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**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**



**BOARD OF TRUSTEES**

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**Superintendent**

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**Director of Finance**

**Violine Jordan, President**  
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# POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

## Table of Contents

INDEPENDENT AUDITOR’S REPORT	3
MANAGEMENT’S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS	
EXHIBIT A: Statement of Net Position	19
EXHIBIT B: Statement of Activities	20
EXHIBIT C: Balance Sheet – Governmental Funds	21
EXHIBIT C-1: Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	22
EXHIBIT D: Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
EXHIBIT D-1: Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	24
EXHIBIT E: Statement of Fiduciary Assets and Liabilities	25
NOTES TO THE FINANCIAL STATEMENTS	26
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule-General Fund	49
Budgetary Comparison Schedule-Title I-A Funds	50
Schedule of the District’s Proportionate Share of the Net Pension Liability	51
Schedule of District Contributions	52
Notes to the Required Supplementary Information	53
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	55
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	56
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund – Last Four Years	58
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds – Last Four Years	59
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	60
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance Required by the Uniform Guidance	63
Independent Auditor’s Report on Compliance with State Laws and Regulations	66
Schedule of Findings and Questioned Costs	69

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Mississippi Society of  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and Board of Trustees  
Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District, as of June 30, 2016, 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 6-17, 49-50, 51 and 52, 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 Poplarville Special Municipal Separate School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2017, on our consideration of the Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's internal control over financial reporting and compliance.



**KING CPA, PLLC**  
Petal, Mississippi  
January 23, 2017

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
(MD&A)**



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

The following discussion and analysis of Poplarville Special Municipal Separate School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Poplarville Special Municipal Separate School District (PSMSSD), organized in 1955, is located in Poplarville, Mississippi, the county seat of Pearl River County. A five-member board of trustees appointed by the Pearl River County Board of Supervisors and the Poplarville Board of Aldermen governs the school district. The trustees serve five year staggered terms. The PSMSSD Board of Trustees appoints the superintendent.

Poplarville is located on Interstate 59, 75 miles north of New Orleans, Louisiana and 50 miles from the Mississippi Gulf Coast. Poplarville's climate offers a mild winter, pleasant spring and fall, and summer sun that encourages outdoor activities. Pearl River Community College, the oldest two-year college in Mississippi, is also located in Poplarville. The college serves over 5,000 students.

PSMSSD serves approximately 25% of the students in Pearl River County, Mississippi. The present enrollment is 1,848 students. One of the largest geographic districts in the state, PSMSSD encompasses 498 square miles. The district serves over 10,000 citizens in the incorporated town of Poplarville and the unincorporated communities of Steep Hollow, Gum Pond, Buck Branch, Fords Creek, Byrdline, White Sand, Progress, Savannah, Harts Chapel, Oak Hill and Crossroads. In excess of 1400 students are transported on 24 buses to four schools in the district.

The four schools in the district are located in the town of Poplarville less than two miles apart. The four schools with enrollment are listed as follows: Poplarville Lower Elementary School grades k-2 serves 441 students, Poplarville Upper Elementary School grades 3-5 serves 419 students, Middle School of Poplarville grades 6-8 serves 448 students and Poplarville High School grades 9-12 serves 540 students. These schools are staffed by 180 certified staff and 120 non-certified staff members (excluding part-time substitutes). One hundred percent (100%) of the core teachers are highly qualified. The student average daily attendance rate is ninety-four percent (94%). The graduation rate is ninety percent (90%) and ninety-four percent (94%) including the completion rate.

## **FINANCIAL HIGHLIGHTS**

- Total net position for 2016 decreased \$907,029, which represents a 31.79% decrease from fiscal year 2015. Total net position for 2015 decreased \$21,417,954, including a prior period adjustment of (\$21,526,436), which represents an 88.24% decrease from fiscal year 2014.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

- General revenues amounted to \$15,374,630 and \$14,455,664, or 82% and 81% of all revenues for fiscal years 2016 and 2015, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,449,083, or 18% of total revenues for 2016, and \$3,379,014, or 19% of total revenues for 2015.
- The District had \$19,730,742 and \$17,726,196 in expenses for fiscal years 2016 and 2015; only \$3,449,083 for 2016 and \$3,379,014 for 2015 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,374,630 were not adequate to provide for these programs in 2016 and general revenues of \$14,455,664 were adequate to provide for these programs in 2015.
- Among major funds, the General Fund had \$15,239,690 in revenues and \$14,234,558 in expenditures for 2016, and \$14,380,486 in revenues and \$14,759,680 in expenditures for 2015. The General Fund's fund balance increased by \$533,246 from 2015 to 2016 and increased by \$3,489,617 from 2014 to 2015.
- Capital assets, net of accumulated depreciation, increased by \$36,954 for 2016 and decreased by \$64,776 for 2015. The majority of the increase for 2016 was due to the increase in accumulated depreciation and disposals of computer and other equipment offset by additions to buildings, building improvements, improvements other than buildings, buses and computer equipment. An additional building was purchased adjacent to the Poplarville Lower Elementary to set up for training and professional development.
- Long-term debt decreased by \$150,000 for 2016 and decreased by \$150,000 for 2015. This decrease for 2016 was due to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$11,904 for 2016 and increased by \$7,815 for 2015. The net pension liability increased by \$7,999,078 for 2016 and increased by \$19,083,386 for 2015 (year of implementation).

## **OVERVIEW OF 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 in addition to the basic financial statements themselves.

### **Government-wide financial statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflow of resources, liabilities and deferred inflows of resources with the differences 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 years.

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

**Fund financial statements**

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

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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 the New Pension Liability, and Schedule of District Contribution 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 (GASB).

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,946,339 as of June 30, 2016.

By far the largest portion of the District's positive net assets \$10,363,642 reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. The District's negative unrestricted net assets (\$15,398,491) are due to the implementation of *GASB Statement No. 68: Accounting and Financial Reporting for Pensions* which requires the districts net pension liability to be recorded effective June 30, 2015.

