



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.

**POPLARVILLE SPECIAL MUNICIPAL
SEPARATE SCHOOL DISTRICT**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017



Carl W. Merritt, Jr.
Superintendent

Samantha J. Sandifer, CPA, CGMA
Chief Financial Officer

BOARD OF TRUSTEES

Thomas Strahan, President
Samuel Gentry, Vice President
Shirline Magee, Secretary
Violine Jordan, Board Member
Lisa Graves, Board Member

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT	3
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	19
Exhibit C-1: Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Exhibit D: Statement of Revenues, Expenditures and Changes in Fund Balances	21
Exhibit D-1: Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Fiduciary Funds Financial Statements	
Exhibit E: Statement of Fiduciary Assets and Liabilities	23
Notes to the Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1A: Budgetary Comparison Schedule – General Fund	43
Schedule 1B: Budgetary Comparison Schedule – Title I-A Funds	44
Schedule 2A: Schedule of the District's Proportionate Share of Net Pension Liability	45
Schedule 2B: Schedule of District Contributions	46
Notes to the Required Supplementary Information	47
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	50
Notes to the Supplementary Information	51
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	52
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	54
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	55
REPORTS ON INTERNAL CONTROLS AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	56
Independent Auditor's Report on compliance for The Major Federal Program and Report On Internal Control Over Compliance Required by the Uniform Guidance	59
Independent Auditor's Report on Compliance with State Laws and Regulations	62
Schedule of Findings and Questioned Costs	65

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave., P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Superintendent and Board of Trustees
Poplarville Special Municipal Separate School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 6-15, 43-44, 45 and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the Poplarville Special Municipal Separate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Poplarville Special Municipal Separate School District's internal control over financial reporting and compliance.



KING CPA, PLLC
Petal, Mississippi
December 14, 2017

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

PSMSSD serves approximately 25% of the students in Pearl River County, Mississippi. The present enrollment is 1,824 students. One of the largest geographic districts in the state, PSMSSD encompasses 498 square miles. The district serves over 10,000 citizens in the incorporated town of Poplarville and the unincorporated communities of Steep Hollow, Gum Pond, Buck Branch, Fords Creek, Byrdline, White Sand, Progress, Savannah, Harts Chapel, Oak Hill and Crossroads. In excess of 1400 students are transported on 24 buses to four schools in the district.

The four schools in the district are located in the town of Poplarville less than two miles apart. The four schools with enrollment are listed as follows: Poplarville Lower Elementary School grades k-2 serves 439 students, Poplarville Upper Elementary School grades 3-5 serves 416 students, Middle School of Poplarville grades 6-8 serves 445 students and Poplarville High School grades 9-12 serves 524 students. These schools are staffed by 170 certified staff and 125 non-certified staff members (excluding part-time substitutes). Ninety-nine percent (99%) of the core teachers are highly qualified. The student average daily attendance rate is ninety-four percent (94%). The graduation rate is ninety percent (90%) and ninety-five percent (95%) including the completion rate. In addition, the Poplarville School District achieved an "A" rating for the 2016-2017 school year!

FINANCIAL HIGHLIGHTS

- Total net position for 2017 decreased \$2,003,127, which represents a 102.92% decrease from fiscal year 2016. Total net position for 2016 decreased \$907,029, which represents a 31.79% decrease from fiscal year 2015.
- General revenues amounted to \$15,221,414 and \$15,374,630, or 82% and 82% of all revenues for fiscal years 2017 and 2016, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,296,743, or 18% of total revenues for 2017, and \$3,449,083, or 18% of total revenues for 2016.
- The District had \$20,521,284 and \$19,730,742 in expenses for fiscal years 2017 and 2016; only \$3,296,743 for 2017 and \$3,449,083 for 2016 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,221,414 were not adequate to provide for these programs in 2017 and general revenues of \$15,374,630 were not adequate to provide for these programs in 2016.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

- Among major funds, the General Fund had \$15,091,784 in revenues and \$14,438,330 in expenditures for 2017, and \$15,239,690 in revenues and \$14,234,558 in expenditures for 2016. The General Fund's fund balance increased by \$413,560 from 2016 to 2017 and increased by \$533,246 from 2015 to 2016.
- Capital assets, net of accumulated depreciation, decreased by \$255,523 for 2017 and increased by \$36,954 for 2016. The majority of the decrease for 2017 was due to the increase in accumulated depreciation and disposal of a building offset by additions to construction in progress, improvements other than buildings and buses.
- Long-term debt decreased by \$154,000 for 2017 and decreased by \$150,000 for 2016. This decrease for 2017 was due to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$4,154 for 2017 and increased by \$11,904 for 2016. The net pension liability increased by \$2,643,409 for 2017 and increased by \$7,999,078 for 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental funds – Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

of spendable resources, as well as balances of spendable resources available at year end. The governmental funds statements provide a detailed view of the District's near-term financing requirements.

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

Notes to the Financial Statements

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$56,788 as of June 30, 2017.

