public School District's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

February 15, 2019

GREENVILLE PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The following discussion and analysis of Greenville Public School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2017 decreased \$3,488,977, including a prior period adjustment of (\$30,762), which represents a 7% decrease from fiscal year 2016. Total net position for 2016 decreased \$2,924,624, including a prior period adjustment of (\$33,421), which represents a 6% decrease from the 2015 fiscal year.
- General revenues amounted to \$36,388,685, and \$36,977,541, or 77% and 75% of all revenues for fiscal years 2017 and 2016, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,642,227, or 23% of total revenues for 2017, and \$12,164,328, or 25% of total revenues for 2016.
- The District had \$50,489,127 and \$52,033,072 in expenses for fiscal years 2017 and 2016; only \$10,642,227 for 2017 and \$12,164,328 for 2016 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$36,388,685 for 2017 and \$36,977,541 for 2016 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$36,143,128 in revenues and \$33,905,397 in expenditures for 2017, and \$36,293,041 in revenues and \$36,189,531 in expenditures in 2016. The General Fund's fund balance increased by \$1,788,717, including a prior period adjustment of \$7,307 and a decrease in inventory of \$13,401, from 2016 to 2017 and decreased by \$1,316,275, including a prior period adjustment of (\$168,899) and a decrease in inventory of \$4,293, from 2015 to 2016.
- Capital assets, net of accumulated depreciation, decreased by \$250,527 for 2017 and increased by \$204,524 for 2016. The decrease for 2017 was due to the net effect of a \$165,299 addition of assets coupled with the loss on disposal of \$20,509, less the increase in accumulated depreciation of \$395,317.
- Long-term debt decreased by \$934,645 for 2017 and decreased by \$895,000 for 2016. The decrease for 2017 was due primarily to principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased by \$797 for 2017 and increased by \$7,429 for the fiscal year 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

reported using the accrual basis of accounting. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$53,807,818 as of June 30, 2017.

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

Table 1 presents a summary of the District's net position at June 30, 2017 and June 30, 2016.

**Table 1
Condensed Statement of Net Position**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Current assets	\$ 7,417,471	6,922,155	7.16%
Restricted assets	2,544,767	2,434,958	4.51%
Capital assets, net	11,590,439	11,840,966	(2.12%)
Total assets	<u>21,552,677</u>	<u>21,198,079</u>	<u>1.67%</u>
Deferred outflows of resources	<u>16,020,354</u>	<u>13,978,399</u>	<u>14.61%</u>
Current liabilities	2,375,083	2,383,254	(0.34%)
Long-term debt outstanding	5,875,040	6,809,685	(13.73%)
Net pension liability	78,380,636	72,668,189	7.86%
Total liabilities	<u>86,630,759</u>	<u>81,861,128</u>	<u>5.83%</u>
Deferred inflows of resources	<u>4,750,090</u>	<u>3,634,191</u>	<u>30.71%</u>
Net position:			
Net investment in capital assets	6,005,439	5,322,118	12.84%
Restricted	5,323,541	6,557,449	(18.82%)
Unrestricted	(65,136,798)	(62,198,408)	(4.72%)
Total net position	<u>\$ (53,807,818)</u>	<u>(50,318,841)</u>	<u>(6.93%)</u>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (65,136,798)
Less unrestricted deficit in net position resulting from the recognition of net pension liability, including the deferred outflows and deferred inflows of resources related to pensions	<u>67,110,372</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 1,973,574</u>

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

- Decrease in net capital assets in the amount of \$250,527.
- The principal retirement of \$915,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2017 and June 30, 2016 were \$47,030,912 and \$49,141,869, respectively. The total cost of all programs and services was \$50,489,127 for 2017 and \$52,033,072 for 2016.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

**Table 2
Changes in Net Position**

Revenues:	June 30, 2017	June 30, 2016	Percentage Change
Program revenues:			
Charges for services	\$ 338,985	685,040	(50.52%)
Operating grants and contributions	10,303,242	11,479,288	(10.24%)
General revenues:			
Property taxes	10,276,007	10,313,286	(0.36%)
Grants and contributions not restricted	25,522,801	26,494,966	(3.67%)
Investment earnings	29,836	46,756	(36.19%)
Sixteenth section sources	142,926	122,533	16.64%
Other	417,115		N/A
Total revenues	47,030,912	49,141,869	(4.30%)
Expenses:			
Instruction	19,443,127	20,840,138	(6.70%)
Support services	19,091,092	20,374,440	(6.30%)
Non-instructional	2,928,026	3,138,836	(6.72%)
Pension expense	8,777,860	7,360,852	19.25%
Interest on long-term liabilities	249,022	318,806	(21.89%)
Total expenses	50,489,127	52,033,072	(2.97%)
Increase in net position	(3,458,215)	(2,891,203)	(19.61%)
Net Position, July 1, as previously reported	(50,318,841)	(47,394,217)	6.17%
Prior Period Adjustment	(30,762)	(33,421)	7.96%
Net Position, July 1, as restated	(50,349,603)	(47,427,638)	(6.16%)
Net Position, June 30	\$ (53,807,818)	(50,318,841)	(6.93%)

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental activities

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	June 30, 2017	June 30, 2016	
Instruction	\$ 19,443,127	20,840,138	(6.70%)
Support services	19,091,092	20,374,440	(6.30%)
Non-instructional	2,928,026	3,138,836	(6.72%)
Pension expense	8,777,860	7,360,852	19.25%
Interest on long-term liabilities	249,022	318,806	(21.89%)
Total expenses	\$ 50,489,127	52,033,072	(2.97%)
	Net (Expense) Revenue		
Instruction	\$ (14,890,977)	(15,408,400)	3.36%
Support services	(16,817,717)	(17,725,093)	5.12%
Non-instructional	888,676	944,407	(5.90%)
Pension expense	(8,777,860)	(7,360,852)	(19.25%)
Interest on long-term liabilities	(249,022)	(318,806)	21.89%
Total net (expense) revenue	\$ (39,846,900)	(39,868,744)	0.05%

