



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Audited Financial Statements  
For the Year Ended June 30, 2016

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## TABLE OF CONTENTS, CONTINUED

---

	<u>PAGE</u>
OTHER INFORMATION	
Schedule III - Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	66
Schedule IV - Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	67
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	69
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	71
Independent Auditors' Report on Compliance with State Laws and Regulations	75
SUMMARY SCHEUDLE OF FINDINGS AND QUESTIONED COSTS:	
Section I – Summary of the Independent Auditors’ Results	79
Section II – Financial Statement Findings	80
Section III – Federal Award Findings and Questioned Costs	81
STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS	83
AUDITEE’S CORRECTIVE ACTION PLAN	84



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## TABLE OF CONTENTS

---

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Exhibit A - Statement of Net Position	17
Exhibit B - Statement of Activities	18
Governmental Funds Financial Statements:	
Exhibit C - Balance Sheet - Governmental Funds	20
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	22
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Fiduciary Funds Financial Statements:	
Exhibit E - Statement of Fiduciary Assets and Liabilities	25
Notes to the Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	52
Budgetary Comparison Schedule - School Lunch Fund	53
Budgetary Comparison Schedule - Title I Fund	54
Budgetary Comparison Schedule - Title II Fund	55
Budgetary Comparison Schedule - EHA Part B Fund	56
Budgetary Comparison Schedule - Capital Building Fund	57
Schedule of the District's Proportionate Share of the Net Pension Liability	58
Schedule of District Contributions	59
Notes to the Required Supplementary Information	60
SUPPLEMENTARY INFORMATION	
Schedule I - Schedule of Expenditures of Federal Awards	62
Notes to the Schedule of Expenditures of Federal Awards	63
Schedule II - Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	64

**INDEPENDENT AUDITORS' REPORT**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

## INDEPENDENT AUDITORS' REPORT

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

### **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 Yazoo City Municipal School District (the School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether



INDEPENDENT AUDITORS' REPORT  
CONTINUED

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 School District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 5-15, 52-57, 58 and 59, 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.

INDEPENDENT AUDITORS' REPORT  
CONTINUED

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four (4) Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four (4) 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 (4) Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four (4) 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.

INDEPENDENT AUDITORS' REPORT  
CONTINUED

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018, on our consideration of the 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 the School District's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Jackson, Mississippi

January 26, 2018



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED**

---

The following discussion and analysis of Yazoo City Municipal School District's (School District) 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.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2016 increased \$3,032,588, including a prior period adjustment of \$33,552, which represents a 19.22% increase from fiscal year 2015. Total net position for 2015 decreased \$21,836,003, including a prior period adjustment of (\$24,711,087), which represents a 361% decrease from fiscal year 2014.
- General revenues amounted to \$15,777,607 and \$14,996,177, or 76% and 74% 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 \$5,109,060, or 24% of total revenues for 2016, and \$5,305,142, or 26% of total revenues for 2015.
- The District had \$17,820,527 and \$17,426,235 in expenses for fiscal years 2016 and 2015; only \$5,109,060 for 2016 and \$5,305,142 for 2015 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$15,777,607 for 2016 and \$14,996,177 for 2015 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$14,190,393 in revenues and \$12,833,716 in expenditures for 2016, and \$13,884,557 in revenues and \$12,325,337 in expenditures for 2015. The General Fund's fund balance increased by \$1,579,544, including a prior period adjustment of \$3,611 from 2015 to 2016, and increased by \$1,780,270, including a prior period adjustment of \$7,707 and a fund reclass of Sixteenth Section Interest Funds from Special Revenue Fund to General Fund in the amount of \$66,674, from 2014 to 2015.
- Capital assets, net of accumulated depreciation, increased by \$154,792 for 2016, and increased by \$440,969 for 2015, including a prior period adjustment of \$30,822. The increase for 2016 was due primarily to additions to building improvements and mobile equipment.



## FINANCIAL HIGHLIGHTS

- Long-term debt decreased by \$830,000 for 2016 and decreased by \$810,000 for 2015. This decrease for 2016 was due primarily to the principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased by \$13,055 in 2016, and increased by \$32,877 in 2015.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

#### **Fund Financial Statements**

However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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

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

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

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

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

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

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



### **Reconciliation of Government-wide and Fund 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 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. Additionally, the Schedules of the District's Proportionate Share of the Net Pension Liability and of the District Contributions are included in this section.

### **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 (4) Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,749,808 as of June 30, 2016.

YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,749,808 as of June 30, 2016.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

#### Net position

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.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

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 School District's net position at June 30, 2016 and June 30, 2015.

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

	June 30, 2016	June 30, 2015	Percentage Change
Current assets	\$ 6,303,240	\$ 5,684,035	10.89 %
Restricted assets	606,415	130,153	365.92 %
Capital assets, net	7,764,411	7,609,619	2.03 %
<b>Total assets</b>	<b>14,674,066</b>	<b>13,423,807</b>	<b>9.31 %</b>
 <b>Deferred outflows of resources</b>	 <b>4,101,471</b>	 <b>1,827,728</b>	 <b>124.40 %</b>
 Current liabilities	 203,502	 253,538	 (19.74) %
Long-term debt outstanding	4,147,554	4,991,425	(16.91) %
Net pension liability	22,924,256	20,845,728	9.97 %
<b>Total liabilities</b>	<b>27,275,312</b>	<b>26,090,691</b>	<b>4.54 %</b>
 <b>Deferred inflows of resources</b>	 <b>4,250,033</b>	 <b>4,943,240</b>	 <b>(14.02) %</b>
 <b>Net position:</b>			
Net investment in capital assets	3,722,942	2,782,124	33.82 %
Restricted	2,312,802	2,709,166	14.63 %
Unrestricted	(18,785,552)	(21,273,686)	11.70 %
<b>Total net position</b>	<b>\$ (12,749,808)</b>	<b>\$ (15,782,396)</b>	<b>19.22 %</b>

Additional information on unrestricted net position:

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED**

---

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

Total unrestricted net position (deficit)	\$ (18,785,552)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>23,072,818</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 4,287,266</u>

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

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 \$154,792.
- The principal retirement of \$830,000 of long-term debt.
- The net pension liability amounted to \$22,924,256.

**Changes in net position**

The School District's total revenues for the fiscal years ended June 30, 2016 and June 30, 2015 were \$20,886,667 and \$20,310,319, respectively. The total cost of all programs and services was \$17,820,527 for 2016 and \$17,426,235 for 2015.

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED**

**Table 2  
Changes in Net Position**

	Year Ended June 30, 2016	Year Ended June 30, 2015	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 166,064	\$ 188,288	(11.80) %
Operating grants and contributions	4,942,996	5,004,239	(1.22) %
Capital grants and contributions	-	112,615	(100.00) %
General revenues:			
Property taxes	2,544,061	2,473,067	2.87 %
Grants and contributions not restricted	13,017,061	12,423,774	4.78 %
Investment earnings	39,809	30,057	32.45 %
Sixteenth Section sources	38,966	38,400	1.47 %
Other	137,710	30,879	345.97 %
<b>Total revenues</b>	<b>20,886,667</b>	<b>20,301,319</b>	<b>2.88 %</b>
<b>Expenses:</b>			
Instruction	8,859,733	9,229,106	(4.00) %
Support services	6,635,012	5,695,773	16.49 %
Non-instructional	1,558,114	1,627,236	(4.25) %
Sixteenth section	1,920	1,920	0.00 %
Pension expense	632,406	720,613	(12.24) %
Interest on long-term liabilities	133,342	151,587	(12.04) %
<b>Total expenses</b>	<b>17,820,527</b>	<b>17,426,235</b>	<b>2.26 %</b>
<b>Increase (Decrease) in net position</b>	<b>3,066,140</b>	<b>2,875,084</b>	<b>6.65 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>(15,782,396)</b>	<b>6,053,607</b>	<b>(360.71) %</b>
<b>Prior Period Adjustment</b>	<b>(33,552)</b>	<b>(24,711,087)</b>	<b>99.86 %</b>
<b>Net Position, July 1, as restated</b>	<b>(15,815,948)</b>	<b>(18,657,480)</b>	<b>15.23 %</b>
<b>Net Position, June 30</b>	<b>\$ (12,749,808)</b>	<b>\$ (15,782,396)</b>	<b>19.22 %</b>

YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

**Governmental activities**

The following table presents the cost of six major School 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.