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, 2016 and June 30, 2015.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table 1  
Condensed Statement of Net Position**

	June 30, 2016	June 30, 2015	Percentage Change
Current assets	\$ 12,539,787	\$ 12,520,924	0.15 %
Restricted assets	1,482,826	1,304,849	13.64 %
Capital assets, net	13,517,642	13,480,688	0.27 %
<b>Total assets</b>	<u>27,540,255</u>	<u>27,306,461</u>	0.86 %
<b>Deferred Outflows of resources</b>	<u>7,781,732</u>	<u>2,021,611</u>	284.93 %
Current liabilities	446,868	374,708	19.26 %
Long-term debt outstanding	3,175,020	3,317,116	(4.28) %
Net pension liability	27,082,464	19,083,386	41.92 %
<b>Total liabilities</b>	<u>30,704,352</u>	<u>22,775,210</u>	34.81 %
<b>Deferred Inflows of resources</b>	<u>2,671,296</u>	<u>3,699,494</u>	(27.79) %
<b>Net position:</b>			
Invested in capital assets, net of related debt	10,363,642	10,176,688	1.84 %
Restricted	6,473,670	7,421,957	(12.78) %
Unrestricted	<u>(14,890,973)</u>	<u>(14,745,277)</u>	(0.99) %
<b>Total net position</b>	<u>\$ 1,946,339</u>	<u>\$ 2,853,368</u>	(31.79) %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (14,890,973)
Add: Unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>21,972,028</u>
<b>Unrestricted net position, exclusive of the net pension liability effect</b>	<u><b>\$ 7,081,055</b></u>

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

- Increase in net capital assets in the amount of \$36,954.
- The principal retirement of \$150,000 of long-term debt.
- Increase in the net pension liability in the amount of \$7,999,078.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2016 and June 30, 2015 were \$18,823,713 and \$17,834,678, respectively. The total cost of all programs and services was \$19,730,742 for 2016 and \$17,726,196 for 2015.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

**Table 2  
Changes in Net Position**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 629,947	\$ 608,577	3.51 %
Operating grants and contributions	2,819,136	2,770,437	1.76 %
General revenues:			
Property taxes	4,925,494	4,754,833	3.59 %
Grants and contributions not restricted	9,632,301	9,265,069	3.96 %
Investment earnings	77,007	62,615	22.98 %
Sixteenth section sources	446,177	275,565	61.91 %
Contributions and other general revenue	293,651	97,582	200.93 %
<b>Total revenues</b>	<u>18,823,713</u>	<u>17,834,678</u>	5.55 %
<b>Expenses:</b>			
Instruction	9,373,819	9,167,266	2.25 %
Support services	6,321,659	6,431,126	(1.70) %
Non-instructional	1,088,229	1,098,300	(0.92) %
Sixteenth section	41,608	48,239	(13.75) %
Pension expense	2,888,968	957,282	201.79
Interest and other expenses on long-term liabilities	16,459	23,983	(31.37) %
<b>Total Expenses</b>	<u>19,730,742</u>	<u>17,726,196</u>	11.31 %
<b>Increase (Decrease) in net position</b>	<u>(907,029)</u>	<u>108,482</u>	(936.11) %
<b>Net Position, July 1, as previously reported</b>	2,853,368	24,271,322	(88.24) %
<b>Prior Period Adjustment (PERS)</b>	<u>-</u>	<u>(21,526,436)</u>	100.00 %
<b>Net Position, July 1, as restated</b>	<u>2,853,368</u>	<u>2,744,886</u>	3.95 %
<b>Net Position, June 30</b>	<u>\$ 1,946,339</u>	<u>\$ 2,853,368</u>	(31.79) %

**Governmental activities**

The following table presents the cost of six major District functional activities: instruction, support services, non-instructional, sixteenth section, 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.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2015</b>	
Instruction	\$ 9,373,819	\$ 9,167,266	2.25 %
Support services	6,321,659	6,431,126	(1.70) %
Non-instructional	1,088,229	1,098,300	(0.92) %
Sixteenth section	41,608	48,239	(13.75) %
Pension expense	2,888,968	957,282	201.79 %
Interest on long-term liabilities	16,459	23,983	(31.37) %
<b>Total expenses</b>	<b>\$ 19,730,742</b>	<b>\$ 17,726,196</b>	<b>11.31 %</b>

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2015</b>	<b>2015</b>	
Instruction	\$ (7,894,868)	\$ (7,746,740)	1.91 %
Support services	(5,463,171)	(5,556,784)	(1.68) %
Non-instructional	(43,034)	(49,501)	(13.06) %
Sixteenth section	24,841	(12,892)	(292.69) %
Pension expense	(2,888,968)	(957,282)	201.79 %
Interest on long-term liabilities	(16,459)	(23,983)	(31.37) %
<b>Total net (expense) revenue</b>	<b>\$ (16,281,659)</b>	<b>\$ (14,347,182)</b>	<b>13.48 %</b>

- Net cost of governmental activities (\$16,281,659 for 2016 and \$14,347,182 for 2015) was financed by general revenue, which is primarily made up of property taxes (\$4,925,494 for 2016 and \$4,754,833 for 2015) and state and federal revenues (\$9,632,301 for 2016 and \$9,265,069 for 2015). In addition, there was \$446,177 and \$275,565 in Sixteenth Section sources for 2016 and 2015, respectively.
- Investment earnings amounted to \$77,007 for 2016 and \$62,615 for 2015.

## **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 \$13,732,598, an increase of \$127,905, which includes an increase in reserve for inventory of \$8,946. \$7,256,075 or 52% of the fund balance is unassigned, which represents the residual classification for the general



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$6,476,523 or 48% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned. Restricted fund balances consist of unemployment benefits, forestry improvements, debt service and grant activities.

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 \$533,246. The fund balance of Other Governmental Funds showed an increase in the amount of \$113,493, which includes an increase in reserve for inventory of \$8,946. The decrease in Capital Projects Funds is from the purchase of facilities acquisition and construction (purchase of buildings and building improvements). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I-A Funds	no increase or decrease
Capital Projects Funds	\$ (518,834)

### **BUDGETARY HIGHLIGHTS**

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

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2016, the District's total capital assets were \$22,457,293, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$711,174 from 2015. Total accumulated depreciation as of June 30, 2016, was \$8,939,651, and total depreciation expense for the year was \$700,669, resulting in total net capital assets of \$13,517,642.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>Percentage Change</b>
Land	\$ 298,945	\$ 298,945	0.00 %
Buildings	6,070,822	6,132,754	(1.01) %
Building improvements	5,731,188	5,625,660	1.88 %
Improvements other than buildings	556,321	590,554	(5.80) %
Mobile equipment	723,836	673,433	7.48 %
Furniture and equipment	136,530	159,342	(14.32) %
<b>Total</b>	<b>\$ 13,517,642</b>	<b>\$ 13,480,688</b>	<b>0.27 %</b>

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

**Debt Administration.** At June 30, 2016, the District had \$3,329,020 in outstanding long-term debt, of which \$154,000 is due within one year. The liability for compensated absences increased \$11,904 from the prior year.