- Net cost of governmental activities (\$39,846,900 for 2017 and \$39,868,744 for 2016) was financed by general revenue, which is primarily made up of property taxes (\$10,276,007 for 2017 and \$10,313,286 for 2016) and state and federal revenues (\$25,522,801 for 2017 and \$26,494,966 for 2016). In addition, there was \$142,926 and \$122,533 in Sixteenth Section sources for 2017 and 2016, respectively.
- Investment earnings amounted to \$29,836 for 2017 and \$46,756 for 2016.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7,587,847, an increase of \$601,447, which includes a prior period adjustment of (\$30,762) and a decrease in inventory of \$7,894. \$2,263,614 or 30% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted,

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$5,324,233 or 70% is either non-spendable, restricted, committed, or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,788,717, including a prior period adjustment of \$7,307 and a decrease in inventory of \$13,401. The fund balance of Other Governmental Funds showed a decrease in the amount of \$809,070, including a prior period adjustment of (\$42,777). The other increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
School Food Service Fund	\$ (649,061)
Bond Issues Retirement Fund	270,861

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the District's total capital assets were \$26,565,692, including school buildings, building improvements, improvements other than buildings, buses, other school vehicles, furniture and equipment. This amount represents a decrease of \$164,719 from 2016. Total accumulated depreciation as of June 30, 2017, was \$14,975,253, and total depreciation expense for the year was \$395,317, resulting in total net capital assets of \$11,590,439.

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

	June 30, 2017	June 30, 2016	Percentage Change
Buildings	\$ 10,016,778	10,072,122	(0.55%)
Building improvements	65,919	69,872	(5.66%)
Improvements other than buildings	39,057	39,057	0.00%
Mobile equipment	753,194	930,442	(19.05%)
Furniture and equipment	715,491	729,473	(1.92%)
Total	\$ 11,590,439	11,840,966	(2.12%)

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Debt Administration. At June 30, 2017, the District had \$5,875,040 in outstanding long-term debt, of which \$60,000 is due within one year. The liability for compensated absences decreased \$797 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 60,000	300,000	(80.00%)
Limited obligation bonds payable	-	675,000	(100.00%)
Premiums	-	18,848	(100.00%)
Qualified school construction bonds payable	5,525,000	5,525,000	0.00%
Compensated absences payable	290,040	290,837	(0.27%)
Total	<u>\$ 5,875,040</u>	<u>6,809,685</u>	<u>(13.73%)</u>

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

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal controls is well regarded.

The District plans to continue its sound fiscal management to meet the challenges of the future.

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

The District's enrollment for the 2016 – 2017 year decreased by 7% to 4,955 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Greenville Public School District, P.O. Box 1619, Greenville, MS 38702.

GREENVILLE PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

Greenville Public School District

Statement of Net Position
June 30, 2017

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,999,212
Due from other governments	881,388
Inventories	91,827
Accrued interest receivable	17,854
Prepaid items	293,879
Other receivables	133,311
Restricted assets	2,544,767
Capital assets, net of accumulated depreciation:	
Buildings	10,016,778
Building improvements	65,919
Improvements other than buildings	39,057
Mobile equipment	753,194
Furniture and equipment	715,491
Total Assets	21,552,677
Deferred Outflows of Resources	
Deferred outflows- pensions	16,020,354
Total deferred outflows of resources	16,020,354
Liabilities	
Accounts payable and accrued liabilities	2,062,934
Other payables	287,225
Unearned revenue	24,232
Interest payable on long-term liabilities	692
Long-term liabilities, due within one year	
Capital related liabilities	60,000
Long-term liabilities, due beyond one year	
Capital related liabilities	5,525,000
Non-capital related liabilities	290,040
Net pension liability	78,380,636
Total Liabilities	86,630,759
Deferred Inflows of Resources	
Deferred inflows- pensions	4,750,090
Total deferred inflows of resources	4,750,090
Net Position	
Net investment in capital assets	6,005,439
Restricted for:	
Expendable:	
School-based activities	2,271,679
Debt service	2,909,232
Capital Projects	2,524
Unemployment benefits	99,357
Non-expendable:	
Sixteenth section	40,749
Unrestricted	(65,136,798)
Total Net Position	\$ (53,807,818)

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

Greenville Public School District

**Statement of Activities
For the Year Ended June 30, 2017**

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 19,443,127		4,552,150	(14,890,977)
Support services	19,091,092	261,135	2,012,240	(16,817,717)
Non-instructional	2,928,026	77,850	3,738,852	888,676
Pension expense	8,777,860			(8,777,860)
Interest and other costs on long term liabilities	249,022			(249,022)
Total Governmental Activities	\$ 50,489,127	338,985	10,303,242	(39,846,900)
General Revenues:				
Taxes:				
General purpose levies				\$ 9,590,434
Debt purpose levies				518,906
Gaming				166,667
Unrestricted grants and contributions:				
State				25,458,063
Federal				64,738
Unrestricted investment earnings				29,836
Sixteenth section sources				142,926
Other				437,624
Gain (loss) on disposal of equipment				(20,509)
Total General Revenues				36,388,685
Change in Net Position				(3,458,215)
Net Position - Beginning, as previously stated				(50,318,841)
Prior period adjustments				(30,762)
Net Position - Beginning, as restated				(50,349,603)
Net Position - Ending				\$ (53,807,818)