By far the largest portion of the District's positive net assets \$10,262,119 reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending. The District's negative unrestricted net assets (\$12,444,145) are due to the implementation of *GASB Statement No. 68: Accounting and Financial Reporting for Pensions* which requires the districts net pension liability to be recorded effective June 30, 2015.

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Table 1
Condensed Statement of Net Position**

	June 30, 2017	June 30, 2016	Percentage Change
Current assets	\$ 12,515,003	\$ 12,539,787	(0.20) %
Restricted assets	1,667,662	1,482,826	12.47 %
Capital assets, net	13,262,119	13,517,642	(1.89) %
Total assets	27,444,784	27,540,255	(0.35) %
Deferred Outflows of resources	8,514,406	7,781,732	9.42 %
Current liabilities	411,680	446,868	(7.87) %
Long-term debt outstanding	3,170,866	3,175,020	(0.13) %
Net pension liability	29,725,873	27,082,464	9.76 %
Total liabilities	33,308,419	30,704,352	8.48 %
Deferred Inflows of resources	2,707,559	2,671,296	1.36 %
Net position:			
Net investment in capital assets	10,262,119	10,363,642	(0.98) %
Restricted	2,125,238	6,473,670	(67.17) %
Unrestricted	(12,444,145)	(14,890,973)	16.43 %
Total net position	\$ (56,788)	\$ 1,946,339	(102.92) %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (12,444,145)
Add: Unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	23,919,026
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 11,474,881</u>

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

- Decrease in net capital assets in the amount of \$255,523.
- The principal retirement of \$154,000 of long-term debt.
- Increase in the net pension liability in the amount of \$2,643,409.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2017 and June 30, 2016 were \$18,518,157 and \$18,823,713, respectively. The total cost of all programs and services was \$20,521,284 for 2017 and \$19,730,742 for 2016.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Table 2
Changes in Net Position**

	Year Ended June 30, 2017	Year Ended June 30, 2016	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 628,220	\$ 629,947	(0.27) %
Operating grants and contributions	2,668,523	2,819,136	(5.34) %
General revenues:			
Property taxes	5,199,474	4,925,494	5.56 %
Grants and contributions not restricted	9,672,342	9,632,301	0.42 %
Investment earnings	62,243	77,007	(19.17) %
Sixteenth section sources	199,344	446,177	(55.32) %
Contributions and other general revenue	88,011	293,651	(70.03) %
Total revenues	18,518,157	18,823,713	(1.62) %
Expenses:			
Instruction	9,459,844	9,373,819	0.92 %
Support services	6,328,267	6,321,659	0.10 %
Non-instructional	1,075,300	1,088,229	(1.19) %
Sixteenth section	36,873	41,608	(11.38) %
Pension expense	3,612,131	2,888,968	25.03 %
Interest and other expenses on long-term liabilities	8,869	16,459	(46.11) %
Total expenses	20,521,284	19,730,742	4.01 %
Increase (Decrease) in net position	(2,003,127)	(907,029)	(120.84) %
Net Position, July 1	1,946,339	2,853,368	(31.79) %
Net Position, June 30	\$ (56,788)	\$ 1,946,339	(102.92) %

Governmental activities

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2017	2016	
Instruction	\$ 9,459,844	\$ 9,373,819	0.92 %
Support services	6,328,267	6,321,659	0.10 %
Non-instructional	1,075,300	1,088,229	(1.19) %
Sixteenth section	36,873	41,608	(11.38) %
Pension expense	3,612,131	2,888,968	25.03 %
Interest on long-term liabilities	8,869	16,459	(46.11) %
Total expenses	\$ 20,521,284	\$ 19,730,742	4.01 %

	Net (Expense) Revenue		Percentage Change
	2017	2016	
Instruction	\$ (7,906,137)	\$ (7,894,868)	0.14 %
Support services	(5,585,825)	(5,463,171)	2.25 %
Non-instructional	(91,154)	(43,034)	111.82 %
Sixteenth section	(20,425)	24,841	(182.22) %
Pension expense	(3,612,131)	(2,888,968)	25.03 %
Interest on long-term liabilities	(8,869)	(16,459)	(46.11) %
Total net (expense) revenue	\$ (17,224,541)	\$ (16,281,659)	5.79 %

- Net cost of governmental activities (\$17,224,541 for 2017 and \$16,281,659 for 2016) was financed by general revenue, which is primarily made up of property taxes (\$5,199,474 for 2017 and \$4,925,494 for 2016) and state and federal revenues (\$9,672,342 for 2017 and \$9,632,301 for 2016). In addition, there was \$199,344 and \$446,177 in Sixteenth Section sources for 2017 and 2016, respectively.
- Investment earnings amounted to \$62,243 for 2017 and \$77,007 for 2016.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$13,771,530, an increase of \$38,932, which includes a decrease in reserve for inventory of \$10,563. \$7,766,895 or 56% 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 \$6,004,635 or 44% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned. Restricted fund balances consist of unemployment benefits, forestry improvements, debt service and grant activities.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$413,560. The fund balance of Other Governmental Funds showed an increase in the amount of \$35,686, which includes a decrease in reserve for inventory of \$10,563. The decrease in Capital Projects Funds is from the renovation of the Poplarville High School cafeteria (building improvements). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I-A Funds	no increase or decrease
Capital Projects Funds	\$ (410,314)

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the District's total capital assets were \$22,876,687, including land, construction in progress, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$419,394 from 2016. Total accumulated depreciation as of June 30, 2017, was \$9,614,568, and total depreciation expense for the year was \$677,278, resulting in total net capital assets of \$13,262,119.