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

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>	
Instruction	\$ 8,859,733	\$ 9,229,106	(4.00) %
Support services	6,635,012	5,695,773	16.49 %
Non-instructional	1,558,114	1,627,236	(4.25) %
Sixteenth section	1,920	1,920	0.00 %
Pension Expense	632,406	720,613	(12.24) %
Interest on long-term liabilities	133,342	151,587	(12.04) %
<b>Total expenses</b>	<b>\$ 17,820,527</b>	<b>\$ 17,426,235</b>	<b>2.26 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage Change</b>
	<b>2016</b>	<b>2015</b>	
Instruction	\$ (7,504,920)	\$ (6,955,621)	(7.90) %
Support services	(4,687,157)	(4,521,217)	(3.67) %
Non-instructional	248,278	229,865	8.01 %
Sixteenth section	(1,920)	(1,920)	0.00 %
Pension Expense	(632,406)	(720,613)	12.24 %
Interest on long-term liabilities	(133,342)	(151,587)	(12.04) %
<b>Total net (expense) revenue</b>	<b>\$ (12,711,467)</b>	<b>\$ (12,121,093)</b>	<b>(4.87) %</b>

- Net cost of governmental activities [(\$12,711,467) for 2016 and (\$12,121,093) for 2015] was financed by general revenue, which is primarily made up of property taxes (\$2,544,061 for 2016 and \$2,473,067 for 2015) and state and federal revenues (\$13,017,061 for 2016 and \$12,423,774 for 2015). In addition, there was \$38,966 and \$38,400 in Sixteenth Section sources for 2016 and 2015, respectively.
- Investment earnings amounted to \$39,809 for 2016 and \$30,057 for 2015.

YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED

---

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the School 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 School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

The financial performance of the School District as a whole is reflected in its governmental funds. As the School District completed the year, its governmental funds reported a combined fund balance of \$6,733,762, an increase of \$1,139,764 which includes a prior period adjustment of (\$26,790) and an increase in inventory of \$60. \$4,747,477 or 70.5% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,986,285 or 29.5% 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.

The General Fund is the principal operating fund of the School District. The increase in fund balance in the General Fund for the fiscal year was \$1,579,544 including a prior period adjustment of \$3,611. The fund balance of Other Governmental Funds showed a decrease in the amount of \$75,911 which includes a prior period adjustment of \$2. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
School Lunch Fund	\$74,073
Title I Fund	\$20,348
EHA Part B Fund	\$10,050
Title II Fund	no increase or decrease
Capital Improvement Building Fund	(\$438,001)

## BUDGETARY HIGHLIGHTS

During the year, the School 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.

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



YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2016, the School District's total capital assets were \$16,334,560, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and construction in progress. This amount represents an increase of \$409,817 from 2015. Total accumulated depreciation as of June 30, 2016, was \$8,570,149 and total depreciation expense for the year was \$336,344 resulting in total net capital assets of \$7,764,411.

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

	June 30, 2016	June 30, 2015	Percentage Change
Land	\$ 602,643	\$ 602,643	0.00 %
Construction in progress	92,620	-	N/A %
Buildings	5,628,975	5,759,202	(2.26) %
Building improvements	575,972	610,973	(5.73) %
Improvements other than buildings	66,868	40,584	64.76 %
Mobile equipment	437,796	544,941	(19.66) %
Furniture and equipment	359,537	51,276	601.18 %
<b>Total</b>	<b>\$ 7,764,411</b>	<b>\$ 7,609,619</b>	<b>2.03 %</b>

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

**Debt Administration.** At June 30, 2016, the School District had \$4,146,085 in outstanding long-term debt, of which \$855,304 is due within one year. The liability for compensated absences decreased \$13,055 from the prior year.

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

	June 30, 2016	June 30, 2015	Percentage Change
General obligation bonds payable	\$ 1,660,000	\$ 2,045,000	(18.83) %
Limited obligation refunding bonds payable	595,000	880,000	(32.39) %
Limited tax notes payable	1,785,000	1,945,000	(8.23) %
Compensated absences payable	106,085	119,140	(10.96) %
<b>Total</b>	<b>\$ 4,146,085</b>	<b>\$ 4,989,140</b>	<b>(16.90) %</b>

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016, CONTINUED**

---

**CAPITAL ASSETS AND DEBT ADMINISTRATION, CONTINUED**

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

**CURRENT ISSUES**

The Yazoo City Municipal School District is financially stable. The district is proud of its public schools and the support its community offers.

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

Enrollment for the 2015-2016 year decreased by 4% to 2,393 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report contact the Superintendent's Office of the Yazoo City Municipal School District, 1133 Calhoun Avenue, Yazoo City, MS 39194.

## **BASIC FINANCIAL STATEMENTS**

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2016**

**Exhibit A**

	Governmental
	Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,474,674
Due from other governments	786,977
Other receivables, net	15
Inventories and prepaid items	41,574
Restricted assets	606,415
Capital assets, net	7,764,411
<b>Total Assets</b>	<b><u>14,674,066</u></b>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows of resources from pension	<u>4,101,471</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	175,893
Interest payable on Long-term debt	27,609
Long-term liabilities due within one year:	
Capital related liabilities	850,000
Bond premium, capital related, net of discount	816
Non-capital liabilities	5,304
Long-term liabilities due beyond one year:	
Capital related liabilities	3,190,000
Bond premium, capital related, net of discount	653
Non-capital liabilities	100,781
Net pension liability	<u>22,924,256</u>
<b>Total Liabilities</b>	<b><u>27,275,312</u></b>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows of resources from pension	<u>4,250,033</u>
 <b>Net Position (deficit)</b>	
Net investment in capital assets	3,722,942
Restricted For:	
Expendable:	
School based activities	1,039,846
Debt service	618,084
Capital improvements	109,217
Forestry improvements	392,377
Unemployment benefits	26,562
Non-expendable:	
Sixteenth section	126,716
Unrestricted (deficit)	<u>(18,785,552)</u>
<b>Net Position (deficit)</b>	<b><u>\$ (12,749,808)</u></b>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Statement of Activities**

For the Year Ended June 30, 2016

**Exhibit B**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 8,859,733	\$ 99,453	\$ 1,255,361	\$ -	\$ (7,504,920)
Support services	6,635,012	-	1,947,855	-	(4,687,157)
Noninstructional services	1,558,114	66,611	1,739,780	-	248,278
Sixteenth section	1,920	-	-	-	(1,920)
Interest on long term liabilities	133,342	-	-	-	(133,342)
Pension expense	632,406	-	-	-	(632,406)
<b>Total Governmental Activities</b>	<b>\$ 17,820,527</b>	<b>\$ 166,064</b>	<b>\$ 4,942,996</b>	<b>\$ -</b>	<b>\$ (12,711,467)</b>
General Revenues:					
Taxes:					
Property taxes - general purposes					2,544,061
Unrestricted grants and contributions:					
State					12,919,633
Federal					97,428
Unrestricted investment earnings					39,809
Sixteenth section sources					38,966
Other					137,710
<b>Total General Revenues</b>					<b>15,777,607</b>
Change in Net Position					3,066,140
Net Position (deficit) - Beginning, as previously reported					(15,782,396)
Prior Period Adjustments					(33,552)
Net Position (deficit) - Beginning, as restated					(15,815,948)
Net Position (deficit) - Ending					<b>\$ (12,749,808)</b>