**Table 5  
Outstanding Long-Term Debt**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>Percentage Change</b>
Three mill notes payable	\$ 154,000	\$ 304,000	(49.34) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	175,020	163,116	7.30 %
<b>Total</b>	<b>\$ 3,329,020</b>	<b>\$ 3,467,116</b>	<b>(3.98) %</b>

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

## **CURRENT ISSUES**

The Poplarville Special Municipal Separate School District is financially stable. The District is proud of its community support of the public school.

The District has committed itself to financial excellence for many years. In addition, the District's system of financial planning, budgeting and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Poplarville Special Municipal Separate School District, 302 South Julia Street, Poplarville, Mississippi 39470.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

<b>POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT</b>	<b>EXHIBIT A</b>
<b>STATEMENT OF NET POSITION</b>	
<b>JUNE 30, 2016</b>	

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 12,027,028
Due from other governments	467,309
Other receivables, net	2,980
Inventories	42,470
Restricted assets	1,482,826
Capital assets not being depreciated	
Land	298,945
Capital assets, net of accumulated depreciation	
Buildings	6,070,822
Building improvements	5,731,188
Improvements other than buildings	556,321
Mobile equipment	723,836
Furniture and equipment	136,530
Total Assets	27,540,255
<b>Deferred Outflows of Resources</b>	
Cost Sharing Pension Plan Contributions	7,781,732
Total Deferred Outflows of Resources	7,781,732
<b>Liabilities</b>	
Accounts payable and accrued liabilities	290,015
Interest payable on long-term liabilities	2,853
Long-term liabilities (due within one year)	
Capital-related liabilities	154,000
Long-term liabilities (due beyond one year)	
Capital-related liabilities	3,000,000
Non-capital related liabilities	175,020
Net pension liability	27,082,464
Total Liabilities	30,704,352
<b>Deferred Inflows of Resources</b>	
Cost sharing pension plan contributions	2,671,296
Total deferred Inflows of Resources	2,671,296
<b>Net Position</b>	
Net investment in capital assets	10,363,642
Restricted for:	
Expendable:	
School-based activities	2,004,060
Debt service	1,138,342
Capital improvements	2,816,685
Forestry improvements	30,722
Unemployment benefits	105,897
Non-expendable:	
Sixteenth section	377,964
Unrestricted	(14,890,973)
Total Net Position	\$ 1,946,339

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**EXHIBIT B**

**FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
<b>Governmental Activities:</b>				
Instruction	\$ 9,373,819	\$ 332,999	\$ 1,145,952	\$ (7,894,868)
Support services	6,321,659	3,621	854,867	(5,463,171)
Non-instructional	1,088,229	226,878	818,317	(43,034)
Sixteenth section	41,608	66,449	-	24,841
Pension expense	2,888,968	-	-	(2,888,968)
Interest on long-term liabilities	16,459	-	-	(16,459)
Total Governmental Activities	<u>\$ 19,730,742</u>	<u>\$ 629,947</u>	<u>\$ 2,819,136</u>	<u>\$ (16,281,659)</u>
General Revenues:				
Taxes:				
General purpose levies				4,671,921
Debt purpose levies				253,573
Unrestricted grants and contributions:				
State				9,570,257
Federal				62,044
Unrestricted investment earnings				77,007
Sixteenth section sources				446,177
Gain on sales of assets				251,254
Other				42,397
Total General Revenues				<u>15,374,630</u>
Change in Net Position				(907,029)
Net Position - Beginning				<u>2,853,368</u>
Net Position - Ending				<u>\$ 1,946,339</u>

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Governmental Funds**

**BALANCE SHEET**  
**JUNE 30, 2016**

**EXHIBIT C**

	<b>Major Funds</b>				<b>Total</b>
	<b>General Fund</b>	<b>Title 1-A Funds</b>	<b>Capital Projects Funds</b>	<b>Other Governmental Funds</b>	<b>Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 8,583,962	\$ -	\$ 2,800,785	\$ 991,101	\$ 12,375,848
Cash with fiscal agents	-	-	-	1,134,006	1,134,006
Due from other governments	247,625	94,725	-	124,959	467,309
Other receivables, net	-	-	-	1,494	1,494
Due from other funds	231,862	-	-	-	231,862
Advances to other funds	-	-	-	29,144	29,144
Inventories	-	-	-	42,470	42,470
<b>Total Assets</b>	<b>\$ 9,063,449</b>	<b>\$ 94,725</b>	<b>\$ 2,800,785</b>	<b>\$ 2,323,174</b>	<b>\$ 14,282,133</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 224,496	\$ 3,466	\$ -	\$ 62,053	\$ 290,015
Due to other funds	-	91,259	-	139,117	230,376
Advances from other funds	29,144	-	-	-	29,144
<b>Total Liabilities</b>	<b>253,640</b>	<b>94,725</b>	<b>-</b>	<b>201,170</b>	<b>549,535</b>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventory	-	-	-	42,470	42,470
Permanent fund principal	-	-	-	348,820	348,820
Advances	-	-	-	29,144	29,144
<b>Restricted:</b>					
Debt service	-	-	-	1,141,195	1,141,195
Forestry improvement purposes	-	-	-	30,722	30,722
Grant activities	-	-	-	423,756	423,756
Unemployment benefits	-	-	-	105,897	105,897
Sixteenth section	-	-	-	-	-
<b>Committed:</b>					
Special education	168,222	-	-	-	168,222
Alternative school	191,028	-	-	-	191,028
Insurance escrow	795,711	-	-	-	795,711
<b>Assigned:</b>					
Student activities	333,553	-	-	-	333,553
Capital improvements	15,900	-	2,800,785	-	2,816,685
Grant activities	49,320	-	-	-	49,320
<b>Unassigned</b>	<b>7,256,075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,256,075</b>
<b>Total Fund Balances</b>	<b>8,809,809</b>	<b>-</b>	<b>2,800,785</b>	<b>2,122,004</b>	<b>13,732,598</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 9,063,449</b>	<b>\$ 94,725</b>	<b>\$ 2,800,785</b>	<b>\$ 2,323,174</b>	<b>\$ 14,282,133</b>