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

Greenville Public School District

Governmental Funds

Balance Sheet
June 30, 2017

Exhibit C

	Major Funds				
	General	School	Bond Issues	Other	Total
	Fund	Food	Retirement	Governmental	Governmental
	Fund	Service Fund	Fund	Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 2,421,596	2,303,630	760,112	554,623	6,039,961
Cash with fiscal agents			23,755		23,755
Investments			2,480,263		2,480,263
Due from other governments	303,991		7,016	570,381	881,388
Accrued interest receivable			17,854		17,854
Due from other funds	1,474,662	22,464		86,588	1,583,714
Inventories	43,338	48,489			91,827
Prepaid items	293,879				293,879
Total Assets	<u>4,537,466</u>	<u>2,374,583</u>	<u>3,289,000</u>	<u>1,211,592</u>	<u>11,412,641</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,617,997	102,681	2,367	339,890	2,062,935
Due to other funds	152,893	798,216	376,709	409,809	1,737,627
Unearned revenue				24,232	24,232
Total Liabilities	<u>1,770,890</u>	<u>900,897</u>	<u>379,076</u>	<u>773,931</u>	<u>3,824,794</u>
Fund Balances:					
Nonspendable					
Inventory	43,338	48,489			91,827
Permanent fund principal				40,749	40,749
Prepaid items	293,879				293,879
Restricted					
Debt service			2,909,924		2,909,924
Capital improvements				2,524	2,524
Food service		1,425,197			1,425,197
Grant activities				295,031	295,031
Unemployment benefits				99,357	99,357
Assigned					
Activity funds	165,745				165,745
Unassigned	<u>2,263,614</u>				<u>2,263,614</u>
Total Fund Balances	<u>2,766,576</u>	<u>1,473,686</u>	<u>2,909,924</u>	<u>437,661</u>	<u>7,587,847</u>
Total Liabilities and Fund Balances	\$ <u>4,537,466</u>	<u>2,374,583</u>	<u>3,289,000</u>	<u>1,211,592</u>	<u>11,412,641</u>

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

Greenville Public School District

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017**

Exhibit C-1

Total fund balances for governmental funds \$ 7,587,847

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

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

Buildings	\$ 20,822,014	
Building improvements	124,772	
Improvements other than buildings	195,284	
Mobile equipment	2,632,750	
Furniture and equipment	2,790,872	
Accumulated depreciation	<u>(14,975,253)</u>	11,590,439

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

Net pension liability	(78,380,636)	
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Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	16,020,354	
Deferred inflows of resources related to pensions	<u>(4,750,090)</u>	(67,110,372)

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

General obligation bonds	(60,000)	
Qualified school construction bonds	(5,525,000)	
Compensated absences payable	(290,040)	
Accrued interest payable	<u>(692)</u>	<u>(5,875,732)</u>

Net Position of governmental activities \$ (53,807,818)

Greenville Public School District

Governmental Funds

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2017**

Exhibit D

	Major Funds				Total Governmental Funds
	General Fund	School Food Service Fund	Bond Issues Retirement Fund	Other Governmental Funds	
Revenues:					
Local sources	\$ 10,427,379	93,426	533,217	317	11,054,339
State sources	25,527,020	52,704		844,802	26,424,526
Federal sources	45,803	3,560,755		5,794,961	9,401,519
Sixteenth section sources	142,926				142,926
Total Revenues	<u>36,143,128</u>	<u>3,706,885</u>	<u>533,217</u>	<u>6,640,080</u>	<u>47,023,310</u>
Expenditures:					
Instruction	18,070,290			3,471,761	21,542,051
Support services	15,835,107	872,047		3,776,053	20,483,207
Noninstructional services		2,955,515		235,826	3,191,341
Debt service:					
Principal				915,000	915,000
Interest			256,331	16,965	273,296
Other			4,194	2,229	6,423
Total Expenditures	<u>33,905,397</u>	<u>3,827,562</u>	<u>260,525</u>	<u>8,417,834</u>	<u>46,411,318</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,237,731</u>	<u>(120,677)</u>	<u>272,692</u>	<u>(1,777,754)</u>	<u>611,992</u>
Other Financing Sources:					
Insurance loss recoveries	28,111				28,111
Payments to QSCB escrow agent			472,364		472,364
Payments to QSCB debt escrow agent			(472,364)		(472,364)
Operating transfers in	581,545			1,052,576	1,634,121
Operating transfers out	(1,052,576)	(540,430)		(41,115)	(1,634,121)
Total Other Financing Sources	<u>(442,920)</u>	<u>(540,430)</u>	<u>-</u>	<u>1,011,461</u>	<u>28,111</u>
Net Change in Fund Balances	<u>1,794,811</u>	<u>(661,107)</u>	<u>272,692</u>	<u>(766,293)</u>	<u>640,103</u>
Fund Balances:					
July 1, 2016, as previously reported	977,859	2,122,747	2,639,063	1,246,731	6,986,400
Prior period adjustment	7,307	6,539	(1,831)	(42,777)	(30,762)
July 1, 2016, as restated	<u>985,166</u>	<u>2,129,286</u>	<u>2,637,232</u>	<u>1,203,954</u>	<u>6,955,638</u>
Increase (Decrease) in reserve for inventory	<u>(13,401)</u>	<u>5,507</u>	<u>-</u>	<u>-</u>	<u>(7,894)</u>
June 30, 2017	<u>\$ 2,766,576</u>	<u>1,473,686</u>	<u>2,909,924</u>	<u>437,661</u>	<u>7,587,847</u>

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

Greenville Public School District

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2017**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 640,103

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

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

Capital outlay	\$ 165,299	
Depreciation expense	(395,317)	(230,018)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.