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

**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Exhibit C**

**Balance Sheet**

**June 30, 2016**

June 30, 2016	Major Funds							
	General Fund	School Lunch Fund	Title I Fund	Title II Fund	EHA Part B Fund	Capital Improvement Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 3,977,326	\$ 815,491	\$ -	\$ -	\$ -	\$ 456,178	\$ 828,444	\$ 6,077,439
Investments	-	-	-	-	-	-	3,650	3,650
Due from other governments	239,903	2,619	70,738	62,247	102,996	-	308,474	786,977
Due from other funds	296,379	17,605	-	-	-	-	-	313,984
Inventories	-	41,565	-	-	-	-	-	41,565
Prepaid items	9	-	-	-	-	-	-	9
Total assets	<u>4,513,617</u>	<u>877,280</u>	<u>70,738</u>	<u>62,247</u>	<u>102,996</u>	<u>456,178</u>	<u>1,140,568</u>	<u>7,223,624</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	81,215	10,752	1,500	-	8,827	66,928	6,672	175,894
Due to other funds	-	-	69,238	62,247	94,169	-	88,314	313,968
Unavailable revenue - federal programs	-	-	-	-	-	-	-	-
Total Liabilities	<u>81,215</u>	<u>10,752</u>	<u>70,738</u>	<u>62,247</u>	<u>102,996</u>	<u>66,928</u>	<u>94,986</u>	<u>489,862</u>
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Inventory	-	41,565	-	-	-	-	-	41,565
Permanent fund	-	-	-	-	-	-	126,716	126,716
<b>Restricted:</b>								
Debt service	-	-	-	-	-	-	645,782	645,782
Capital projects	-	-	-	-	-	-	109,217	109,217
Forestry improvement purposes	-	-	-	-	-	389,250	3,127	392,377
Unemployment benefits	-	-	-	-	-	-	26,562	26,562
Other Commitments	-	824,963	-	-	-	-	(219,948)	605,015
<b>Assigned:</b>								
School Activities	39,051	-	-	-	-	-	-	39,051
Activity funds	-	-	-	-	-	-	-	-
<b>Unassigned</b>	<u>4,393,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,126</u>	<u>4,747,477</u>
Total Fund Balances	<u>4,432,402</u>	<u>866,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,250</u>	<u>1,045,582</u>	<u>6,733,762</u>
Total Liabilities and Fund Balances	<u>\$ 4,513,617</u>	<u>\$ 877,280</u>	<u>\$ 70,738</u>	<u>\$ 62,247</u>	<u>\$ 102,996</u>	<u>\$ 456,178</u>	<u>\$ 1,140,568</u>	<u>\$ 7,223,624</u>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2016**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 6,733,762

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	\$	602,643	
Construction in progress		92,620	
Buildings		11,497,443	
Building improvements		875,029	
Improvements other than buildings		334,340	
Mobile equipment		1,402,822	
Furniture and equipment		1,529,663	
Accumulated depreciation		<u>(8,570,149)</u>	7,764,411

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

Net pension liability		(22,924,256)	
-----------------------	--	--------------	--

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		4,101,471	
Deferred inflows of resources related to pensions		<u>(4,250,033)</u>	(23,072,818)

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

General obligation bonds		(1,660,000)	
Limited obligation refunding bonds		(595,000)	
Limited Tax Notes		(1,785,000)	
Bond premium		(1,801)	
Bond discount		332	
Compensated absences		(106,085)	
Accrued interest payable		<u>(27,609)</u>	
			<u>(4,175,163)</u>

**Net Position of governmental activities** \$ (12,749,808)

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



## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## Governmental Funds

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

Exhibit D

	Major Funds							
	General Fund	School Lunch Fund	Title I Fund	Title II Fund	EHA Part B Fund	Capital Improvement Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>								
Local sources	\$ 2,307,866	\$ 72,431	\$ -	\$ -	\$ -	\$ 490	\$ 506,858	\$ 2,887,645
State sources	11,746,133	16,743	-	-	-	-	1,156,757	12,919,633
Federal sources	97,428	1,744,043	1,670,376	387,632	683,110	-	457,833	5,040,422
Sixteenth section sources	38,966	-	-	-	-	-	-	38,966
Total Revenues	14,190,393	1,833,217	1,670,376	387,632	683,110	490	2,121,448	20,886,666
<b>Expenditures:</b>								
Instruction	7,811,993	-	634,065	-	256,550	-	860,920	9,563,528
Support services	5,019,803	128,937	1,005,551	220,593	387,531	85,520	353,325	7,201,260
Noninstructional services	-	1,478,075	144,405	-	-	-	20,410	1,642,890
Sixteenth section	1,920	-	-	-	-	-	-	1,920
Facilities acquisition and construction	-	-	-	-	-	352,971	-	352,971
Debt service:								
Principal	-	-	-	-	-	-	830,000	830,000
Interest	-	-	-	-	-	-	123,903	123,903
Other	-	-	-	-	-	-	3,700	3,700
Total Expenditures	12,833,716	1,607,012	1,784,021	220,593	644,081	438,491	2,192,258	19,720,172
Excess (Deficiency) of Revenues over (under) Expenditures	1,356,677	226,205	(113,645)	167,039	39,029	(438,001)	(70,810)	1,166,494
<b>Other Financing Sources (Uses):</b>								
Operating transfers in	266,373	-	167,040	-	-	-	103,227	536,640
Operating transfers out	(47,117)	(152,132)	(33,047)	(167,039)	(28,979)	-	(108,326)	(536,640)
Total Other Financing Sources (Uses)	219,256	(152,132)	133,993	(167,039)	(28,979)	-	(5,099)	-
Net Change in Fund Balances	1,575,933	74,073	20,348	-	10,050	(438,001)	(75,909)	1,166,494
<b>Fund Balances:</b>								
July 1, 2015, as previously reported	2,852,858	792,395	-	-	-	827,252	1,121,493	5,593,998
Prior Period Adjustments	3,611	-	(20,348)	-	(10,050)	(1)	(2)	(26,790)
July 1, 2015, as restated	2,856,469	792,395	(20,348)	-	(10,050)	827,251	1,121,491	5,567,208
Increase in reserve for inventory	-	60	-	-	-	-	-	60
June 30, 2016	\$ 4,432,402	\$ 866,528	\$ -	\$ -	\$ -	\$ 389,250	\$ 1,045,582	\$ 6,733,762

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

**YAZOO CITY MUNICIPAL 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** \$ 1,166,494

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

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

Capital outlay	\$ 489,576		
Loss on disposal of assets	(24,991)		
Depreciation expense	<u>(336,344)</u>		128,241

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

Payments of debt principal	830,000		
Accrued interest payable	<u>(5,739)</u>		824,261

3. Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(632,406)		
Recording of contributions made subsequent to the measurement date	<u>1,565,619</u>		933,213

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:

Change in compensated absences	13,055		
Bond premium	900		
Bond discount	(84)		
Change in inventory	<u>60</u>		13,931

**Change in Net Position of governmental activities** \$ 3,066,140

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

**FIDUCIARY FUNDS FINANCIAL STATEMENT**

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Fiduciary Funds**

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

**Exhibit E**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$723,866
Due from other governments	-
Total Assets	<u>\$723,866</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$708,584
Due to other funds	16
Due to student clubs	15,266
Total Liabilities	<u>\$723,866</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



## **YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

### **Notes to the Financial Statements, Continued**

**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, Yazoo City 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, the 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 assets.