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

**POPLARVILLE SEPARATE MUNICIPAL SPECIAL SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statements of Net Position  
JUNE 30, 2016**

**EXHIBIT C-1**

**Total fund balances for governmental funds** \$ 13,732,598

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

1.	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
	Land	\$ 298,945	
	Buildings	10,510,399	
	Building improvements	7,628,419	
	Improvements other than buildings	855,798	
	Mobile equipment	2,316,182	
	Furniture and equipment	847,550	
	Accumulated depreciation	<u>(8,939,651)</u>	13,517,642
2.	Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
	Three mill note	(154,000)	
	Qualified school construction bonds	(3,000,000)	
	Compensated absences	(175,020)	
	Accrued interest payable	(2,853)	
	Net pension liability	<u>(27,082,464)</u>	(30,414,337)
	Deferred outflows and inflows of resources related to pensions are applicable to future periods; and therefore, are not reported in the funds:		
	Deferred outflows of resources related to pensions	7,781,732	
	Deferred inflows of resources related to pensions	<u>(2,671,296)</u>	<u>5,110,436</u>
	<b>Net position of governmental activities</b>		<b>\$ <u><u>1,946,339</u></u></b>

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



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

**EXHIBIT D**

	<b>Major Funds</b>				
	<b>General Fund</b>	<b>Title 1-A Funds</b>	<b>Capital Projects Funds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Local sources	\$ 5,326,942	\$ -	\$ 9,877	\$ 501,726	\$ 5,838,545
State sources	9,390,065	-	-	780,856	10,170,921
Federal sources	62,044	712,203	-	1,506,270	2,280,517
Sixteenth section sources	460,639	-	-	69,470	530,109
Total Revenues	<u>15,239,690</u>	<u>712,203</u>	<u>9,877</u>	<u>2,858,322</u>	<u>18,820,092</u>
<b>Expenditures:</b>					
Instruction	8,463,728	494,470	-	1,046,865	10,005,063
Support services	5,740,976	178,859	-	920,029	6,839,864
Non-instructional services	19,377	26,274	-	1,055,095	1,100,746
Sixteenth section	4,702	-	-	36,906	41,608
Facilities acquisition and construction	4,060	-	528,711	16,001	548,772
Debt Service:					
Principal	-	-	-	150,000	150,000
Interest	1,715	-	-	14,136	15,851
Other	-	-	-	2,850	2,850
Total Expenditures	<u>14,234,558</u>	<u>699,603</u>	<u>528,711</u>	<u>3,241,882</u>	<u>18,704,754</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,005,132</u>	<u>12,600</u>	<u>(518,834)</u>	<u>(383,560)</u>	<u>115,338</u>
<b>Other Financing Sources (Uses)</b>					
Insurance recovery	3,621	-	-	-	3,621
Payment held by QSCB escrow agent	-	-	-	145,147	145,147
Operating transfers in	97,352	-	-	631,045	728,397
Operating transfers out	(572,859)	(12,600)	-	(142,938)	(728,397)
Payment to QSCB escrow agent	-	-	-	(145,147)	(145,147)
Total Other Financing Sources (Uses)	<u>(471,886)</u>	<u>(12,600)</u>	<u>-</u>	<u>488,107</u>	<u>3,621</u>
Net change in fund balances	533,246	-	(518,834)	104,547	118,959
<b>Fund Balances:</b>					
July 1, 2015	8,276,563	-	3,319,619	2,008,511	13,604,693
Decrease in reserve for inventory	-	-	-	8,946	8,946
June 30, 2016	<u>\$ 8,809,809</u>	<u>\$ -</u>	<u>\$ 2,800,785</u>	<u>\$ 2,122,004</u>	<u>\$ 13,732,598</u>

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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, 2016**

**EXHIBIT D-1**

**Net change in fund balances - total governmental funds** \$ 118,959

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

1. Governmental funds report capital outlays 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	\$ 737,890	
Depreciation expense	<u>(700,669)</u>	37,221

2. In the statement of activities, only 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 asset sold.

(267)

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 issuance costs, 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	150,000	
Accrued interest payable	<u>2,242</u>	152,242

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

Pension expense	(2,888,968)	
Pension contribution payment	1,676,742	
Change in compensated absences	(11,904)	
Change in inventory reserve	<u>8,946</u>	<u>(1,215,184)</u>

**Change in net position of governmental activities** \$ (907,029)

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2016**

**EXHIBIT E**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 642,527
Total Assets	<u>\$ 642,527</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 626,011
Due to other funds	1,486
Due to student clubs	15,030
Total Liabilities	<u>\$ 642,527</u>

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

# **POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

## **Notes to Financial Statements For the Year Ended June 30, 2016**

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

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

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

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

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

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

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

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, 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.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenditures, including instructional, support, and other costs are paid from this fund.

Title I-A Funds – This is a special revenue fund used to account for the school district's revenues earned and expenditures incurred through the Title I-A federal grant funds.

Capital Projects Funds – This is a capital project fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

The school district also reports fiduciary funds which focus on assets and liabilities.

The District's fiduciary funds include the following:

Payroll Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for payroll related liabilities.

Accounts Payable Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for related liabilities.

## **POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

### **Notes to Financial Statements For the Year Ended June 30, 2016**

Student Club Fund – This agency fund is used to report resources held by the District on behalf of students.

Additionally, the school district reports the following fund types:

#### **GOVERNMENTAL FUNDS**

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

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

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

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

#### **FIDUCIARY FUNDS**

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, 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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

(including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

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

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

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

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



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**D. Encumbrances**

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

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

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

**Cash and cash equivalents**

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

**Investments**

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

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

Investments for the district are reported at fair market value.