(20,509)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	915,000	
Amortization of bond premium	18,848	
Accrued interest payable	11,849	945,697

4. The statement of activities reports pension expense and other activity related to net pension liability:

Pension expense	(8,777,860)	
Contributions made subsequent to the measurement date	3,991,469	(4,786,391)

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

Change in compensated absences	797	
Change in inventory reserve	(7,894)	(7,097)

Change in Net Position of governmental activities **\$ (3,458,215)**

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

Greenville Public School District

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities

Exhibit E

June 30, 2017

		<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$	22,152
Due from other funds		291,304
		<hr/>
Total Assets	\$	<u><u>313,456</u></u>
Liabilities		
Due to student clubs	\$	46,193
Due to other funds		137,391
Intergovernmental payables		72,311
Other payables		57,561
		<hr/>
Total Liabilities	\$	<u><u>313,456</u></u>

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statement

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

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

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

School Food Service Fund – This fund accounts for food distribution, the national school breakfast program, national school lunch program, and child and adult care food program as applicable.

Bond Issues Retirement Fund – This fund accounts for the debt service of the qualified school construction bonds.

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

The District also reports fiduciary funds include the following:

Accounts Payable Clearing Fund – This fund is used to report the accounts payable resources held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Payroll Clearing Fund – This fund is used to report the payroll resources held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Student Club Funds – These funds are used to report student club resources held by the District in a purely custodial capacity and do not involve measurement of results of operations.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

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

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

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

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

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

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

D. Encumbrances

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

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

1. Cash and cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired. Investments for the District are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years

See Note 5 for further details.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The deferred outflows of resources is related to pensions.

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

See Note 8 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Fund Balances

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

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

NOTE 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits and interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, and any open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Amounts less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the District's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$6,039,961 and \$22,152, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District. As of June 30, 2017, none of the District's bank balance of \$7,921,292 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the District's cash with fiscal agents held by financial institutions on June 30, 2017 was \$23,755.

Investments

As of June 30, 2017, the District had the following investments:

Investment Type	Rating	Maturity	Fair Value
U.S. Treasury SLGS	N/A	More than one year	\$ <u>2,480,263</u>

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

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

Custodial Credit Risk – Investments: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal investment policy that addresses custodial credit risk. Of the District's investments, none of the underlying securities are held by the investment's counterparty, not in the name of the District.

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 3 – Inter-fund Receivables, Payables, and Transfers

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	School Food Service Fund	\$ 792,607
	Bond Issues Retirement Fund	157,034
	Other Governmental Funds	394,664
	Agency Funds	130,357
School Food Service Fund	General Fund	285
	Other Governmental Funds	15,145
	Agency Funds	7,034
Other Governmental Funds	General Fund	86,588
	Agency Funds	66,020
Agency Funds	School Food Service Fund	5,609
	Bond Issues Retirement Fund	<u>219,675</u>
Total		<u>\$ 1,875,018</u>

The purpose of the most significant inter-fund loans was to close out federal programs at year end. All inter-fund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	School Food Service Fund	\$ 540,430
	Other Governmental Funds	41,115
Other Governmental Funds	General Fund	<u>1,052,576</u>
Total		<u>\$ 1,634,121</u>

Inter-fund transfers were to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

NOTE 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$40,749 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the District's programs. In addition, the restricted assets represent the cash with fiscal agents and investment balances, totaling \$23,755 and \$2,480,263 respectively, of the Bond Issues Retirement Fund.

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 5 – Capital Assets

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Depreciable capital assets:				
Buildings	\$ 20,822,014			20,822,014
Building improvements	124,772			124,772
Improvement other than buildings	195,284			195,284
Mobile equipment	2,823,960		191,210	2,632,750
Furniture and equipment	2,764,381	165,299	138,808	2,790,872
Total depreciable capital assets	<u>26,730,411</u>	<u>165,299</u>	<u>330,018</u>	<u>26,565,692</u>
Less accumulated depreciation:				
Buildings	10,749,892	55,344		10,805,236
Building improvements	54,900	3,953		58,853
Improvement other than buildings	156,227			156,227
Mobile equipment	1,893,518	158,127	172,089	1,879,556
Furniture and equipment	2,034,908	177,893	137,420	2,075,381
Total accumulated depreciation	<u>14,889,445</u>	<u>395,317</u>	<u>309,509</u>	<u>14,975,253</u>
Total depreciable capital assets, net	<u>11,840,966</u>	<u>(230,018)</u>	<u>20,509</u>	<u>11,590,439</u>
Total Governmental Activities				
Capital Assets, Net	<u>\$ 11,840,966</u>	<u>(230,018)</u>	<u>20,509</u>	<u>11,590,439</u>

Depreciation expense was charged to the following governmental functions:

<u>Governmental Activities</u>	<u>Amount</u>
Instruction	\$ 268,816
Support services	90,923
Non-Instructional	<u>35,578</u>
Total depreciation expense	<u>\$ 395,317</u>

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 6 – Long-term Liabilities

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

	Balance			Balance	Amounts
	July 1, 2016	Additions	Reductions	June 30, 2017	due within
					one year
A. General obligation bond	\$ 300,000		240,000	60,000	60,000
B. Limited obligation bond	675,000		675,000	-	
C. Qualified school construction bond	5,525,000			5,525,000	
D. Compensated absences	290,837		797	290,040	
Total	<u>\$ 6,790,837</u>	<u>-</u>	<u>915,797</u>	<u>5,875,040</u>	<u>60,000</u>
Bond Premium	<u>\$ 18,848</u>		<u>18,848</u>	<u>-</u>	

A.General Obligation Bonds – General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligations bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2010	2.5 - 3.9%	12/1/04	12/1/17	\$ 2,375,000	60,000
Total				<u>\$ 2,375,000</u>	<u>60,000</u>

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

Year Ending June 30:	Principal	Interest	Total
2018	\$ 60,000	1,170	61,170
Total	<u>\$ 60,000</u>	<u>1,170</u>	<u>61,170</u>

This debt will be retired from the EEF Building and Buses Fund. The EEF Building and Buses Fund accounts for revenues the District receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972).

The amount of bonded indebtedness that can be incurred by the District is limited by sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Sections 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2017, the amount of outstanding bonded indebtedness was equal to 0.28% of property assessments as of October 1, 2016.