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

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

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

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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.

School Lunch Fund - This fund is used to account for financial resources received and spent under the federal child nutrition program.

Title I Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Title I grants to local educational agencies program.

Title II Improving Teacher Quality Fund - This special revenue fund accounts for the school district's revenues and expenditures associated with administering the Title II Teacher Quality grant for the district.



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

## Note 1 – Summary of Significant Accounting Policies, Continued

### B. Government-wide and Fund Financial Statements, Continued

EHA Part B Fund - This fund accounts for resources from the grants to states to assist them in providing a free appropriate public education to all children with disabilities.

Capital Improvement Building Fund - This fund is used to account for financial resources to be used for capital improvements to buildings and the purchase of school buses.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Student Club Funds - These various funds are used to report student club resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Accounts Payable Clearing Fund - This fund is used to report the accounts payable resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Additionally, the District reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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



## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

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

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. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars.

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

### Note 1 – Summary of Significant Accounting Policies, Continued

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

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 tax levying authority.

Capital asset acquisitions are reported as expenditures in the 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 combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net assets 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.

#### 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.



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

## Note 1 – Summary of Significant Accounting Policies, Continued

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

#### 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.

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

#### 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.

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

### Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

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

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

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. 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.



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

## Note 1 – Summary of Significant Accounting Policies, Continued

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

#### 6. Capital Assets, Continued

The following schedule details the capitalization thresholds:

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

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

#### 7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow from pension.

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

See Note 12 for further details.

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

### Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

#### Note 1 – Summary of Significant Accounting Policies, Continued

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

###### 8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972). The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

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

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

###### 10. Pensions

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

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

### Note 1 – Summary of Significant Accounting Policies, Continued

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

##### 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 *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.

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

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

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



## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

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

---

### Note 1 – Summary of Significant Accounting Policies, Continued

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

*Unassigned fund balance* is the residual classification for the general fund and the spendable portion of the sixteenth section principal 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. The school district has chosen to show a positive unassigned fund balance in the sixteenth section principal fund since the spendable portion of it has not been restricted, committed, or assigned. In other governmental funds, it may be necessary to report a negative unassigned fund balance. When an expenditure 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 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.

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

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

**Deposits.** The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972).



## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

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

This section permits the following types of investments:

(a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds

(Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

#### Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$6,077,439 and \$723,866, respectively.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. 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 \$7,601,614 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 \$3,650.

## YAZOO CITY MUNICIPAL SCHOOL DISTRICT

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

### 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	Title I Fund	\$ 69,238
	Title II Fund	62,247
	EHA Part B Fund	94,169
	Other Governmental Fund	70,709
	Fiduciary Fund	16
School Lunch Fund	Other Governmental Fund	17,605
		<u>\$ 313,984</u>

The primary purpose of the inter-fund receivables and payables are to close out the federal programs at year end and other normal day to day operations.

#### B. Inter-fund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	School Lunch Fund	\$ 152,132
	Title I Fund	33,047
	EHA Part B Fund	28,979
	Other Governmental	52,215
	General Fund	47,117
Other Governmental Fund	Other Governmental	56,110
	Title II Fund	167,039
Title I	Other Governmental	1
		<u>\$ 536,640</u>

The transfers were in part for indirect cost transfers. All transfers were consistent with the activities of the fund making the transfer.

### Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent's balance, totaling \$3,650 of the MAEP Retirement Fund. In addition, the restricted assets represent the cash balance, totaling \$602,765, 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.

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

## Note 5 – Capital Assets

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

	Balance 7/1/2015	Increases	Decreases	Transfer	Adjustments	Balance 6/30/2016
<b>Governmental Activities:</b>						
<u>Non-depreciable capital assets:</u>						
Land	\$ 602,643	\$ -	\$ -	\$ -	\$ -	\$ 602,643
Construction in progress	-	352,971	-	(260,351)	-	92,620
Total non-depreciable capital assets	602,643	352,971	-	(260,351)	-	695,263
<u>Depreciable capital assets:</u>						
Buildings	11,497,443	-	-	-	-	11,497,443
Building improvements	875,029	-	-	-	-	875,029
Improvements other than buildings	202,921	-	-	-	131,419	334,340
Mobile equipment	1,637,611	18,855	(253,644)	-	-	1,402,822
Furniture and equipment	1,109,096	117,750	(15,548)	260,351	58,014	1,529,663
Total depreciable capital assets	15,322,100	136,605	(269,192)	260,351	189,433	15,639,297
<u>Less accumulated depreciation for:</u>						
Buildings	5,738,241	130,227	-	-	-	5,868,468
Building improvements	264,056	35,001	-	-	-	299,057
Improvements other than buildings	162,337	-	-	-	105,135	267,472
Mobile equipment	1,092,670	98,791	(228,808)	-	2,373	965,026
Furniture and equipment	1,057,820	72,325	(15,393)	-	55,374	1,170,126
Total accumulated depreciation	8,315,124	336,344	(244,201)	-	162,882	8,570,149
Total depreciable capital assets, net	7,006,976	(199,739)	(24,991)	260,351	26,551	7,069,148
Governmental activities capital assets, net	\$ 7,609,619	\$ 153,232	\$ (24,991)	\$ -	\$ 26,551	\$ 7,764,411

The adjustments were necessary to move completed construction projects to the appropriate asset category and to properly present assets due to software conversion in May 2015.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental Activities:	
Instruction	\$ 225,738
Support services	106,232
Non-instructional	4,374
Total depreciation expense	\$ 336,344



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

### Note 5 – Capital Assets, Continued

Construction in progress is composed of the following:

	<u>Spent to</u> <u>June 30, 2016</u>	<u>Remaining</u> <u>Commitment</u>
High School Gym Bleachers	\$ 92,620	\$ -
	<u>\$ 92,620</u>	<u>\$ -</u>

### Note 6 – Long-term Liabilities

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

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
General obligation bonds	\$ 2,045,000	\$ -	\$ 385,000	\$ 1,660,000	\$ 390,000
Limited obligation bonds	880,000	-	285,000	595,000	295,000
Limited tax notes payable	1,945,000	-	160,000	1,785,000	165,000
Compensated absences	119,140	-	13,055	106,085	5,304
Sub total	<u>\$ 4,989,140</u>	<u>\$ -</u>	<u>\$ 843,055</u>	<u>\$ 4,146,085</u>	<u>\$ 855,304</u>
Add: Bond Premium	\$ 2,701	\$ -	\$ (900)	\$ 1,801	\$ (900)
Less: Bond Discount	(416)	-	84	(332)	84
	<u>\$ 2,285</u>	<u>\$ -</u>	<u>\$ (816)</u>	<u>\$ 1,469</u>	<u>\$ (816)</u>

### A. General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Obligation refunding bonds, Series 2011	1-3.25%	06-07-11	09-01-20	\$ 3,480,000	\$ 1,660,000
				<u>\$ 3,480,000</u>	<u>\$ 1,660,000</u>



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

**Note 6 – Long-term Liabilities, Continued****A. General Obligation Bonds, Continued**

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 390,000	\$ 42,037	\$ 432,037
2018	405,000	31,594	436,594
2019	410,000	19,875	429,875
2020	425,000	7,350	432,350
2021	30,000	488	30,488
Total	\$ 1,660,000	\$ 101,344	\$ 1,761,344

This debt will be retired from the Bond Retirement Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2016, the amount of outstanding bonded indebtedness was equal to 3.5% of property assessments as of October 1, 2016.