**2. Receivables and payables**

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**3. Due from Other Governments**

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

**4. Inventories and Prepaid Items**

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

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

**5. Restricted Assets**

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

**6. Capital Assets**

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

The following schedule details the capitalization thresholds:

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

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

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported \$7,781,732 regarding the cost-sharing pension plan deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported \$2,671,296 for deferred inflows regarding the cost-sharing pension plan.

**8. Compensated Absences**

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

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

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

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

**10. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to or 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 nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board of Trustees, the District's highest level of decision-making authority. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board.

## **POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

### **Notes to Financial Statements For the Year Ended June 30, 2016**

*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 Director of Finance pursuant to authorization established by the School Board of Trustees as approved by the fund balance reporting policy.

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

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

*Minimum unassigned fund balance* goal in the general fund at fiscal year end is 15% of annual general fund operating revenues. If the unassigned fund balance at fiscal year end falls below the goal, a restoration plan shall be developed to achieve and maintain the minimum fund balance.

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

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

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event

of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$12,375,848 and \$642,527, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents of \$12,027,028 and restricted assets of \$348,820 (which represents the cash balance of the Sixteenth Section Principal Fund). The bank balance was \$12,383,383 for governmental funds and \$1,171,767 for fiduciary funds.

*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 Mississippi 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, 2016, none of the district's bank balance of \$12,383,383 was exposed to custodial credit risk.

**Cash with Fiscal Agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,134,006. This amount is included as restricted assets on Exhibit A.

**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	Other Governmental Funds	\$ 139,117
	Title I-A Funds	91,259
	Fiduciary Funds	<u>1,486</u>
Total		<u>\$ 231,862</u>

The primary purpose of the inter-fund loans was to cover federal funds not received prior to year end and to properly allocate sixteenth section revenue.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 29,144
Total		<u>\$ 29,144</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable is not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 14,286	\$ 1,166	\$ 15,452
2018	14,858	594	15,452
Total	<u>\$ 29,144</u>	<u>\$ 1,760</u>	<u>\$ 30,904</u>

**C. Inter-fund Transfers**

Transfer Out	Transfer In	Amount
General Fund	Other Governmental Funds	\$ 572,859
Title 1-A Funds	General Fund	12,600
Other Governmental Funds	General Fund	84,752
	Other Governmental Funds	<u>58,186</u>
Total		<u>\$ 728,397</u>

Transfers are used primarily to move unrestricted general fund monies to finance various programs and projects accounted for in other funds.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, totaling \$348,820, 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 balance with fiscal agents, totaling \$1,134,006 of the Qualified School Construction Bond (QSCB) Retirement Fund.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**Note 5 – Capital Assets**

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

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2016</u>
<b><u>Non-depreciable capital assets:</u></b>				
Land	\$ 298,945	\$ -	\$ -	\$ 298,945
Total non-depreciable capital assets	<u>\$ 298,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,945</u>
<b><u>Depreciable capital assets:</u></b>				
Buildings	\$ 10,392,352	\$ 118,047	\$ -	\$ 10,510,399
Building improvements	7,217,754	410,665	-	7,628,419
Improvements other than buildings	855,798	-	-	855,798
Mobile equipment	2,150,082	166,100	-	2,316,182
Furniture and equipment	<u>831,188</u>	<u>43,078</u>	<u>26,716</u>	<u>847,550</u>
Total depreciable capital assets	<u>\$ 21,447,174</u>	<u>\$ 737,890</u>	<u>\$ 26,716</u>	<u>\$ 22,158,348</u>
<b><u>Less accumulated depreciation:</u></b>				
Buildings	\$ 4,259,598	\$ 179,979	\$ -	\$ 4,439,577
Building improvements	1,592,094	305,137	-	1,897,231
Improvements other than buildings	265,244	34,233	-	299,477
Mobile equipment	1,476,649	115,697	-	1,592,346
Furniture and equipment	<u>671,846</u>	<u>65,623</u>	<u>26,449</u>	<u>711,020</u>
Total accumulated depreciation	<u>\$ 8,265,431</u>	<u>\$ 700,669</u>	<u>\$ 26,449</u>	<u>\$ 8,939,651</u>
Total depreciable capital assets, net	<u>\$ 13,181,743</u>	<u>\$ 37,221</u>	<u>\$ 267</u>	<u>\$ 13,218,697</u>
Governmental activities capital assets, net	<u>\$ 13,480,688</u>	<u>\$ 37,221</u>	<u>\$ 267</u>	<u>\$ 13,517,642</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
Instruction	\$ 439,303
Support services	195,460
Non-instructional	<u>65,906</u>
Total depreciation expense - Governmental activities	<u><u>\$ 700,669</u></u>



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2015	Additions	Reductions	Balance 6/30/2016	Amounts due within one year
A. Three mill notes payable	\$ 304,000	\$ -	\$ 150,000	\$ 154,000	\$ 154,000
B. Qualified school construction bonds payable	3,000,000	-	-	3,000,000	-
C. Compensated absences payable	163,116	11,904	-	175,020	
Total	\$ 3,467,116	\$ 11,904	\$ 150,000	\$ 3,329,020	\$ 154,000

**A. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited - Tax School Note	4.65%	4/4/2002	4/1/2017	\$ 2,000,000	\$ 154,000

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 154,000	\$ 7,161	\$ 161,161
Total	\$ 154,000	\$ 7,161	\$ 161,161

This debt will be retired from Fund 4021 Three Mill Note Retirement Fund.

The limited-tax school note is secured by an irrevocable pledge of a direct, continuing, special tax, not to exceed three mills, upon all of the taxable property of the District levied by the Board of Supervisors, Pearl River County, Mississippi, pursuant to Section 37-59-107 of the Miss. Code Ann. (1972) for the payment of the principal and interest on the notes as the same shall respectively mature and accrue.

The District also irrevocably pledges to the payment of the notes the Education Enhancement Funds (EEF) to be received from the State of Mississippi pursuant to Section 37-61-33 of the Miss. Code Ann. (1972) during the years 2002 through 2017 in the approximate amount of \$63,592 per year. Provided, however, any EEF not required to pay the principal and interest on the notes in any year in which the EEF are pledged to repay the notes may be used by the District for any other authorized purpose.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**B. Qualified school construction bonds payable**

As more fully explained in Note 11 debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Tax Credit Rate	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	6.14%	0.00%	1/14/2010	6/15/2022	\$ 3,000,000	\$ 3,000,000

This debt will be retired from Fund 4031 Qualified School Construction Bond Retirement Fund.