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

	June 30, 2017	June 30, 2016	Percentage Change
Land	\$ 298,945	\$ 298,945	0.00 %
Construction in Progress	373,940	-	N/A %
Buildings	5,777,519	6,070,822	(4.83) %
Building improvements	5,426,051	5,731,188	(5.32) %
Improvements other than buildings	565,134	556,321	1.58 %
Mobile equipment	732,740	723,836	1.23 %
Furniture and equipment	87,790	136,530	(35.70) %
Total	\$ 13,262,119	\$ 13,517,642	(1.89) %

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Debt Administration. At June 30, 2017, the District had \$3,170,866 in outstanding long-term debt, of which none is due within one year. The liability for compensated absences decreased \$4,154 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Three mill notes payable	\$ -	\$ 154,000	N/A %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	170,866	175,020	(2.37) %
Total	\$ 3,170,866	\$ 3,329,020	(4.75) %

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

CURRENT ISSUES

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

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

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

GASB Statement No. 75, ***Accounting and Financial Reporting for Postemployment Benefits other than Pensions***, is to be implemented in fiscal year June 30, 2018. Please be aware that this may have a substantial impact on the subsequent years' financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
FINANCIAL STATEMENTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

**Statement of Net Position
June 30, 2017**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,095,834
Due from other governments	380,160
Other receivables, net	7,102
Inventories	31,907
Restricted assets	1,667,662
Capital assets, non-depreciable:	
Land	298,945
Construction in progress	373,940
Capital assets, net of accumulated depreciation:	
Buildings	5,777,519
Building improvements	5,426,051
Improvements other than buildings	565,134
Mobile equipment	732,740
Furniture and equipment	87,790
Total Assets	<u>27,444,784</u>
Deferred Outflows of Resources	
Cost-Sharing Pension Plan Contributions	8,514,406
Total Deferred Outflows of Resources	<u>8,514,406</u>
Liabilities	
Accounts payable and accrued liabilities	411,135
Interest payable on long-term liabilities	545
Long-term liabilities, due within one year:	
Capital related liabilities	-
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,000,000
Non-capital related liabilities	170,866
Net pension liability	29,725,873
Total Liabilities	<u>33,308,419</u>
Deferred Inflows of Resources	
Cost-Sharing Pension Plan Contributions	2,707,559
Total Deferred Inflows of Resources	<u>2,707,559</u>
Net Position	
Net investment in capital assets	10,262,119
Restricted for:	
Expendable:	
School Based-Activites	309,692
Debt service	1,315,971
Forestry improvements	15,450
Unemployment benefits	106,160
Non-expendable:	
Sixteenth section	377,965
Unrestricted	(12,444,145)
Total Net Position	<u>\$ (56,788)</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
Instruction	\$ 9,459,844	\$ 386,980	\$ 1,166,727	\$ (7,906,137)
Support services	6,328,267	-	742,442	(5,585,825)
Non-instructional	1,075,300	224,792	759,354	(91,154)
Sixteenth section	36,873	16,448	-	(20,425)
Pension expense	3,612,131	-	-	(3,612,131)
Interest on long-term liabilities	8,869	-	-	(8,869)
Total Governmental Activities	\$ 20,521,284	\$ 628,220	\$ 2,668,523	\$ (17,224,541)
General Revenues:				
Taxes:				
General purpose levies				4,922,914
Debt purpose levies				276,560
Unrestricted grants and contributions:				
State				9,589,433
Federal				82,909
Unrestricted investment earnings				62,243
Sixteenth section sources				199,344
Prior years' refunds				36,329
Other				51,682
Total General Revenues				15,221,414
Change in Net Position				(2,003,127)
Net Position - Beginning				1,946,339
Net Position - Ending				\$ (56,788)