B.Limited Obligation Bonds – Limited obligation bonds are direct obligations and pledge the full faith and credit of the District.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the District receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage. This debt was retired from the MAEP bond fund (4041).

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bond	5.60%	6/8/11	12/1/21	\$ 1,500,000	1,500,000
Qualified School Construction Bond	5.14%	1/12/12	8/1/23	4,025,000	4,025,000
			Total	\$ <u>5,525,000</u>	<u>5,525,000</u>

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

Year Ending June 30:	Series 2011			Series 2012		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ -	84,000	84,000		206,885	206,885
2019		84,000	84,000		206,885	206,885
2020		84,000	84,000		206,885	206,885
2021		84,000	84,000		206,885	206,885
2022	1,500,000	84,000	1,584,000		206,885	206,885
2023 - 2024	-	-	-	4,025,000	413,770	4,438,770
Total	\$ <u>1,500,000</u>	<u>420,000</u>	<u>1,920,000</u>	<u>4,025,000</u>	<u>1,448,195</u>	<u>5,473,195</u>

Year Ending June 30:	Total		
	Principal	Interest	Total
2018	\$ -	290,885	290,885
2019		290,885	290,885
2020		290,885	290,885
2021		290,885	290,885
2022	1,500,000	290,885	1,790,885
2023 - 2024	4,025,000	413,770	4,438,770
Total	\$ <u>5,525,000</u>	<u>1,868,195</u>	<u>7,393,195</u>

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

NOTE 7 – Other Commitments

Operating Leases – The District has several operating leases for 54 copiers, printers, and small office equipment. Lease expenditures for the year ended June 30, 2017, amounted to \$136,800. Future lease payments for these leases are as follows:

Year ended June 30:	Amount
2018	\$ 136,800
2019	136,800
2020	22,800
Total	\$ <u>296,400</u>

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2017, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The District's contributions to PERS for the fiscal years ending June 30, 2017, 2016 and 2015 were \$3,991,469, \$4,420,898, and \$4,625,535, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$78,380,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The District's proportionate share used to calculate the June 30, 2017 net pension liability was 0.4388 percent, which was based on a measurement date of June 30, 2016. This is a decrease of 0.0313 percent from the proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$8,777,860. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,257,909	
Net difference between projected and actual earnings on pension plan investments	5,115,207	
Changes of assumptions	3,958,603	208,282
Changes in proportion and differences between actual contributions and proportionate share of contributions	697,166	4,541,808
Contributions subsequent to the measurement date	3,991,469	
Total	<u>\$ 16,020,354</u>	<u>4,750,090</u>

\$3,991,469 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2018	\$ 2,740,718
2019	1,179,165
2020	1,810,490
2021	1,548,425
Total	<u>\$ 7,278,798</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75 - 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	100 %	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 100,501,550	78,380,636	60,027,449

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

NOTE 9 – Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and of all funds arising from any

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

disposition thereof. It is the duty of the school board to manage the school trust lands and all funds arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the District for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year ended June 30:	Amount
2018	\$ 133,315
2019	133,315
2020	106,816
2021	106,816
2022	22,173
Thereafter	235,209
Total	<u>\$ 737,644</u>

NOTE 10 – Prior Period Adjustments

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

Exhibit B – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year errors.	\$ (30,762)
Total	<u>\$ (30,762)</u>

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

<u>Explanation</u>	<u>Amount</u>
General Fund	
To correct prior year errors.	\$ 7,307
School Food Service Fund	
To correct prior year errors.	6,539
Bond Issues Retirement Fund	
To correct prior year errors.	(1,831)
Other Governmental Funds	
To correct prior year errors.	(42,777)
Total	<u>\$ (30,762)</u>

NOTE 11 – Contingencies

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 12 – Risk Management

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

NOTE 13 – Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2017 was \$2,504,018. The amount in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the District.

Year ended June 30:	Series 2011	Series 2012	Total
2018	\$ 136,364	335,000	471,364
2019	136,364	335,000	471,364
2020	136,364	336,000	472,364
2021	136,364	336,000	472,364
2022	136,364	336,000	472,364
2023 - 2025		670,000	670,000
Total	\$ 681,820	2,348,000	3,029,820

NOTE 14 – Effect of Deferred Amounts of Net Position

The unrestricted net position amount of (\$65,136,798) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$16,020,354 balance of deferred outflows of resources at June 30, 2017 will be recognized as expenses and will decrease the unrestricted net position over the next four years.

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The unrestricted net position amount of (\$65,136,798) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,750,090 balance of deferred inflows of resources, at June 30, 2017 will be recognized as a revenue and will increase the unrestricted net position over the next four years.

NOTE 15 – Subsequent Events

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the Greenville Public School District evaluated the activity of the District through February 15, 2019, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate	Amount	Type of Financing
10/26/2018	2.25%	\$2,200,000	Tax Anticipation Note