**B. Limited obligation refunding bonds payable**

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds, Series 2011	2%	07-01-11	02-01-18	\$ 1,880,000	\$ 595,000
				<u>\$ 1,880,000</u>	<u>\$ 595,000</u>

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

## Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

**Note 6 – Long-term Liabilities, Continued****B. Limited obligation refunding bonds payable, Continued**

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 295,000	\$ 14,087	\$ 309,087
2018	300,000	7,500	307,500
Total	<u>\$ 595,000</u>	<u>\$ 21,587</u>	<u>\$ 616,587</u>

This debt will be retired from the MAEP Bond Issue Fund.

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

**C. Limited tax notes payable**

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, Series 2014-A	1.94%	05-15-14	05-15-19	\$ 250,000	\$ 150,000
Limited tax notes, Series 2014-B	2.79%	05-15-14	05-15-27	1,850,000	1,635,000
				<u>\$ 2,100,000</u>	<u>\$ 1,785,000</u>

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

## 1. Limited tax notes issue of 2014-A:

Year Ending June 30	Principal	Interest	Total
2017	\$ 50,000	\$ 2,910	\$ 52,910
2018	50,000	1,940	51,940
2019	50,000	970	50,970
Total	<u>\$ 150,000</u>	<u>\$ 5,820</u>	<u>\$ 155,820</u>

This debt will be retired from the Limited Tax Note Fund

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

**Note 6 – Long-term Liabilities, Continued**

## 2. Limited tax notes issue of 2014-B:

Year Ending June 30	Principal	Interest	Total
2017	\$ 115,000	\$ 45,617	\$ 160,617
2018	125,000	42,408	167,408
2019	130,000	38,921	168,921
2020	140,000	35,294	175,294
2021-2025	795,000	114,250	909,250
2026-2027	330,000	13,392	343,392
Total	<u>\$ 1,635,000</u>	<u>\$ 289,882</u>	<u>\$ 1,924,882</u>

This debt will be retired from the Limited Tax Note Fund

Total Limited Tax Notes payments for all issues:

Year Ending June 30	Principal	Interest	Total
2017	\$ 165,000	\$ 48,527	\$ 213,527
2018	175,000	44,348	219,348
2019	180,000	39,891	219,891
2020	140,000	35,294	175,294
2021-2025	795,000	114,250	909,250
2026-2027	330,000	13,392	343,392
Total	<u>\$ 1,785,000</u>	<u>\$ 295,702</u>	<u>\$ 2,080,702</u>

**D. Compensated absences payable**

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

**Note 7 – 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.



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

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

---

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

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees.

If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2016 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ended June 30, 2016, 2015 and 2014 were \$1,565,619, \$1,457,751 and \$1,652,808, respectively, which equaled the required contributions for each year.



# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

## Note 7 – Defined Benefit Pension Plan, Continued

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

At June 30, 2016, the district reported a liability of \$22,924,256 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. The school district's proportionate share used to calculate the June 30, 2016 net pension liability was 0.1483 percent, which was based on a measurement date of June 30, 2015. This was a decrease of 0.023437 percent from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$632,406. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 561,006	\$ -0-
Net difference between projected and actual earnings on pension plan investments	-0-	4,250,033
Changes of assumptions	1,974,846	-0-
Changes in proportion and differences between District contributions and proportionate share of contributions	-0-	-0-
District contributions subsequent to the measurement date	1,565,619	-0-
Total	\$ <u>4,101,471</u>	\$ <u>4,250,033</u>

\$1,565,619 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:	Amount
2017	\$ (908,691)
2018	(782,364)
2019	(358,455)
2020	335,329

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

### Note 7 – Defined Benefit Pension Plan, Continued

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2016. 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	100	%		

*Discount rate.* The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

## Note 7 – Defined Benefit Pension Plan, Continued

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 30,216,269	\$ 22,924,256	\$ 16,873,248

*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 – Prior Period Adjustments

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

### Exhibit B – Statement Activities

<u>Explanation</u>	<u>Amount</u>
1. To correct prior year revenues or expenditures in various special revenue funds, reversal of incorrect journal entries and write-off of prior year receivable.	\$ (26,790)
	26,551
2. To correct prior year cost and accumulated depreciation for prior year disposal and addition for various capital assets groups.	(33,313)
3. To correct prior year revenues and expenditures and prior year receivables.	
Total	\$ <u>(33,552)</u>



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

**Note 8 – Prior Period Adjustments, Continued**Exhibit D – Statement of Revenue, Expenditures and Changes in Fund Balances

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Fund	To correct prior year revenues and expenditures.	\$ 3,611
Title I Fund	To reverse journal entry incorrectly recorded.	(20,348)
EHA Part B Fund	To reverse journal entry incorrectly recorded.	(10,050)
Capital Improvement Building Fund	To write-off prior year receivable in Capital Improvement Building Fund.	(1)
Other Governmental Funds	To correct prior year receivable.	(2)
Total		\$ <u>(26,790)</u>

**Note 9 – Sixteenth Section Lands**

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

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 38,400
2018	38,400
Total	\$ <u>76,800</u>

**Note 10 – Contingencies**

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

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



## **YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Notes to the Financial Statements, Continued

For the Year Ended June 30, 2016

---

### **Note 11 – Risk Management**

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

#### **Participation in Public Entity Risk Pool**

The District is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 77 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The District has not had an additional assessment for excess losses incurred by the pool.

### **Note 12 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$18,637,902) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$1,565,619 resulting from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The \$2,535,852 balance of the deferred outflows of resources related to pensions at June 30, 2016 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 3 years. The \$4,250,033 balance of the deferred inflows of resources related to pensions at June 30, 2016 will be recognized as a reduction of pension expense and will increase the unrestricted net position amount over the next 4 years.

### **Note 13 - 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 School District evaluated the activity of the district through January 26, 2018, and determined that no events requiring disclosure have occurred.

**REQUIRED SUPPLEMENTARY INFORMATION**

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**General Fund**

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

GENERAL FUND	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,013,771	\$ 2,307,866	\$ 2,307,866	\$ 294,095	\$ -
State sources	11,820,111	11,746,133	11,746,133	(73,978)	-
Federal sources	65,760	97,428	97,428	31,668	-
Sixteenth Section Source	38,966	38,966	38,966	-	-
Total Revenues	13,938,608	14,190,393	14,190,393	251,785	-
<b>Expenditures:</b>					
Instruction	8,692,226	7,808,381	7,811,993	883,845	(3,612)
Support services	5,172,821	5,019,803	5,019,803	153,018	-
Sixteenth Section	1,920	1,920	1,920	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	13,866,967	12,830,104	12,833,716	1,036,863	(3,612)
Excess (Deficiency) of Revenues over (under) Expenditures	71,641	1,360,289	1,356,677	1,288,648	(3,612)
<b>Other Financing Sources (Uses):</b>					
Insurance recovery	-	-	-	-	-
Sale of Transportation Equipment	-	-	-	-	-
Sales of Other Property	-	-	-	-	-
Operating transfers in	266,958	266,373	266,373	(585)	-
Operating transfers out	(155,869)	(47,115)	(47,117)	108,754	(2)
Other Financing Sources (Uses)	-	-	-	-	-
Total Other Financing Sources (Uses)	111,089	219,258	219,256	108,169	(2)
Net Change in Fund Balances	182,730	1,579,547	1,575,933	1,396,817	(3,614)
<b>Fund Balances:</b>					
July 1, 2015	2,799,714	2,799,714	2,799,714	-	-
Prior Period Adjustments	(3,056)	53,143	56,755	56,199	3,612
July 1, 2015 as restated	2,796,658	2,852,857	2,856,469	56,199	3,612
June 30, 2016	\$ 2,979,388	\$ 4,432,404	\$ 4,432,402	\$ 1,453,016	\$ (2)