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2017

	Major Funds				
	General	Title I-A	Capital	Other	Total
	Fund	Funds	Projects	Governmental	Governmental
			Funds	Funds	Funds
Assets					
Cash and cash equivalents	\$ 9,009,208	\$ 6,759	\$ 2,631,685	\$ 811,289	\$ 12,458,941
Cash with fiscal agents	-	-	-	1,304,555	1,304,555
Due from other governments	201,923	89,093	-	89,144	380,160
Other receivables, net	-	-	-	7,010	7,010
Due from other funds	168,899	-	-	113	169,012
Advance to other funds	-	-	-	14,858	14,858
Inventories	-	-	-	31,907	31,907
Total Assets	<u>\$ 9,380,030</u>	<u>\$ 95,852</u>	<u>\$ 2,631,685</u>	<u>\$ 2,258,876</u>	<u>\$ 14,366,443</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 141,690	\$ 6,759	\$ 241,214	\$ 21,472	\$ 411,135
Due to other funds	113	89,093	-	79,714	168,920
Advances from other funds	14,858	-	-	-	14,858
Total Liabilities	<u>156,661</u>	<u>95,852</u>	<u>241,214</u>	<u>101,186</u>	<u>594,913</u>
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	31,907	31,907
Permanent fund principal	-	-	-	363,107	363,107
Advances	-	-	-	14,858	14,858
Restricted:					
Debt service	-	-	-	1,316,516	1,316,516
Forestry improvement purposes	-	-	-	15,450	15,450
Grant activities	-	-	-	309,692	309,692
Unemployment benefits	-	-	-	106,160	106,160
Committed:					
Special education	168,222	-	-	-	168,222
Alternative school	170,936	-	-	-	170,936
Insurance escrow	798,186	-	-	-	798,186
Assigned:					
Student activities	304,690	-	-	-	304,690
Capital improvements	-	-	2,390,471	-	2,390,471
Grant activities	14,440	-	-	-	14,440
Unassigned	<u>7,766,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,766,895</u>
Total Fund Balances	<u>9,223,369</u>	<u>-</u>	<u>2,390,471</u>	<u>2,157,690</u>	<u>13,771,530</u>
Total Liabilities and Fund Balances	<u>\$ 9,380,030</u>	<u>\$ 95,852</u>	<u>\$ 2,631,685</u>	<u>\$ 2,258,876</u>	<u>\$ 14,366,443</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds (Exhibit C) \$ 13,771,530

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

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

Land	\$ 298,945	
Construction in progress	373,940	
Buildings	10,392,353	
Building improvements	7,628,419	
Improvements other than buildings	900,636	
Mobile equipment	2,434,844	
Furniture and equipment	847,550	
Accumulated depreciation	<u>(9,614,568)</u>	13,262,119

Long-term liabilities including related accrued interest and net pension obligations are not due and payable in the current period; and therefore, are not reported in the funds:

Qualified school construction bonds	(3,000,000)	
Compensated absences	(170,866)	
Accrued interest payable	(545)	
Net pension liability	<u>(29,725,873)</u>	(32,897,284)

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	8,514,406	
Deferred inflows of resources related to pensions	<u>(2,707,559)</u>	5,806,847

Net position of governmental activities (Exhibit A) \$ (56,788)

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Governmental Funds

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

Exhibit D

	Major Funds				
	General Fund	Title I-A Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 5,409,214	\$ -	\$ 8,464	\$ 523,926	\$ 5,941,604
State sources	9,384,791	-	-	775,326	10,160,117
Federal sources	82,909	714,500	-	1,383,339	2,180,748
Sixteenth section sources	214,870	-	-	18,980	233,850
Total Revenues	15,091,784	714,500	8,464	2,701,571	18,516,319
Expenditures:					
Instruction	8,589,610	542,035	-	923,834	10,055,479
Support services	5,831,853	129,676	-	836,751	6,798,280
Noninstructional services	10,624	25,088	-	1,008,770	1,044,482
Sixteenth section	5,077	-	-	31,796	36,873
Facilities acquisition and construction	-	-	418,778		418,778
Debt service:					
Principal	-	-	-	154,000	154,000
Interest	1,166	-	-	7,161	8,327
Other	-	-	-	2,850	2,850
Total Expenditures	14,438,330	696,799	418,778	2,965,162	18,519,069
Excess (Deficiency) of Revenues over (under) Expenditures	653,454	17,701	(410,314)	(263,591)	(2,750)
Other Financing Sources (Uses):					
Insurance recovery	52,245	-	-	-	52,245
Payment held by QSCB escrow agent	-	-	-	149,540	149,540
Operating transfers in	20,158	-	-	360,808	380,966
Operating transfers out	(312,297)	(17,701)	-	(50,968)	(380,966)
Payment to QSCB escrow agent	-	-	-	(149,540)	(149,540)
Total Other Financing Sources (Uses)	(239,894)	(17,701)	-	309,840	52,245
Net Change in Fund Balances	413,560	-	(410,314)	46,249	49,495
Fund Balances:					
July 1, 2016	8,809,809	-	2,800,785	2,122,004	13,732,598
Decrease in reserve for inventory	-	-	-	(10,563)	(10,563)
June 30, 2017	\$ 9,223,369	\$ -	\$ 2,390,471	\$ 2,157,690	\$ 13,771,530

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds (Exhibit D) \$ 49,495

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

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	\$ 537,440	
Depreciation expense	<u>(677,278)</u>	(139,838)