The bonds are secured by an irrevocable pledge of a direct, continuing, special tax, not to exceed three mills, upon all of the taxable property of the District levied by the Board of Supervisors, Pearl River County, Mississippi, pursuant to Section 37-59-107 of the Miss. Code Ann. (1972) for the payment of the principal and interest on the notes as the same shall respectively mature and accrue.

The District also irrevocably pledges to the payment of the notes the Education Enhancement Funds (EEF) to be received from the State of Mississippi pursuant to Section 37-61-33 of the Miss. Code Ann. (1972) during the years 2010 through 2022 in the approximate amount of \$63,592 per year. Provided, however, any EEF not required to pay the principal and interest on the notes in any year in which the EEF are pledged to repay the notes may be used by the District for any other authorized purpose.

**C. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

## **POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

### **Notes to Financial Statements For the Year Ended June 30, 2016**

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 on 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, 2016 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 school district's contributions to PERS for the fiscal years ending June 30, 2016, 2015 and 2014 were \$1,676,742, \$1,723,916, and \$1,513,077, 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, 2016, the school district reported a liability of \$27,082,464 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2015, the school district's proportion was 0.1752 percent.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

For the year ended June 30, 2016, the District recognized pension expense of \$2,888,968. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual Experience	\$ 607,395	\$ -
Net difference between projected and actual earnings on pension plan investments	1,584,614	2,074,708
Changes of assumptions	3,912,981	-
Changes in proportion and differences between District contributions and proportionate share of Contributions	-	596,588
District contributions subsequent to the measurement date	1,676,742	-
Total	\$ <u>7,781,732</u>	\$ <u>2,671,296</u>

\$1,676,742 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2017	\$ 1,068,333
2018	1,118,509
2019	850,698
2020	<u>396,154</u>
Total	\$ <u>3,433,694</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

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, 2015 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100 %</u>	

*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:

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 35,697,170	\$ 27,082,464	\$ 19,933,871

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

**Note 8 – Sixteenth Section Lands**

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

Year Ending June 30	Amount
2017	\$ 27,800
2018	24,600
2019	9,080
2020	5,082
2021	2,000
2022 – 2026	-
Total	<u>\$ 68,562</u>

**Note 9 – Contingencies**

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

**Litigation** – A civil and criminal proceeding has been concluded regarding sixteenth section timber theft. The Mississippi Secretary of State's Office had estimated the amount to be in excess of \$200,000 beginning approximately February 2009 and ending approximately April

## **POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

### **Notes to Financial Statements For the Year Ended June 30, 2016**

2010. On January 22, 2014, the Poplarville School District received a check in the amount of \$98,162.78 for the settlement of the civil suit. The Pearl River County Circuit Court has also ordered the defendant to pay the school district restitution in the amount of \$25,540 as a result of the criminal proceedings. All restitution and fines are to be paid at a rate of at least \$500 per month commencing April 2014. The school district has received \$2,818.50 towards this restitution as of fiscal year ending June 30, 2016.

#### **Note 10 – 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 11 – Qualified School Construction Bonds**

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

The school district makes 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, 2016 was \$1,134,006. The amount accumulated in the sinking fund at the end of a twelve and one half-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 168,742
2018	332,105
2019	336,755
2020	341,469
2021 – 2022	696,464
Total	<u>\$ 1,875,535</u>

**Note 12 – Alternative School Consortium**

The school district entered into an Alternative School Agreement dated June 14, 2010 creating the Pearl River Central Center for Alternative Education. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Pearl River County School District and the Poplarville Special Municipal Separate School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Pearl River County School District has been designated as the lead school district for the Pearl River Central for Alternative Education, and the operations of the consortium are included in its financial statements.

**Note 13 – Insurance Loss Recoveries**

The Poplarville School District received \$3,621 in insurance loss recoveries related to minor repairs due to a bus accident settled during the 2015 - 2016 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated 100 percent in the amount of \$3,621 to Support Services.

**Note 14 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$14,890,973) includes the effect of deferring the recognition of expenses resulting from the cost-sharing pension plan deferred outflows and deferred inflows. The \$7,781,732 balance of the deferred outflow of resources at June 30, 2016 will be recognized as expenses and decrease unrestricted net position over the next three years. The \$2,671,296 balance of the deferred inflow of resources at June 30, 2016 will be recognized as revenue and increase unrestricted net position over the next four years.



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Notes to Financial Statements  
For the Year Ended June 30, 2016**

**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 Poplarville Special Municipal Separate School District evaluated the activity of the district through January 23, 2017, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

During the 2016 regular session, the Mississippi Legislature passed Senate Bill No. 2500 which provides for an administrative consolidation of the Lumberton Public School District not later than July 1, 2019. The local school boards of the Lumberton Public School District, Lamar County School District and Poplarville Special Municipal Separate School District shall enter into an agreement to abolish and dissolve the Lumberton School District and its central administrative office to be effective for the start of the 2019-2020 school year. Students enrolled in the schools of the former Lumberton School District may be granted an automatic transfer by the Lamar County Board of Education or the Poplarville School Board as determined by the residence of the student. Students residing in the bounded territory of Lamar County will be absorbed by the Lamar County School District. Students residing in the bounded territory of Pearl River County will be absorbed by the Poplarville School District.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>Revenues:</b>					
Local sources	\$ 4,740,206	\$ 5,265,606	\$ 5,326,942	\$ 525,400	\$ 61,336
State sources	9,458,537	9,385,847	9,390,065	(72,690)	4,218
Federal sources	89,884	87,128	62,044	(2,756)	(25,084)
Sixteenth section sources	258,775	457,823	460,639	199,048	2,816
Total Revenues	<u>14,547,402</u>	<u>15,196,404</u>	<u>15,239,690</u>	<u>649,002</u>	<u>43,286</u>
<b>Expenditures:</b>					
Instruction	8,599,916	8,647,244	8,463,728	(47,328)	183,516
Support services	6,232,152	5,861,843	5,740,976	370,309	120,867
Non-instructional services	16,850	22,375	19,377	(5,525)	2,998
Sixteenth section	14,450	5,232	4,702	9,218	530
Facilities acquisition and construction	-	5,000	4,060	(5,000)	940
Debt Service:					
Interest	1,716	1,716	1,715	-	1
Total Expenditures	<u>14,865,084</u>	<u>14,543,410</u>	<u>14,234,558</u>	<u>321,674</u>	<u>308,852</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(317,682)</u>	<u>652,994</u>	<u>1,005,132</u>	<u>970,676</u>	<u>352,138</u>
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	3,621	3,621	3,621	-
Operating transfers in	1,526,251	754,750	97,352	(771,501)	(657,398)
Operating transfers out	(1,968,594)	(1,228,156)	(572,859)	740,438	655,297
Total Other Financing Sources (Uses)	<u>(442,343)</u>	<u>(469,785)</u>	<u>(471,886)</u>	<u>(27,442)</u>	<u>(2,101)</u>
Net change in fund balances	<u>(760,025)</u>	<u>183,209</u>	<u>533,246</u>	<u>943,234</u>	<u>350,037</u>
<b>Fund Balances:</b>					
July 1, 2015	<u>8,276,563</u>	<u>8,276,563</u>	<u>8,276,563</u>	<u>-</u>	<u>-</u>
June 30, 2016	<u>\$ 7,516,538</u>	<u>\$ 8,459,772</u>	<u>\$ 8,809,809</u>	<u>\$ 943,234</u>	<u>\$ 350,037</u>