GREENVILLE PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

**Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 10,561,061	10,283,341	10,427,379	(277,720)	144,038
State sources	25,561,376	25,584,170	25,527,020	22,794	(57,150)
Federal sources	37,000	23,982	45,803	(13,018)	21,821
Sixteenth section sources	129,900	142,926	142,926	13,026	-
Total Revenues	<u>36,289,337</u>	<u>36,034,419</u>	<u>36,143,128</u>	<u>(254,918)</u>	<u>108,709</u>
Expenditures:					
Instruction	19,946,273	18,069,966	18,070,290	1,876,307	(324)
Support services	17,695,976	15,847,030	15,835,107	1,848,946	11,923
Sixteenth section	16,000	-	-	16,000	-
Total Expenditures	<u>37,658,249</u>	<u>33,916,996</u>	<u>33,905,397</u>	<u>3,741,253</u>	<u>11,599</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,368,912)</u>	<u>2,117,423</u>	<u>2,237,731</u>	<u>3,486,335</u>	<u>97,110</u>
Other Financing Sources:					
Insurance loss recoveries	-	28,111	28,111	28,111	-
Operating transfers in	4,105,007	4,446,822	581,545	341,815	(3,865,277)
Operating transfers out	(5,274,858)	(4,965,374)	(1,052,576)	309,484	3,912,798
Other financing sources	34,000	-	-	(34,000)	-
Total Other Financing Sources	<u>(1,135,851)</u>	<u>(490,441)</u>	<u>(442,920)</u>	<u>645,410</u>	<u>47,521</u>
Net Change in Fund Balances	<u>(2,504,763)</u>	<u>1,626,982</u>	<u>1,794,811</u>	<u>4,131,745</u>	<u>167,829</u>
Fund Balances:					
July 1, 2016, as previously reported	(2,006,814)	439,554	977,859	2,446,368	538,305
Prior period adjustment	-	-	7,307	-	7,307
July 1, 2016, as restated	<u>(2,006,814)</u>	<u>439,554</u>	<u>985,166</u>	<u>2,446,368</u>	<u>545,612</u>
Increase in reserve for inventory		(2,899)	(13,401)	(2,899)	(10,502)
June 30, 2017	\$ <u>(4,511,577)</u>	<u>2,063,637</u>	<u>2,766,576</u>	<u>6,575,214</u>	<u>702,939</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

**Budgetary Comparison Schedule
School Food Service Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 108,000	108,000	93,426	-	(14,574)
State sources	35,000	35,000	52,704	-	17,704
Federal sources	3,461,949	3,461,949	3,560,755	-	98,806
Total Revenues	<u>3,604,949</u>	<u>3,604,949</u>	<u>3,706,885</u>	<u>-</u>	<u>101,936</u>
Expenditures:					
Support services	991,644	1,474,628	872,047	(482,984)	602,581
Noninstructional services	3,269,300	3,545,890	2,955,515	(276,590)	590,375
Total Expenditures	<u>4,260,944</u>	<u>5,020,518</u>	<u>3,827,562</u>	<u>(759,574)</u>	<u>1,192,956</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(655,995)</u>	<u>(1,415,569)</u>	<u>(120,677)</u>	<u>(759,574)</u>	<u>1,294,892</u>
Other Financing Sources:					
Operating transfers out		(540,430)	(540,430)	(540,430)	-
Total Other Financing Sources	<u>-</u>	<u>(540,430)</u>	<u>(540,430)</u>	<u>(540,430)</u>	<u>-</u>
Net Change in Fund Balances	<u>(655,995)</u>	<u>(1,955,999)</u>	<u>(661,107)</u>	<u>(1,300,004)</u>	<u>1,294,892</u>
Fund Balances:					
July 1, 2016, as previously reported	2,347,060	2,122,747	2,122,747	(224,313)	-
Prior period adjustment	-	-	6,539	-	6,539
July 1, 2016, as restated	<u>2,347,060</u>	<u>2,122,747</u>	<u>2,129,286</u>	<u>(224,313)</u>	<u>6,539</u>
Increase in reserve for inventory	<u>-</u>	<u>-</u>	<u>5,507</u>	<u>-</u>	<u>5,507</u>
June 30, 2017	<u>\$ 1,691,065</u>	<u>166,748</u>	<u>1,473,686</u>	<u>(1,524,317)</u>	<u>1,306,938</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	\$ 78,380,636	72,668,189	58,878,009
District's proportionate share of the net pension liability	0.4388%	0.4701%	0.4851%
District's covered-employee payroll	\$ 28,069,216	29,368,476	29,639,956
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.24%	247.44%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is complied, the District has only presented information for the years in which information is available. The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,991,469	4,420,898	4,625,535
Contributions in relation to the contractually required contributions	3,991,469	4,420,898	4,625,535
Contribution deficiency (excess)	\$ <u> -</u>	<u> -</u>	<u> -</u>
District's covered-employee payroll	\$ 25,342,673	28,069,216	29,368,476
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

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

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

**GREENVILLE PUBLIC SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Comparison Schedules

1. Basis of Presentation

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

2. Budget Amendments and Revisions

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

Pension Schedules

1. Changes of assumptions

2015:

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

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

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

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

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

2016:

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

2. Changes in benefit provisions

2016:

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

GREENVILLE PUBLIC SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Supplementary Information

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
National school breakfast program	* 10.553	\$ 993,278
National school lunch program	* 10.555	2,567,477
Summer food service program for children	* 10.559	64,440
Total child nutrition cluster		<u>3,625,195</u>
Fresh fruit and vegetable program	10.582	77,143
Total U.S. Department of Agriculture Pass-Through Programs		<u>3,702,338</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	3,862,588
Career and technical education - basic grants to states	84.048	41,642
Twenty-first century community learning centers	84.287	73,143
English acquisition grants	84.365	24,564
Improving teacher quality state grants	* 84.367	547,329
Subtotal		<u>4,549,266</u>
Special education cluster:		
Special education - grants to states	* 84.027	1,108,424
Special education - preschool grants	* 84.173	20,252
Total special education cluster		<u>1,128,676</u>
Total passed-through Mississippi Department of Education		<u>5,677,942</u>
Total U.S. Department of Education		<u>5,677,942</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	21,239
Total U.S. Department of Health and Human Services		<u>21,239</u>
Total for All Federal Awards		<u><u>\$ 9,401,519</u></u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. * Denotes major program

GREENVILLE PUBLIC SCHOOL DISTRICT

Supplementary Information

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2017**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 36,733,395	26,232,253	1,590,709	3,272,736	5,637,697
Other	9,677,923	1,408,284	2,109,183	88,050	6,072,406
 Total	 \$ 46,411,318	 27,640,537	 3,699,892	 3,360,786	 11,710,103
 Total number of students	 * 4,955				
 Cost per student	 \$ 9,367	 5,578	 747	 678	 2,363