In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold. (115,685)

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

Payments of debt principal	154,000	
Accrued interest payable	<u>2,308</u>	156,308

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

Pension expense	(3,612,131)	
Pension contribution payments	1,665,133	
Change in compensated absences	4,154	
Change in inventory reserve	<u>(10,563)</u>	(1,953,407)

Change in net position of governmental activities (Exhibit B) \$ (2,003,127)

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Fiduciary Funds

**Statement of Fiduciary Assets and Liabilities
June 30, 2017**

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	\$ 781,935
Total Assets	<u>\$ 781,935</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 763,541
Due to other funds	92
Due to student clubs	18,302
Total Liabilities	<u>\$ 781,935</u>

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

The school district reports the following major governmental funds:

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

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

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

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

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

The District's fiduciary funds include the following:

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

(**) The District has no intangible assets. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term 'depreciation' includes the amortization of intangible assets.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported \$8,514,406 regarding the cost-sharing pension plan deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported \$2,707,559 for deferred inflows regarding the cost-sharing pension plan.

See Note 14 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

11. Fund Balances

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

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

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

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

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

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/or the Chief Financial Officer pursuant to authorization established by the School Board of Trustees as approved by the fund balance reporting policy.

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$12,458,941 and \$781,935, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents of \$12,095,834 and restricted assets of \$363,107 (which represents the cash balance of the Sixteenth Section Principal Fund). The bank balance was \$12,467,276 for governmental funds and \$805,981 for fiduciary funds.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the Mississippi State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2017, none of the district's bank balance of \$13,273,257 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,304,555. This amount is included as restricted assets on Exhibit A.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 79,714
	Title I-A Funds	89,093
	Fiduciary Funds	92
Other Governmental Funds	General Fund	113
Total		<u>\$ 169,012</u>

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	\$ 14,858
Total		<u>\$ 14,858</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable is not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2017 is four (4.00) percent.

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

Year Ending June 30	Principal	Interest	Total
2018	\$ 14,858	\$ 594	\$ 15,452
Total	<u>\$ 14,858</u>	<u>\$ 594</u>	<u>\$ 15,452</u>

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 312,297
Title I-A Funds	General Fund	17,701
Other Governmental Funds	General Fund	2,457
	Other Governmental Funds	48,511
Total		<u>\$ 380,966</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$363,107, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash balance with fiscal agents, totaling \$1,304,555 of the Qualified School Construction Bond (QSCB) Retirement Fund.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Note 5 – Capital Assets

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

	Balance 7/1/2016	Additions	Retirements	Balance 6/30/2017
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 298,945	\$ -	\$ -	\$ 298,945
Construction in progress	-	373,940	-	373,940
Total non-depreciable capital assets	298,945	373,940	-	672,885
<u>Depreciable capital assets:</u>				
Buildings	10,510,399	-	118,046	10,392,353
Building improvements	7,628,419	-	-	7,628,419
Improvements other than buildings	855,798	44,838	-	900,636
Mobile equipment	2,316,182	118,662	-	2,434,844
Furniture and equipment	847,550	-	-	847,550
Total depreciable capital assets	22,158,348	163,500	118,046	22,203,802
<u>Less accumulated depreciation for:</u>				
Buildings	4,439,577	177,618	2,361	4,614,834
Building improvements	1,897,231	305,137	-	2,202,368
Improvements other than buildings	299,477	36,025	-	335,502
Mobile equipment	1,592,346	109,758	-	1,702,104
Furniture and equipment	711,020	48,740	-	759,760
Total accumulated depreciation	8,939,651	677,278	2,361	9,614,568
Total depreciable capital assets, net	13,218,697	(513,778)	115,685	12,589,234
Governmental activities capital assets, net	\$ 13,517,642	\$ (139,838)	\$ 115,685	\$ 13,262,119

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 440,945
Support services	170,427
Non-instructional	65,906
Total depreciation expense - Governmental activities	<u>\$ 677,278</u>

The details of construction in progress are as follows:

	Spent to June 30, 2017	Remaining Commitment
Governmental activities:		
PHS Cafeteria Construction & Renovation	\$ 373,940	\$ 2,298,430
Total Construction in Progress	<u>\$ 373,940</u>	<u>\$ 2,298,430</u>

Construction projects included in governmental activities are funded with local tax dollars.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 6 – Long-term Liabilities

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Amounts due within one year
A. Three mill notes payable	\$ 154,000	\$ -	\$ 154,000	\$ -	\$ -
B. Qualified school construction bonds payable	3,000,000	-	-	3,000,000	-
C. Compensated absences payable	175,020	-	4,154	170,866	
Total	\$ 3,329,020	\$ -	\$ 158,154	\$ 3,170,866	\$ -

A. Three mill notes payable

Debt currently outstanding is as follows:

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

Three mill notes payable issue of April 4, 2002 was paid in full as of June 30, 2017.

