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GREENVILLE PUBLIC SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2019

L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
BRANDON, MS 39042

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Greenville Public School District

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Greenville Public School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District, as of June 30, 2019, 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, the Schedule of District Contributions (PERS), the Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of District Contributions (OPEB) on pages 7-14, 53-55, 57, 58, 59, and 60, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

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


The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated March 6, 2020, on my consideration of the Greenville Public School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Greenville Public School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greenville Public School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "L. Reeves".

L. Reeves, CPA, PLLC
Brandon, Mississippi
March 6, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

The following discussion and analysis of Greenville Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2019 increased \$3,289,239, including a prior period adjustment of \$13,494, which represents a 6% increase from fiscal year 2018. Total net position for 2018 decreased \$5,026,371, including a prior period adjustment of (\$5,513,419), which represents a 9% decrease from fiscal year 2017.
- General revenues amounted to \$33,834,377 and \$33,867,971, or 73% and 73% of all revenues for fiscal years 2019 and 2018, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,321,724, or 27% of total revenues for 2019, and \$12,419,738, or 27% of total revenues for 2018.
- The District had \$42,880,356 and \$45,800,661 in expenses for fiscal years 2019 and 2018; only \$12,321,724 for 2019 and \$12,419,738 for 2018 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$33,834,377 for 2019 and \$33,867,971 for 2018 were adequate to provide for these programs.
- Among major funds, the General Fund had \$33,786,545 in revenues and \$31,638,024 in expenditures for 2019, and \$33,853,657 in revenues and \$33,052,297 in expenditures in 2018. The General Fund's fund balance increased by \$1,061,691 from 2018 to 2019, including a prior period adjustment of \$56,632 and a decrease in inventory of \$1,320, and increased by \$1,102,995 from 2017 to 2018, including a decrease in inventory of \$8,131.
- Capital assets, net of accumulated depreciation, increased by \$108,459 for 2019 and decreased by \$244,861 for 2018. The increase for 2019 was due to the addition of mobile equipment and construction in progress expenditures coupled with the increase in accumulated depreciation.
- Long-term debt, including the liability for compensated absences, decreased by \$89,511 for 2019 and increased by \$407,739 for 2018. This decrease for 2019 was due primarily to payments on obligations for capital leases. The liability for compensated absences increased by \$17,502 for 2019 and increased by \$22,036 for 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better 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

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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 and net OPEB liability result in liabilities on the government-wide financial statements but are 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.

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, Schedule of District Contributions (PERS), Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of District Contributions (OPEB) as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

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

Other Information

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

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 \$55,544,950 as of June 30, 2019.

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.

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Table 1 presents a summary of the District's net position at June 30, 2019 and June 30, 2018.

Table 1
Condensed Statement of Net Position

	June 30, 2019	June 30, 2018	Percentage Change
Current assets	\$ 8,794,150	\$ 8,637,727	1.81 %
Restricted assets	3,568,231	3,039,237	17.41 %
Capital assets, net	11,454,037	11,345,578	0.96 %
Total assets	23,816,418	23,022,542	3.45 %
Deferred outflows of resources	5,725,766	7,066,231	-18.97 %
Current liabilities	1,075,829	2,546,429	-57.75 %
Long-term debt outstanding	6,193,268	6,282,779	-1.42 %
Net pension liability	67,330,267	65,679,029	2.51 %
Net OPEB liability	4,446,841	4,749,517	-6.37 %
Total liabilities	79,046,205	79,257,754	-0.27 %
Deferred inflows of resources	6,040,929	9,665,208	-37.50 %
Net position:			
Net investment in capital assets	5,590,347	5,374,875	4.01 %
Restricted	6,690,048	5,295,750	26.33 %
Unrestricted	(67,825,345)	(69,504,814)	2.42 %
Total net position	\$ (55,544,950)	\$ (58,834,189)	5.59 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (67,825,345)
Less unrestricted deficit in net position resulting from recognition of the net pension liability and net OPEB liability including the related deferred outflows and deferred inflows	72,092,271
Unrestricted net position, exclusive of the net pension liability and net OPEB liability effect	<u>\$ 4,266,926</u>

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

- Increase in net capital assets in the amount of \$108,459.
- The principal retirement of \$107,013 of long-term debt.

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Changes in Net Position

The District's total revenues for the fiscal years ended June 30, 2019 and June 30, 2018 were \$46,156,101 and \$46,287,709, respectively. The total cost of all programs and services was \$42,880,356 for 2019 and \$45,800,661 for 2018.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and June 30, 2018.