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

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

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

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

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

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

GREENVILLE PUBLIC SCHOOL DISTRICT

OTHER INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	<u>2017</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
Revenues:				
Local sources	\$ 10,427,379	10,486,472	10,360,058	10,115,265
State sources	25,527,020	25,649,579	25,753,312	25,302,232
Federal sources	45,803	34,457	55,054	46,442
Sixteenth section sources	142,926	122,533	129,233	
Total Revenues	<u>36,143,128</u>	<u>36,293,041</u>	<u>36,297,657</u>	<u>35,463,939</u>
Expenditures:				
Instruction	18,070,290	19,281,846	20,505,954	20,082,099
Support services	15,835,107	16,907,685	19,153,655	21,765,363
Noninstructional services				62,301
Sixteenth section			3,250	
Total Expenditures	<u>33,905,397</u>	<u>36,189,531</u>	<u>39,662,859</u>	<u>41,909,763</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,237,731</u>	<u>103,510</u>	<u>(3,365,202)</u>	<u>(6,445,824)</u>
Other Financing Sources (Uses):				
Insurance recovery	28,111	5,539	588,376	137,871
Operating transfers in	581,545	417,067	222,587	190,276
Operating transfers out	<u>(1,052,576)</u>	<u>(1,669,199)</u>	<u>(1,304,468)</u>	<u>(1,243,335)</u>
Total Other Financing Sources (Uses)	<u>(442,920)</u>	<u>(1,246,593)</u>	<u>(493,505)</u>	<u>(915,188)</u>
Net Change in Fund Balances	<u>1,794,811</u>	<u>(1,143,083)</u>	<u>(3,858,707)</u>	<u>(7,361,012)</u>
Fund Balances:				
Beginning of period, as previously reported	977,859	2,294,134	5,597,395	13,128,815
Fund reclassification			523,926	
Prior period adjustment	7,307	<u>(168,899)</u>	<u>(719)</u>	<u>(155,513)</u>
Beginning of period, as restated	<u>985,166</u>	<u>2,125,235</u>	<u>6,120,602</u>	<u>12,973,302</u>
Increase (Decrease) in inventory	<u>(13,401)</u>	<u>(4,293)</u>	<u>32,239</u>	<u>(14,895)</u>
End of Period	<u>\$ 2,766,576</u>	<u>977,859</u>	<u>2,294,134</u>	<u>5,597,395</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

GREENVILLE PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	<u>2017</u>	<u>2016*</u>	<u>2015*</u>	<u>2014 *</u>
Revenues:				
Local sources	\$ 11,054,339	11,089,909	11,022,313	11,091,190
State sources	26,424,526	27,412,010	26,978,394	27,172,633
Federal sources	9,401,519	10,595,749	11,828,923	13,033,903
Sixteenth section sources	142,926	122,533	129,233	102,833
Total Revenues	<u>47,023,310</u>	<u>49,220,201</u>	<u>49,958,863</u>	<u>51,400,559</u>
Expenditures:				
Instruction	21,542,051	23,527,400	24,472,143	25,613,153
Support services	20,483,207	22,030,827	24,320,647	27,643,999
Noninstructional services	3,191,341	3,325,517	3,702,532	3,530,327
Sixteenth section	-	-	3,250	-
Facilities acquisitions & construction	-	-	1,876,714	3,464,371
Debt service:				
Principal	915,000	895,000	855,000	825,000
Interest	273,296	335,426	364,971	243,413
Other	6,423	6,175	4,920	2,450
Total Expenditures	<u>46,411,318</u>	<u>50,120,345</u>	<u>55,600,177</u>	<u>61,322,713</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>611,992</u>	<u>(900,144)</u>	<u>(5,641,314)</u>	<u>(9,922,154)</u>
Other Financing Sources (Uses):				
Insurance loss recovery	28,111	5,539	588,376	137,871
Payment to QSCB escrow agent	472,364	423,177	447,131	471,363
Payment to QSCB debt escrow agent	(472,364)	(423,177)	(447,131)	(471,363)
Operating transfers in	1,634,121	2,104,407	1,799,472	1,433,611
Operating transfers out	(1,634,121)	(2,104,407)	(1,799,472)	(1,433,611)
Total Other Financing Sources (Uses)	<u>28,111</u>	<u>5,539</u>	<u>588,376</u>	<u>137,871</u>
Net Change in Fund Balances	<u>640,103</u>	<u>(894,605)</u>	<u>(5,052,938)</u>	<u>(9,784,283)</u>
Fund Balances:				
Beginning of period, as previously reported	6,986,400	8,085,960	13,187,505	22,479,479
Prior period adjustments	(30,762)	(203,208)	(81,118)	512,296
Beginning of period, as restated	<u>6,955,638</u>	<u>7,882,752</u>	<u>13,106,387</u>	<u>22,991,775</u>
Increase (Decrease) in reserve for inventory	<u>(7,894)</u>	<u>(1,747)</u>	32,511	(19,987)
End of Period	<u>\$ 7,587,847</u>	<u>6,986,400</u>	<u>8,085,960</u>	<u>13,187,505</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

GREENVILLE PUBLIC SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Greenville Public School District
Greenville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Greenville Public School District's basic financial statements, and have issued our report thereon dated February 15, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2017-001, 2017-002 and 2017-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greenville Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002 and 2017-003.

Greenville Public School District's Responses to Findings

Greenville Public School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Greenville Public School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

February 15, 2019

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

Superintendent and School Board
Greenville Public School District
Greenville, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Greenville Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Greenville Public School District's major federal programs for the year ended June 30, 2017. The Greenville Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greenville Public School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Greenville Public School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Greenville Public School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004 that we consider to be a material weakness.