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**School Lunch Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local Source	\$ 75,888	\$ 72,431	\$ 72,431	\$ (3,457)	\$ -
State Sources	17,000	16,743	16,743	(257)	-
Federal sources	1,744,168	1,744,043	1,744,043	(125)	-
Total Revenues	<u>1,837,056</u>	<u>1,833,217</u>	<u>1,833,217</u>	<u>(3,839)</u>	<u>-</u>
<b>Support services</b>					
Instruction	-	-	-	-	-
Support services	132,033	128,937	128,937	3,096	-
Noninstructional service	1,550,853	1,478,075	1,478,075	72,778	-
Total Expenditures	<u>1,682,886</u>	<u>1,607,012</u>	<u>1,607,012</u>	<u>75,874</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>154,170</u>	<u>226,205</u>	<u>226,205</u>	<u>72,035</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(136,911)	(152,132)	(152,132)	(15,221)	-
Total Other Financing Sources (Uses)	<u>(136,911)</u>	<u>(152,132)</u>	<u>(152,132)</u>	<u>(15,221)</u>	<u>-</u>
Net Change in Fund Balances	<u>17,259</u>	<u>74,073</u>	<u>74,073</u>	<u>56,814</u>	<u>-</u>
Fund Balances:					
July 1, 2015	856,783	856,783	856,783	-	-
Prior Period Adjustment		(64,388)	(64,388)	(64,388)	-
July 1, 2015 as restated	856,783	792,395	792,395	(64,388)	-
Increase in inventory	-	-	60	-	60
June 30, 2016	<u>\$ 874,042</u>	<u>\$ 866,468</u>	<u>\$ 866,528</u>	<u>\$ (7,574)</u>	<u>\$ 60</u>

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Title I Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,712,521	\$ 1,821,065	\$ 1,670,376	\$ 108,544	\$ (150,689)
Total Revenues	<u>1,712,521</u>	<u>1,821,065</u>	<u>1,670,376</u>	<u>108,544</u>	<u>(150,689)</u>
<b>Support services</b>					
Instruction	998,964	706,820	634,065	292,144	72,755
Support services	401,307	1,076,533	1,005,551	(675,226)	70,982
Noninstructional service	148,042	159,443	144,405	(11,401)	15,038
Total Expenditures	<u>1,548,313</u>	<u>1,942,796</u>	<u>1,784,021</u>	<u>(394,483)</u>	<u>158,775</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>164,208</u>	<u>(121,731)</u>	<u>(113,645)</u>	<u>(285,939)</u>	<u>8,086</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfer In	316,019	316,019	167,040	-	(148,979)
Operating transfers out	<u>(351,525)</u>	<u>(37,737)</u>	<u>(33,047)</u>	<u>313,788</u>	<u>4,690</u>
Total Other Financing Sources (Uses)	<u>(35,506)</u>	<u>278,282</u>	<u>133,993</u>	<u>313,788</u>	<u>(144,289)</u>
Net Change in Fund Balances	<u>128,702</u>	<u>156,551</u>	<u>20,348</u>	<u>27,849</u>	<u>(136,203)</u>
Fund Balances:					
July 1, 2015	-	-	-	-	-
Prior Period Adjustment	<u>-</u>	<u>(21,686)</u>	<u>(20,348)</u>	<u>(21,686)</u>	<u>1,338</u>
July 1, 2015 as restated	<u>-</u>	<u>(21,686)</u>	<u>(20,348)</u>	<u>(21,686)</u>	<u>1,338</u>
June 30, 2016	\$ <u><u>128,702</u></u>	\$ <u><u>134,865</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,163</u></u>	\$ <u><u>(134,865)</u></u>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Title II Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 206,443	\$ 206,443	\$ 387,632	\$ -	\$ 181,189
Total Revenues	<u>206,443</u>	<u>206,443</u>	<u>387,632</u>	<u>-</u>	<u>181,189</u>
<b>Support services</b>					
Instruction	171,107	-	-	171,107	-
Support services	<u>167,765</u>	<u>277,116</u>	<u>220,593</u>	<u>(109,351)</u>	<u>56,523</u>
Total Expenditures	<u>338,872</u>	<u>277,116</u>	<u>220,593</u>	<u>61,756</u>	<u>56,523</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(132,429)</u>	<u>(70,673)</u>	<u>167,039</u>	<u>61,756</u>	<u>237,712</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	<u>(10,498)</u>	<u>(3,654)</u>	<u>(167,039)</u>	<u>6,844</u>	<u>(163,385)</u>
Total Other Financing Sources (Uses)	<u>(10,498)</u>	<u>(3,654)</u>	<u>(167,039)</u>	<u>6,844</u>	<u>(163,385)</u>
Net Change in Fund Balances	<u>(142,927)</u>	<u>(74,327)</u>	<u>-</u>	<u>68,600</u>	<u>74,327</u>
Fund Balances:					
July 1, 2015	-	-	-	-	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
July 1, 2015 as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2016	\$ <u><u>(142,927)</u></u>	\$ <u><u>(74,327)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>68,600</u></u>	\$ <u><u>74,327</u></u>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**EHA Part B Fund**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 714,460	\$ 714,460	\$ 683,110	\$ -	\$ (31,350)
Total Revenues	<u>714,460</u>	<u>714,460</u>	<u>683,110</u>	<u>-</u>	<u>(31,350)</u>
<b>Support services</b>					
Instruction	524,279	285,713	256,550	238,566	29,163
Support services	879,423	432,814	387,531	446,609	45,283
Noninstructional service	10,120	3,000	-	7,120	3,000
Total Expenditures	<u>1,413,822</u>	<u>721,527</u>	<u>644,081</u>	<u>692,295</u>	<u>77,446</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(699,362)</u>	<u>(7,067)</u>	<u>39,029</u>	<u>692,295</u>	<u>46,096</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	<u>(30,475)</u>	<u>(28,979)</u>	<u>(28,979)</u>	<u>1,496</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,475)</u>	<u>(28,979)</u>	<u>(28,979)</u>	<u>1,496</u>	<u>-</u>
Net Change in Fund Balances	<u>(729,837)</u>	<u>(36,046)</u>	<u>10,050</u>	<u>693,791</u>	<u>46,096</u>
Fund Balances:					
July 1, 2015	-	-	-	-	-
Prior Period Adjustment	<u>-</u>	<u>(10,050)</u>	<u>(10,050)</u>	<u>(10,050)</u>	<u>-</u>
July 1, 2015 as restated	<u>-</u>	<u>(10,050)</u>	<u>(10,050)</u>	<u>(10,050)</u>	<u>-</u>
June 30, 2016	\$ <u>(729,837)</u>	\$ <u>(46,096)</u>	\$ <u>-</u>	\$ <u>683,741</u>	\$ <u>46,096</u>