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Title I-A Funds**

**For the Year Ended June 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>Revenues:</b>					
Federal sources	\$ 876,778	\$ 895,761	\$ 712,203	\$ 18,983	\$ (183,558)
Total Revenues	<u>876,778</u>	<u>895,761</u>	<u>712,203</u>	<u>18,983</u>	<u>(183,558)</u>
<b>Expenditures:</b>					
Instruction	579,020	592,013	494,470	(12,993)	97,543
Support services	253,618	256,301	178,859	(2,683)	77,442
Noninstructional services	29,139	31,746	26,274	(2,607)	5,472
Total Expenditures	<u>861,777</u>	<u>880,060</u>	<u>699,603</u>	<u>(18,283)</u>	<u>180,457</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>15,001</u>	<u>15,701</u>	<u>12,600</u>	<u>700</u>	<u>(3,101)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(15,001)	(15,701)	(12,600)	(700)	3,101
Total Other Financing Sources (Uses)	<u>(15,001)</u>	<u>(15,701)</u>	<u>(12,600)</u>	<u>(700)</u>	<u>3,101</u>
Net change in fund balances	-	-	-	-	-
<b>Fund Balances:</b>					
July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**PERRY COUNTY SCHOOL DISTRICT**

**Required Supplemental Information**

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

**PERS**

**Last 10 Fiscal Years\***

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	\$ 27,082,464	\$ 19,083,386
District's proportionate share of the net pension liability (asset)	0.175200%	0.157218%
District's covered-employee payroll	10,945,498	9,606,838
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.430167%	198.643772%
Plan fiduciary net position as a percentage of the total pension liability	61.703983%	67.207687%

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

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

**PERRY COUNTY SCHOOL DISTRICT**

**Required Supplemental Information**

**Schedule of the District's Contributions**

**PERS**

**Last 10 Fiscal Years\***

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,676,742	\$ 1,723,916
Contributions in relation to the contractually required contribution	<u>1,676,742</u>	<u>1,723,916</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	10,645,989	10,945,498
Contributions as a percentage of covered- employee payroll	15.75%	15.75%

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2016

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of Benefit Terms

None.

(2) Changes of Assumptions

In 2015 and later, 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. In 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 and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	\$ 185,661
National school lunch program	10.555	672,481
Summer food service program for children	10.559	12,383
Total child nutrition cluster		<u>870,525</u>
<b>Total U.S. Department of Agriculture</b>		<u>870,525</u>
<b><u>Federal Communications Commission</u></b>		
Administered through Universal Service Administrative Company:		
Schools and libraries program of the universal service fund	32.XXX	43,038
<b>Total Federal Communications Commission</b>		<u>43,038</u>
<b><u>U. S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	712,203
Career and technical education - basic grants to states	84.048	24,513
Rural education achievement program	84.358	36,788
Improving teacher quality - state grants	84.367	129,442
Subtotal		<u>902,946</u>
Special education cluster:		
Special education - grants to states	84.027	420,787
Special education - preschool grants	84.173	14,147
Total special education cluster		<u>434,934</u>
Total passed-through Mississippi Department of Education		<u>1,337,880</u>
<b>Total U.S. Department of Education</b>		<u>1,337,880</u>
<b><u>U.S. Department of Health Services</u></b>		
Passed-through Mississippi Department of Health Services:		
Medical assistance program	93.778	10,068
Total passed-through Mississippi Department of Health Services		<u>10,068</u>
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	19,006
Total passed-through Mississippi Department of Education		<u>19,006</u>
<b>Total U.S. Department of Health Services</b>		<u>29,074</u>
Total for All Federal Awards		<u>\$ 2,280,517</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.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE DISTRICT**

**Supplementary Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2016**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 14,359,994	\$ 10,733,858	\$ 674,121	\$ 1,147,458	\$ 1,804,557
Other	4,344,760	1,302,873	147,514	27,108	2,867,265
Total	<u>\$ 18,704,754</u>	<u>\$ 12,036,731</u>	<u>\$ 821,635</u>	<u>\$ 1,174,566</u>	<u>\$ 4,671,822</u>
Total number of students *	1,731				
Cost per student	<u>\$ 10,806</u>	<u>\$ 6,953</u>	<u>\$ 475</u>	<u>\$ 679</u>	<u>\$ 2,699</u>

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

**Instruction and other student instructional expenses** - 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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**OTHER INFORMATION**