Greenville Public School District's responses to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Greenville Public School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

February 15, 2019

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

Superintendent and School Board
Greenville Public School District
Greenville, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2017, which collectively comprise Greenville Public School District's basic financial statements and have issued our report thereon dated February 15, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported no classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman & Aldridge, PLLC
Certified Public Accountants
Vicksburg, Mississippi

February 15, 2019

GREENVILLE PUBLIC SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GREENVILLE PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None reported |
| 3. | Noncompliance material to financial statements noted? | Yes |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Identification of major programs: | |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.367	Improving teacher quality state grants
Child nutrition cluster:	
10.553	National school breakfast program
10.555	National school lunch program
10.559	Summer food service program for children
Special education cluster:	
84.027	Special education - grants to states
84.173	Special education - preschool grants

- | | | |
|----|--|-----------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 9. | Auditee qualified as low-risk auditee? | No |

Section II: Financial Statement Findings

Material Weaknesses

2017-001.

Criteria: The District is responsible for establishing and maintaining effective internal control over financial reporting.

GREENVILLE PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Condition: Material adjustments were required to the accounting records during the current year. These adjustments were made by a contract accountant with significant knowledge of the Accounting Manual for School Districts, provided by the Mississippi Department of Education.

Effect: The work performed by the contract accountant was necessary in order to bring the accounting records to a level which would allow an external auditor to perform an audit under *Government Auditing Standards*. Therefore, the annual audit for June 30, 2017 was significantly late.

Cause: The District has not established internal control procedures which would ensure that the District is following the Accounting Manual for School Districts.

Recommendation: The District should establish and maintain an effective internal control system over financial reporting ensuring that the District follows the Accounting Manual for School Districts. The District should continue to use the services of a contract accountant to provide ongoing monitoring of the accounting records and compliance with the Accounting Manual for School Districts.

Response: See Corrective Action Plan.

2017-002.

Criteria: An effective system of internal controls require the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition: During the course of our test work we found that bank reconciliations had not been prepared accurately and timely.

Effect: A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.

Cause: Cash accounts were not reconciled properly in a timely manner.

Recommendation: The District should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.

Response: See Corrective Action Plan.

2017-003.

Criteria: Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets. This includes reviewing and updating the capital assets and depreciation reports.

Condition: During the course of our audit we found that capital asset and depreciation reports did not agree and depreciation reports could not be produced by asset type.

Effect: The amounts of the capital assets and accumulated depreciation could not be verified.

GREENVILLE PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Cause: The District could not produce capital asset and depreciation reports needed to complete the audit of capital assets.

Recommendation: The District should review and update all capital asset and depreciation reports and ensure that these reports agree.

Response: See Corrective Action Plan.

Section III: Federal Award Findings and Questioned Costs

2017-004.

Programs: Child nutrition cluster: national school breakfast program – CFDA 10.553, national school lunch program – CFDA 10.555, summer food service program for children – CFDA 10.559; Improving teacher quality state grants – CFDA 84.367; Special education cluster: special education - grants to states – CFDA 84.027, special education - preschool grants – CFDA 84.173.

Compliance Requirement: Cash management

Criteria: An effective system of internal controls require the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition: During the course of our test work we found that bank reconciliations had not been prepared accurately and timely.

Effect: A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.

Cause: Cash accounts were not reconciled properly in a timely manner.

Recommendation: The District should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.

Response: See Corrective Action Plan.

GREENVILLE PUBLIC SCHOOL DISTRICT

CORRECTIVE ACTION PLAN



SAFETY + SUPERVISION + SCORES: STUDENT SUCCESS

AUDITEE'S CORRECTIVE ACTION PLAN

Finding 2017-001

- A. Name of contact person responsible for Corrective Action:
Name: Cynthia B. Cannon
Title: Business Manager
Phone: (662)334-7010
- B. Corrective Action Details — The Superintendent will recommend to the Board to use the services of a contract accountant to provide ongoing monitoring and training for the Business Office Staff and to ensure that accounting records are accurate and compliant with the Accounting Manual provided by the Mississippi Department of Education. The accounting services should ensure the Business Office Staff acquire the skills and knowledge necessary to make the appropriate adjustments independently in the future.
- C. Completion Date: Immediately

Finding 2017-002

- A. Name of contact person responsible for Corrective Action:
Name: Cynthia B. Cannon
Title: Business Manager
Phone: (662)334-7010
- B. Corrective Action Details — The Business Manager and Assistant Business Manager will collaborate monthly before bank reconciliations are finalized to ensure reports are accurate and timely. A recommendation will be made to the Board of Trustees to use the services of a contract accountant to ensure the bank reconciliations are up to date and accurate and to provide appropriate training to the Business Office Staff in this area as needed.
- C. Completion Date: Immediately

Finding 2017-003

- A. Name of contact person responsible for Corrective Action:
Name: Cynthia B. Cannon
Title: Business Manager
Phone: (662)334-7010

- B. Corrective Action Details — The Fixed Asset Clerk and the Business Manager will develop a plan to review and update the capital assets and depreciation reports. Monthly monitoring checks will be incorporated to ensure capital assets reports agree with the general ledger. The Business Manager will also contact the Accounting Software vendor to provide appropriate training to the Business Office Staff.

- C. Completion Date: Immediately

Finding 2017-004

- A. Name of contact person responsible for Corrective Action:
Name: Cynthia B. Cannon
Title: Business Manager
Phone: (662)334-7010

- B. Corrective Action Details — The Business Manager and Assistant Business Manager will collaborate monthly before bank reconciliations are finalized to ensure reports are accurate and timely. A recommendation will be made to the Board of Trustees to use the services of a contract accountant to ensure the bank reconciliations are up to date and accurate and to provide appropriate training to the Business Office Staff in this area as needed.

- C. Completion Date: Immediately

Sincerely Yours,


Cynthia B. Cannon
Greenville Public School District
Business Manager


Dr. Janice-Page
Greenville Public School District
Superintendent