B. Qualified school construction bonds payable

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

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

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

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

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

C. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2017, 2016 and 2015 were \$1,665,133, \$1,676,742, and \$1,723,916, respectively, which equaled the required contributions for each year.

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

At June 30, 2017, the school district reported a liability of \$29,725,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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,

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

actuarially determined. The school district's proportionate share used to calculate the June 30, 2017 net pension liability was 0.166415 percent, which was based on a measurement date of June 30, 2016. This was a reduction of 0.0088 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$3,612,131. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 837,462	\$ -
Net difference between projected and actual earnings on pension plan investments	3,537,426	712,815
Changes of assumptions	1,475,319	78,992
Changes in proportion and differences between District contributions and proportionate share of Contributions	999,066	1,915,752
District contributions subsequent to the measurement date	1,665,133	-
Total	\$ <u>8,514,406</u>	\$ <u>2,707,559</u>

\$1,665,133 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2018	\$ 1,500,458
2019	1,232,646
2020	821,370
2021	<u>587,240</u>
Total	\$ <u>4,141,714</u>

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

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

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 38,115,236	\$ 29,725,873	\$ 22,765,424

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 8 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2018	\$ 64,643
2019	49,123
2020	45,124
2021	42,043
Total	<u>\$ 200,933</u>

Note 9 – Contingencies

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

Litigation – A civil and criminal proceeding has been concluded regarding sixteenth section timber theft. The Mississippi Secretary of State's Office had estimated the amount to be in excess of \$200,000 beginning approximately February 2009 and ending approximately April 2010. On January 22, 2014, the Poplarville School District received a check in the amount of \$98,162.78 for the settlement of the civil suit. The Pearl River County Circuit Court has also ordered the defendant to pay the school district restitution in the amount of \$25,540 as a result of the criminal proceedings. All restitution and fines are to be paid at a rate of at least \$500 per month commencing April 2014. The school district has received \$13,318.50 towards this restitution as of the date of this report.

Note 10 – Risk Management

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

Note 11 – Qualified School Construction Bonds

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

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The school district makes annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2017 was \$1,304,555. The amount accumulated in the sinking fund at the end of a twelve and one half-year period will be sufficient to retire the debt.

The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2018	\$ 332,105
2019	336,755
2020	341,469
2021	346,249
2022	350,215
Total	<u>\$ 1,706,793</u>

Note 12 – Alternative School Consortium

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

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

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

Note 13 – Insurance Loss Recoveries

The Poplarville School District received \$50,406 in an insurance loss recovery related to one of the buildings receiving major damage due to another building fire adjacent to the property settled during the 2016 - 2017 fiscal year. In the government-wide Statement of Activities, the insurance loss recovery was offset against the cost of the building and the loss in the amount of \$65,280 on disposal of the building was reported as charges to instructional expenditures.

The Poplarville School District received an additional \$1,839 in another insurance loss recovery related to bus damage during the 2016 – 2017 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as general revenue other income.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$12,444,145) includes the effect of deferring the recognition of expenses resulting from the cost-sharing pension plan deferred outflows and deferred inflows. The \$8,514,406 balance of the deferred outflow of resources at June 30, 2017 will be recognized as expenses and decrease unrestricted net position over the next three years. The \$2,707,559 balance of the deferred inflow of resources at June 30, 2017 will be recognized as revenue and increase unrestricted net position over the next four years.

Note 15 – Other Commitments

Commitments under construction and renovation contracts are described in Note 5.

Note 16 – School District Consolidation

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

Note 17 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Poplarville School District evaluated the activity of the district through December 14, 2017, the date of the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Required Supplementary Information

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

Schedule 1A

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
				Original	Final
	Original	Final		to Final	to Actual
Revenues:					
Local sources	\$ 5,073,291	\$ 5,403,339	\$ 5,409,214	\$ 330,048	\$ 5,875
State sources	9,626,211	9,379,128	9,384,791	(247,083)	5,663
Federal sources	83,891	85,000	82,909	1,109	(2,091)
Sixteenth section sources	294,325	214,845	214,870	(79,480)	25
Total Revenues	15,077,718	15,082,312	15,091,784	4,594	9,472
Expenditures:					
Instruction	8,686,522	8,670,605	8,589,610	15,917	80,995
Support services	6,080,158	5,896,207	5,831,853	183,951	64,354
Noninstructional services	16,650	14,150	10,624	2,500	3,526
Sixteenth section	11,150	10,626	5,077	524	5,549
Facilities acquisition and construction	-	-	-	-	-
Debt service:					
Interest	1,166	1,166	1,166	-	-
Total Expenditures	14,795,646	14,592,754	14,438,330	202,892	154,424
Excess (Deficiency) of Revenues over (under) Expenditures	282,072	489,558	653,454	207,486	163,896
Other Financing Sources (Uses):					
Insurance recovery	-	52,245	52,245	52,245	-
Operating transfers in	797,179	503,611	20,158	(293,568)	(483,453)
Operating transfers out	(1,198,957)	(795,385)	(312,297)	403,572	483,088
Total Other Financing Sources (Uses)	(401,778)	(239,529)	(239,894)	162,249	(365)
Net Change in Fund Balances	(119,706)	250,029	413,560	369,735	163,531
Fund Balances:					
July 1, 2016	8,809,809	8,809,809	8,809,809	-	-
June 30, 2017	\$ 8,690,103	\$ 9,059,838	\$ 9,223,369	\$ 369,735	\$ 163,531