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2016	2015*	2014*	2013*
<b>Revenues:</b>				
Local sources	\$ 5,326,942	\$ 4,936,600	\$ 4,766,321	\$ 4,859,782
State sources	9,390,065	9,063,806	8,653,220	8,999,200
Federal sources	62,044	90,052	84,646	117,790
Sixteenth section sources	460,639	290,028	-	-
Total Revenues	<u>15,239,690</u>	<u>14,380,486</u>	<u>13,504,187</u>	<u>13,976,772</u>
<b>Expenditures:</b>				
Instruction	8,463,728	8,482,258	8,241,324	8,209,004
Support services	5,740,976	5,932,592	5,792,962	5,342,974
Noninstructional services	19,377	18,416	19,070	24,680
Sixteenth section	4,702	5,594	-	-
Facilities acquisition and construction	4,060	318,576	16,461	48,000
Debt service:				
Interest	1,715	2,244	2,752	3,240
Total Expenditures	<u>14,234,558</u>	<u>14,759,680</u>	<u>14,072,569</u>	<u>13,627,898</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,005,132</u>	<u>(379,194)</u>	<u>(568,382)</u>	<u>348,874</u>
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	3,621	3,938	-	-
Sale of transportation equipment	-	-	-	4,591
Sale of other property	-	1,157	41,490	-
Operating transfers in	97,352	88,379	15,989	14,417
Operating transfers out	(572,859)	(510,898)	(218,506)	(479,506)
Total Other Financing Sources (Uses)	<u>(471,886)</u>	<u>(417,424)</u>	<u>(161,027)</u>	<u>(460,498)</u>
Net Change in Fund Balances	<u>533,246</u>	<u>(796,618)</u>	<u>(729,409)</u>	<u>(111,624)</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	8,276,563	4,786,946	5,516,355	5,627,979
Fund reclassification		4,286,235	-	-
Beginning of period, as restated	<u>8,276,563</u>	<u>9,073,181</u>	<u>5,516,355</u>	<u>5,627,979</u>
End of Period	<u>\$ 8,809,809</u>	<u>\$ 8,276,563</u>	<u>\$ 4,786,946</u>	<u>\$ 5,516,355</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

**Other Information**

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2016	2015*	2014*	2013*
<b>Revenues:</b>				
Local sources	\$ 5,838,545	\$ 5,459,383	\$ 5,241,326	\$ 5,321,208
State sources	10,170,921	9,780,002	9,357,968	9,695,722
Federal sources	2,280,517	2,255,504	2,179,393	2,322,580
Sixteenth section sources	530,109	328,820	566,924	700,639
Total Revenues	18,820,092	17,823,709	17,345,611	18,040,149
<b>Expenditures:</b>				
Instruction	10,005,063	9,869,734	9,584,132	9,567,277
Support services	6,839,864	6,991,206	6,857,431	6,499,046
Noninstructional services	1,100,746	1,082,622	1,047,906	1,043,704
Sixteenth section	41,608	48,239	94,856	120,724
Facilities acquisition and construction	548,772	399,372	67,612	216,321
Debt service:				
Principal	150,000	150,000	146,000	140,000
Interest	15,851	23,355	30,652	37,650
Other	2,850	2,850	2,500	2,500
Total Expenditures	18,704,754	18,567,378	17,831,089	17,627,222
Excess (Deficiency) of Revenues over Expenditures	115,338	(743,669)	(485,478)	412,927
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	3,621	3,938	-	-
Payment to escrow agent	145,147	141,409	-	-
Payment to QSCB escrow agent	(145,147)	(141,409)	-	-
Sale of transportation equipment	-	-	-	4,591
Sale of other property	-	1,157	41,490	-
Operating transfers in	728,397	668,051	302,518	564,265
Operating transfers out	(728,397)	(668,051)	(302,518)	(564,265)
Total Other Financing Sources (Uses)	3,621	5,095	41,490	4,591
Net Change in Fund Balances	118,959	(738,574)	(443,988)	417,518
<b>Fund Balances:</b>				
Beginning of period, as originally reported	13,604,693	14,342,475	14,794,824	14,392,854
Prior period adjustment	-	-	-	(16,635)
Beginning of period, as restated	13,604,693	14,342,475	14,794,824	14,376,219
Increase (Decrease) in reserve for inventory	8,946	792	(8,361)	1,087
End of Period	\$ 13,732,598	\$ 13,604,693	\$ 14,342,475	\$ 14,794,824

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

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

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Certified Public Accountants

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Petal, MS 39465

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Mississippi Society of  
Certified Public Accountants

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

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Superintendent and School Board  
Poplarville Special Municipal Separate School District

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated January 23, 2017.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

*King CPA, PLLC*

**KING CPA, PLLC**  
Petal, Mississippi  
January 23, 2017



**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

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

American Institute of  
Certified Public Accountants

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Mississippi Society of  
Certified Public Accountants

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

Superintendent and School Board  
Poplarville Special Municipal Separate School District

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

We have audited Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's major federal programs for the year ended June 30, 2016. Poplarville Special Municipal Separate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Poplarville Special Municipal Separate 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 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 school district's compliance.

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

In our opinion, Poplarville Special Municipal Separate 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, 2016.

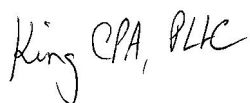
## **Report on Internal Control over Compliance**

Management of Poplarville Special Municipal Separate 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 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 Uniform Guidance, but not for purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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



**KING CPA, PLLC**  
Petal, Mississippi  
January 23, 2017

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT**

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

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

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Superintendent and School Board  
Poplarville Special Municipal Separate School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2016, which collectively comprise Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated January 23, 2017. 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 \$0 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 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.

*King CPA, PLLC*

**KING CPA, PLLC**  
Petal, Mississippi  
January 23, 2017

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For Year Ended June 30, 2016

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

- |  |               |
|--|---------------|
| 1. Type of auditor's report issued                       | Unmodified    |
| 2. Internal control over financial reporting             |               |
| a. Material weakness identified?                         | No            |
| b. Significant deficiency identified?                    | None Reported |
| 3. Noncompliance material to financial statements noted? | No            |

**Federal Awards:**

- |  |               |
|--|---------------|
| 4. Internal control over major programs:   |               |
| a. Material weakness identified?   | No            |
| b. Significant deficiency identified?  | 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) | No            |
| 7. Identification of major programs:   |               |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553	School breakfast program
10.555	National school lunch program
10.559	Summer food service program for children

- |   |            |
|---|------------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee?                                   | yes        |

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For Year Ended June 30, 2016

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Cost

The results of our tests did not disclose any findings and questioned costs related to federal awards.