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
Capital Improvement Building Fund  
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local Source	\$ 200	\$ 200	\$ 490	\$ -	\$ 290
Total Revenues	<u>200</u>	<u>200</u>	<u>490</u>	<u>-</u>	<u>290</u>
<b>Expenditures:</b>					
Instruction	-	-	-	-	-
Support services	2,500	184,411	85,520	(181,911)	98,891
Facilities Acquisition and Construction	839,644	657,734	352,971	181,910	304,763
Total Expenditures	<u>842,144</u>	<u>842,145</u>	<u>438,491</u>	<u>(1)</u>	<u>403,654</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(841,944)</u>	<u>(841,945)</u>	<u>(438,001)</u>	<u>(1)</u>	<u>403,944</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfer In	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(841,944)</u>	<u>(841,945)</u>	<u>(438,001)</u>	<u>(1)</u>	<u>403,944</u>
Fund Balances:					
July 1, 2015	827,252	827,252	827,251	-	(1)
Prior Period Adjustment	-	-	-	-	-
July 1, 2015 as restated	<u>827,252</u>	<u>827,252</u>	<u>827,251</u>	<u>-</u>	<u>(1)</u>
June 30, 2016	<u>\$ (14,692)</u>	<u>\$ (14,693)</u>	<u>\$ 389,250</u>	<u>\$ (1)</u>	<u>\$ 403,943</u>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Required Supplementary 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)	0.148300%	0.171737%
District's proportionate share of the net pension liability (asset)	\$ 22,924,256	20,845,728
District's covered-employee payroll	9,255,562	10,494,019
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.68%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	62%	67%

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

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

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

YAZOO CITY MUNICIPAL SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,565,619	1,457,751
Contributions in relation to the contractually required contribution	1,565,619	1,457,751
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>
District's covered-employee payroll	9,940,438	9,255,562
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
Notes to the Required Supplementary Information

---

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) 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 experience. In 2015, assumed rates of salary increase were 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.

The accompanying notes are an integral part of this schedule.

## **SUPPLEMENTARY INFORMATION**

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Supplementary Information**

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

**Schedule I**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	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	\$ 458,892
National school lunch program	10.555	1,284,957
Total child nutrition cluster		<u>1,743,849</u>
Total passed-through Mississippi Department of Education		<u>1,743,849</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>1,743,849</b></u>
<b><u>U.S. Department of Defense</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	57,582
<b>Total U.S. Department of Defense</b>		<u><b>57,582</b></u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	16,052
<b>Total Federal Communications Commission</b>		<u><b>16,052</b></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	1,960,549
Career and technical education - basic grants to states	84.048	109,641
English language acquisition grants	84.365	1,246
Education for Homeless Children	84.196	30,150
Rural Education	84.358	15,074
Improving teacher quality-State Grants	84.367	387,632
Subtotal		<u>2,504,292</u>
Special education cluster:		
Special education - grants to states	84.027	683,110
Special education - preschool grants	84.173	12,989
Total special education cluster		<u>696,099</u>
Total passed-through Mississippi Department of Education		<u>3,200,391</u>
<b>Total U.S. Department of Education</b>		<u><b>3,200,391</b></u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	22,548
Total passed-through Mississippi Department of Education		<u>22,548</u>
<b>Total for All Federal Awards</b>		<u><b>\$ 5,040,422</b></u>

The accompanying notes are an integral part of this schedule.



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

---

**NOTE 1. - Schedule of Expenditures of Federal Awards:**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal award programs of **Yazoo City Municipal School District (the School District)** that were received directly from Federal agencies or passed through other entities.

**The School District** has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each Federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

**NOTE 2. - Basis of Presentation:**

The Schedule includes the federal grant activity of **the School District** and is presented on the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. – The expenditure amounts include transfers out.**

**NOTE 4. – The pass-through entities did not assign identifying numbers to the School District**

See the Independent Auditors' Report on Supplementary Information.

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
**Supplementary Information**

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 14,241,099	10,052,180	971,358	1,031,572	2,185,989
Other	5,479,073	1,550,271	382,407	30,915	3,515,480
Total	\$ 19,720,172	11,602,451	1,353,765	1,062,487	5,701,469
Total number of students *	2,393				
Cost per student	\$ 8,241	4,848	566	444	2,383

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and

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

See the Independent Auditors' Report on Supplementary Information.

## **OTHER INFORMATION**



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**Schedule III**

**General Fund**

**Last Four Years**

**UNAUDITED**

	<u>2016</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>
<b>Revenues:</b>				
Local sources	\$ 2,307,866	\$ 2,036,284	\$ 2,015,283	\$ 1,976,462
State sources	11,746,133	11,681,227	10,974,954	10,933,633
Federal sources	97,428	128,080	106,429	141,697
Sixteenth section sources	38,966	38,966	-	3,902
Total Revenues	<u>14,190,393</u>	<u>13,884,557</u>	<u>13,096,666</u>	<u>13,055,694</u>
<b>Expenditures:</b>				
Instruction	7,811,993	7,996,999	8,283,536	9,648,275
Support services	5,019,803	4,326,418	4,870,109	4,442,882
Noninstructional services	-	-	-	36
Sixteenth section	1,920	1,920	-	-
Debt service:	-	-	-	-
Interest	-	-	3,226	-
Total Expenditures	<u>12,833,716</u>	<u>12,325,337</u>	<u>13,156,871</u>	<u>14,091,193</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,356,677</u>	<u>1,559,220</u>	<u>(60,205)</u>	<u>(1,035,499)</u>
<b>Other Financing Sources (Uses):</b>				
Insurance loss recovery	-	-	44,878	68,462
Operating transfer in	266,373	480,781	197,400	455,993
Operating transfers out	(47,117)	(334,112)	(70,000)	(115,011)
Total Other Financing Sources (Uses)	<u>219,256</u>	<u>146,669</u>	<u>172,278</u>	<u>409,444</u>
Net Change in Fund Balances	<u>1,575,933</u>	<u>1,705,889</u>	<u>112,073</u>	<u>(626,055)</u>
<b>Fund Balances:</b>				
July 1, as previously reported	2,852,858	1,072,588	891,119	1,517,174
Funds Reclassification	-	66,674	-	-
Prior period adjustment	3,611	7,707	69,396	-
July 1, as restated	<u>2,856,469</u>	<u>1,146,969</u>	<u>960,515</u>	<u>1,517,174</u>
June 30,	\$ <u>4,432,402</u>	\$ <u>2,852,858</u>	\$ <u>1,072,588</u>	\$ <u>891,119</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

See the Independent Auditors' Report on Supplementary Information.