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Schedule 1B

Title I-A Funds

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 809,017	\$ 883,732	\$ 714,500	\$ 74,715	\$ (169,232)
Total Revenues	809,017	883,732	714,500	74,715	(169,232)
Expenditures:					
Instruction	589,225	629,516	542,035	(40,291)	87,481
Support services	173,559	204,465	129,676	(30,906)	74,789
Noninstructional services	31,233	31,650	25,088	(417)	6,562
Total Expenditures	794,017	865,631	696,799	(71,614)	168,832
Excess (Deficiency) of Revenues over (under) Expenditures	15,000	18,101	17,701	3,101	(400)
Other Financing Sources (Uses):					
Operating transfers out	(15,000)	(18,101)	(17,701)	(3,101)	400
Total Other Financing Sources (Uses)	(15,000)	(18,101)	(17,701)	(3,101)	400
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2016	-	-	-	-	-
June 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Required Supplementary Information

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

Schedule 2A

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	\$ 29,725,873	27,082,464	19,083,386
District's proportionate share of the net pension liability (asset)	0.166415%	0.175200%	0.157218%
District's covered-employee payroll	10,645,989	10,945,498	9,606,838
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	279.2213%	247.4302%	198.6438%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	67.207687%

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

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Required Supplementary Information

Schedule of District Contributions

Schedule 2B

PERS

Last 10 Fiscal Years*

	2017		2016		2015
Contractually required contribution	\$ 1,665,133	\$	1,676,742	\$	1,723,916
Contributions in relation to the contractually required contribution	\$ 1,665,133	\$	1,676,742	\$	1,723,916
Contribution deficiency (excess)	\$ -	\$	-	\$	-
District's covered-employee payroll	\$ 10,572,273	\$	10,645,989	\$	10,945,498
Contributions as a percentage of covered-employee payroll	15.75%		15.75%		15.75%

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of Assumptions

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. 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.

In 2016 and later, the assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(2) Changes in Benefit Provisions

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 175,118
National school lunch program	10.555	628,873
Summer food service program for children	10.559	3,575
Total child nutrition cluster		<u>807,566</u>
Total passed-through Mississippi Department of Education		<u>807,566</u>
Total U.S. Department of Agriculture		<u>807,566</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	47,950
Total Federal Communications Commission		<u>47,950</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	24,906
Rural education achievement program	84.358	50,504
Improving teacher quality - state grants	84.367	69,504
Subtotal		<u>144,914</u>
Title I grants to local educational agencies	84.010	714,500
Special education cluster:		
Special education - grants to states	84.027	415,748
Special education - preschool grants	84.173	15,111
Total special education cluster		<u>430,859</u>
Total passed-through Mississippi Department of Education		<u>1,290,273</u>
Total U.S. Department of Education		<u>1,290,273</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	34,959
Total passed-through Mississippi Department of Education		<u>34,959</u>
Total U.S. Department of Health and Human Services		<u>34,959</u>
Total for All Federal Awards		<u><u>\$ 2,180,748</u></u>

The notes to the Supplementary Information are an integral part of this schedule.

**POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Poplarville Special Municipal Separate School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Poplarville School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Poplarville School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the current financial resources focus and the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Poplarville Special Municipal Separate School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Supplementary Information

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 14,248,459	\$ 10,540,603	\$ 766,966	\$ 1,119,949	\$ 1,820,941
Other	4,270,610	1,375,516	181,609	23,084	2,690,401
Total	<u>\$ 18,519,069</u>	<u>\$ 11,916,119</u>	<u>\$ 948,575</u>	<u>\$ 1,143,033</u>	<u>\$ 4,511,342</u>
Total number of students *	<u>1,697</u>				
Cost per student	<u>\$ 10,913</u>	<u>\$ 7,022</u>	<u>\$ 559</u>	<u>\$ 674</u>	<u>\$ 2,658</u>

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

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

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

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

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

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
OTHER INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2017	2016*	2015*	2014*
Revenues:				
Local sources	\$ 5,409,214	\$ 5,326,942	\$ 4,936,600	4,766,321
State sources	9,384,791	9,390,065	9,063,806	8,653,220
Federal sources	82,909	62,044	90,052	84,646
Sixteenth section sources	214,870	460,639	290,028	-
Total Revenues	15,091,784	15,239,690	14,380,486	13,504,187
Expenditures:				
Instruction	8,589,610	8,463,728	8,482,258	8,241,324
Support services	5,831,853	5,740,976	5,932,592	5,792,962
Noninstructional services	10,624	19,377	18,416	19,070
Sixteenth section	5,077	4,702	5,594	-
Facilities acquisition and construction	-	4,060	318,576	16,461
Debt service:				
Interest	1,166	1,715	2,244	2,752
Total Expenditures	14,438,330	14,234,558	14,759,680	14,072,569
Excess (Deficiency) of Revenues over (under) Expenditures	653,454	1,005,132	(379,194)	(568,382)
Other Financing Sources (Uses):				
Insurance recovery	52,245	3,621	3,938	-
Sale of transportation equipment	-	-	-	-
Sale of other property	-	-	1,157	41,490
Operating transfers in	20,158	97,352	88,379	15,989
Operating transfers out	(312,297)	(572,859)	(510,898)	(218,506)
Total Other Financing Sources (Uses)	(239,894)	(471,886)	(417,424)	(161,027)
Net Change in Fund Balances	413,560	533,246	(796,618)	(729,409)
Fund Balances:				
Beginning of period, as previously reported	8,809,809	8,276,563	4,786,946	5,516,355
Fund reclassification	-	-	4,286,235	-
Beginning of period, as restated	8,809,809	8,276,563	9,073,181	5,516,355
End of Period	\$ 9,223,369	\$ 8,809,809	\$ 8,276,563	4,786,946

*SOURCE - PRIOR YEAR AUDIT REPORTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2017	2016*	2015*	2014*
Revenues:				
Local sources	\$ 5,941,604	\$ 5,838,545	\$ 5,459,383	5,241,326
State sources	10,160,117	10,170,921	9,780,002	9,357,968
Federal sources	2,180,748	2,280,517	2,255,504	2,179,393
Sixteenth section sources	233,850	530,109	328,820	566,924
Total Revenues	18,516,319	18,820,092	17,823,709	17,345,611
Expenditures:				
Instruction	10,055,479	10,005,063	9,869,734	9,584,132
Support services	6,798,280	6,839,864	6,991,206	6,857,431
Noninstructional services	1,044,482	1,100,746	1,082,622	1,047,906
Sixteenth section	36,873	41,608	48,239	94,856
Facilities acquisition and construction	418,778	548,772	399,372	67,612
Debt service:				
Principal	154,000	150,000	150,000	146,000
Interest	8,327	15,851	23,355	30,652
Other	2,850	2,850	2,850	2,500
Total Expenditures	18,519,069	18,704,754	18,567,378	17,831,089
Excess (Deficiency) of Revenues over (under) Expenditures	(2,750)	115,338	(743,669)	(485,478)
Other Financing Sources (Uses):				
Insurance recovery	52,245	3,621	3,938	-
Payment to escrow agent	149,540	145,147	141,409	149,148
Payment to QSCB escrow agent	(149,540)	(145,147)	(141,409)	(149,148)
Sale of transportation equipment	-	-	-	-
Sale of other property	-	-	1,157	41,490
Operating transfers in	380,966	728,397	668,051	302,518
Operating transfers out	(380,966)	(728,397)	(668,051)	(302,518)
Total Other Financing Sources (Uses)	52,245	3,621	5,095	41,490
Net Change in Fund Balances	49,495	118,959	(738,574)	(443,988)
Fund Balances:				
Beginning of period	13,732,598	13,604,693	14,342,475	14,794,824
Increase (Decrease) in reserve for inventory	(10,563)	8,946	792	(8,361)
End of Period	\$ 13,771,530	\$ 13,732,598	\$ 13,604,693	14,342,475

*SOURCE - PRIOR YEAR AUDIT REPORTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182

Petal, MS 39465

Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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

Superintendent and School Board
Poplarville Special Municipal Separate School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 14, 2017

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182

Petal, MS 39465

Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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

Superintendent and School Board
Poplarville Special Municipal Separate School District

Report on Compliance on the Major Federal Program

We have audited Poplarville Special Municipal Separate School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Poplarville Special Municipal Separate School District's major federal program for the year ended June 30, 2017. Poplarville Special Municipal Separate School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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



KING CPA, PLLC
Petal, Mississippi
December 14, 2017

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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

Superintendent and School Board
Poplarville Special Municipal Separate School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2017, which collectively comprise Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated December 14, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3) (a) (iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

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

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

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

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

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 14, 2017

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements

1. Type of Auditor's Report Issued	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified?	No
b. Significant deficiency identified?	None Identified
3. Noncompliance material to financial statements noted	No

Federal Awards

4. Internal control over major programs:	
a. Material weakness identified?	No
b. Significant deficiency identified?	None Identified
5. Type of auditor's report issued on compliance for major programs	Unmodified
6. Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)	No
7. Identification of major programs	
84.010 Title I grants to local educational agencies	
8. Dollar threshold used to distinguish between type A and type B Programs	\$750,000
9. Auditee qualified as low-risk auditee?	Yes

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2017

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Cost

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