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Other Information**

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

**Schedule IV**

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2016	2015*	2014*	2013*
<b>Revenues:</b>				
Local sources	\$ 2,887,645	\$ 2,734,248	\$ 2,769,217	\$ 2,678,780
State sources	12,919,633	12,853,654	12,265,220	12,383,128
Federal sources	5,040,422	4,674,336	4,634,029	4,574,786
Sixteenth section sources	38,966	39,081	38,966	42,868
Total Revenues	<u>20,886,666</u>	<u>20,301,319</u>	<u>19,707,432</u>	<u>19,679,562</u>
<b>Expenditures:</b>				
Instruction	9,563,528	9,924,876	10,182,656	12,253,388
Support services	7,201,260	6,316,279	6,545,338	5,844,953
Noninstructional services	1,642,890	1,666,523	1,695,800	1,756,992
Sixteenth section	1,920	1,920	1,920	-
Facilities acquisition and construction	352,971	434,540		-
Debt service:				
Principal	830,000	810,000	1,215,000	795,000
Interest	123,903	141,003	129,537	140,966
Other	3,700	5,390	30,257	4,940
Total Expenditures	<u>19,720,172</u>	<u>19,300,531</u>	<u>19,800,508</u>	<u>20,796,239</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,166,494</u>	<u>1,000,788</u>	<u>(93,076)</u>	<u>(1,116,677)</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	-	-	2,100,000	-
Insurance recovery	-	-	44,878	68,462
Operating transfers in	536,640	1,315,754	566,044	898,259
Operating transfers out	(536,640)	(1,315,754)	(566,044)	(898,259)
Other financing sources	-	(34,242)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(34,242)</u>	<u>2,144,878</u>	<u>68,462</u>
Net Change in Fund Balances	<u>1,166,494</u>	<u>966,546</u>	<u>2,051,802</u>	<u>(1,048,215)</u>
<b>Fund Balances:</b>				
July 1, previously reported	5,593,998	4,636,870	2,661,992	3,713,255
Prior period adjustments	(26,790)	1,259	(114,640)	-
July 1, restated	<u>5,567,208</u>	<u>4,638,129</u>	<u>2,547,352</u>	<u>3,713,255</u>
Increase (decrease) in inventory	60	(10,677)	37,716	(3,048)
June 30,	\$ <u>6,733,762</u>	\$ <u>5,593,998</u>	\$ <u>4,636,870</u>	\$ <u>2,661,992</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

See the Independent Auditors' Report on Supplementary Information.

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**





Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  
(Retired)  
Michael B. Bruno, CPA (2011)

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

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 26, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned cost as item 2016-001 that we considered to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2016-002.

**Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The district's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Jackson, Mississippi

January 26, 2018





Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  
(Retired)  
Michael B. Bruno, CPA (2011)

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

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

**Report on Compliance for Major Federal Program**

We have audited Yazoo City Municipal School District compliance with the types of compliance described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal program for the year ended June 30, 2016. The School District's major federal programs are identified in the summary of independent auditors' results section of the accompanying summary schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 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 program. However, our audit does not provide a legal determination of the School District's compliance.



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

**Opinion on Each Major Federal Program**

In our opinion, the 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 program for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-002. Our opinion on each major federal program is not modified with respect to this matter.

**Report on Internal Control Over Compliance**

Management of the 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 its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
Jackson, Mississippi

January 26, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
STATE LAWS AND REGULATIONS**



INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
Yazoo City Municipal School District  
Yazoo City, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yazoo City Municipal School District as of and for the year ended June 30, 2016, which collectively comprise Yazoo City Municipal School District's basic financial statements and have issued our report thereon dated January 26, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS  
CONTINUED

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding 001

Section 37-61-21(2), Miss. Code Ann. (1972), requires that Mississippi Public School District's should have year-end financial statements prepared and filed on or before October 15<sup>th</sup> of each year.

During our test work at Yazoo City Municipal School District, we noted that the district did meet the above state requirement. Also, the GASB 34 & 68 statements and footnotes were not completed at the beginning of test work on January 4, 2017. This noncompliance occurred because of the district lack the proper training, skills, education and experience to ensure timely filing and preparation of GASB 34 & 68 statements and footnotes.

Recommendation

We recommend that the district comply with state law Section 37-61-21(2) Miss. Code Ann. (1972) which requires the district to have year-end financial statements available for the audit on or before October 15 of each year.

Response

The District has established a plan that will allow them to be in compliance with this requirement for the year ended June 30, 2017, and thereafter, by having year-end GASB financial statements available for audit prior to audit test work.

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

The School District's response to the finding included in this report was not audited and accordingly, we express no opinion on it.

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

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS  
CONTINUED

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

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
Jackson, Mississippi

January 26, 2018

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

### Section I: Summary of Auditors' Results

#### Financial Statements:

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

#### Federal Awards:

4. Internal control over major programs:
  - a. Material weaknesses identified? No
  - b. Significant deficiencies identified? None reported
5. Type of auditors' report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

7. Identification of major programs:

#### CFDA Numbers

84.027; 84.173

84.010

#### Name of Federal Program or Cluster

Special Education Cluster

Title I

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



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2016

---

**Section II: Financial Statement Findings**

**Audit Finding Reference Number**

**2016-001      Lack of Timely Preparation of Financial Statements**

**Criteria**

The District should have systems of internal controls over financial reporting to provide reasonable assurance that financial statements are accurately prepared in a timely manner.

**Condition**

The District's complete financial statements were not prepared in a timely manner to facilitate the timely completion of the annual audit.

**Cause**

The District lack the proper internal controls to ensure a timely closing entries and preparation of financial statements.

**Effect**

The effect of the condition results in a control deficiency of the district financial reporting as it relates to preparation of financial statements. Thereby missing the due date for submission of the single audit reporting deadline.

**Recommendation**

We recommend that the District implement the necessary internal controls to ensure timely closing and preparation of financial statements.

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2016

---

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

**Audit Finding Reference Number**

**2016-002**      **Reporting**

U.S. Department of Education

84.010 - Title I Program

84.027; 84.173 – Special Education Cluster

**Federal Award Year**

June 30, 2016

**Pass-Through Entity**

Mississippi Department of Education

**Criteria**

In accordance with 2 CFR § 200.512- Report Submission, “the audit must be completed and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.”

**Condition**

The required data collection form and reporting package to the Federal Audit Clearinghouse was not submitted within established timeframe.

**Questioned Costs**

For the purposes of this finding, we have not questioned any costs.

**Cause**

There was a delay in preparation of the financial statements on a timely basis.

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs, Continued  
For the Year Ended June 30, 2016

---

**Section III: Federal Award Findings and Questioned Costs, Continued**

**Audit Finding Reference Number**

**2016-002**      Reporting, continued

**Effect**

The School District did not comply with Federal reporting regulations.

**Recommendation**

We recommend that the School District strengthen its internal control systems over reporting to ensure single audit reporting package and data collection form are submitted to the Federal Audit Clearinghouse within established timeframe.

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**  
Status of Prior Year Audit Findings and Questioned Cost  
For the Year Ended June 30, 2016

---

**Section II: Financial Statement Findings**

None reported

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

None reported



**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

1133 Calhoun Avenue

Yazoo City, MS 39194

Dr. Darron L. Edwards, Ph.D. – Superintendent

Letitia Johnson, Director of Business Affairs

**AUDITEE'S CORRECTIVE ACTION PLAN**

As required by 2 CFR 200.511 (a), the Yazoo City Municipal School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2016.

Finding 2016-001 and 2016-002

Corrective Action Plan

A. Contact person responsible for corrective action:

Name: Letitia Johnson

Title: Director of Business Affairs

B. Description of corrective action planned:

Preparation of financial statements will be contracted out with an outside accounting firm to ensure information is prepared timely and correctly.

C. Anticipated completion date of corrective action:

June 30, 2017



Yazoo City Municipal School District  
Excellence is our Expectation

1133 Calhoun Avenue  
Yazoo City, Mississippi 39194

Dr. Darron L. Edwards, Ph.D.  
Superintendent of Education

Telephone: (662) 746-2125  
Facsimile: (662) 746-7920

AUDITEE'S CORRECTIVE ACTION PLAN

As required by 2 CFR 200.511 (a), the Yazoo City Municipal School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2016.

Findings 2016-001 and 2016-002

Corrective Action Plan

A. Contact person responsible for corrective action:

Name: Letitia Johnson

Title: Director of Business Affairs

B. Description of corrective action planned:

Preparation of financial statements will be contracted out with an outside accounting firm to ensure information is prepared timely and correctly.

C. Anticipated completion date of corrective action:

June 30, 2017

Signed: 

Letitia Johnson, Director of Business Affairs

Signed: 

Dr. Darron Edwards, Superintendent