Table 2
Changes in Net Position

	Year Ended June 30, 2019	Year Ended June 30, 2018	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 399,200	372,567	7.15 %
Operating grants and contributions	11,922,524	12,037,905	(0.96) %
Capital Grants and Contributions	-	9,266	(100.00) %
General revenues:			
Property taxes	10,229,062	10,272,097	(0.42) %
Grants and contributions not restricted	23,206,127	23,278,743	(0.31) %
Investment earnings	97,860	76,190	28.44 %
Sixteenth section sources	128,222	166,220	(22.86) %
Other	173,106	74,721	131.67 %
Total revenues	46,156,101	46,287,709	(0.28) %
Expenses:			
Instruction	19,904,791	19,037,873	4.55 %
Support services	16,468,502	17,912,530	(8.06) %
Non-instructional	2,908,946	3,296,190	(11.75) %
Sixteenth section	5,567	-	N/A %
Pension expense	3,117,802	5,031,645	(38.04) %
OPEB expense	153,953	206,174	(25.33) %
Interest on long-term liabilities	320,795	316,249	1.44 %
Total expenses	42,880,356	45,800,661	(6.38) %
Increase (Decrease) in net position	3,275,745	487,048	572.57 %
Net Position, July 1, as previously reported	(58,834,189)	(53,807,818)	(9.34) %
Prior Period Adjustment	13,494	(5,513,419)	100.24 %
Net Position, July 1, as restated	(58,820,695)	(59,321,237)	0.84 %
Net Position, June 30	\$ (55,544,950)	(58,834,189)	5.59 %

Governmental activities

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

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2019	2018	
Instruction	\$ 19,904,791	\$ 19,037,873	4.55 %
Support services	16,468,502	17,912,530	(8.06) %
Non-instructional	2,908,946	3,296,190	(11.75) %
Sixteenth section	5,567	-	N/A %
Pension Expense	3,117,802	5,031,645	(38.04) %
OPEB Expense	153,953	206,174	(25.33) %
Interest on long-term liabilities	320,795	316,249	1.44 %
Total expenses	\$ 42,880,356	\$ 45,800,661	(6.38) %

	Net (Expense) Revenue		Percentage Change
	2019	2018	
Instruction	\$ (15,454,014)	\$ (15,142,757)	(2.06) %
Support services	(12,264,778)	(13,386,049)	8.38 %
Non-instructional	500,296	442,662	13.02 %
Sixteenth section	(5,567)	-	N/A %
Pension Expense	(3,117,802)	(5,031,645)	38.04 %
OPEB Expense	(153,953)	(206,174)	25.33 %
Interest on long-term liabilities	(62,814)	(56,960)	(10.28) %
Total net (expense) revenue	\$ (30,558,632)	\$ (33,380,923)	8.45 %

- Net cost of governmental activities [(\$30,558,632) for 2019 and (\$33,380,923) for 2018] was financed by general revenue, which is primarily made up of property taxes (\$10,229,062 for 2019 and \$10,272,097 for 2018) and state and federal revenues (\$23,206,127 for 2019 and \$23,278,743 for 2018). In addition, there was \$128,222 and \$166,220 in Sixteenth Section sources for 2019 and 2018, respectively.
- Investment earnings amounted to \$97,860 for 2019 and \$76,190 for 2018.

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 \$11,530,552, an increase of \$2,153,975, which includes a prior period adjustment of \$13,894 and a decrease in inventory of \$23,076. \$4,484,511 or 39% 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 \$7,046,041 or 61% is either nonspendable, restricted, committed or assigned to indicate that it is not

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,061,691, which includes a prior period adjustment of \$56,632 and a decrease in inventory of \$1,320. The fund balance of Other Governmental Funds showed an increase in the amount of \$217,891, which includes a prior period adjustment of (\$47,386). The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
School Food Service Fund	\$	325,562
IDEA Part B Fund		No change
Tax Levy Debt Service Fund		548,831

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.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2019, the District's total capital assets were \$27,024,465, including land, construction in progress, school buildings, building improvements, buses, other school vehicles, and furniture and equipment. This amount represents a decrease of \$11,717 from 2018. Total accumulated depreciation as of June 30, 2019, was \$15,570,428, and total depreciation expense for the year was \$499,996, resulting in total net capital assets of \$11,454,037.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Construction in Progress	\$ 477,541	-	N/A %
Buildings	9,332,758	9,502,425	(1.79) %
Building improvements	54,900	59,891	(8.33) %
Improvements other than buildings	39,057	39,057	0.00 %
Mobile equipment	690,976	665,379	3.85 %
Furniture and equipment	396,735	566,041	(29.91) %
Leased property under capital lease	462,070	512,785	(9.89) %
Total	\$ 11,454,037	11,345,578	0.96 %

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

Debt Administration. At June 30, 2019, the District had \$6,193,268 in outstanding long-term debt, including compensated absences payable. \$109,903 of this debt is due within one year. The liability for compensated absences increased \$17,502 from the prior year.

GREENVILLE PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>Percentage Change</u>
Qualified school construction bonds payable	\$ 5,525,000	\$ 5,525,000	0.00 %
Obligations under capital lease	338,690	445,703	(24.01) %
Compensated absences payable	329,578	312,076	5.61 %
Total	<u>\$ 6,193,268</u>	<u>\$ 6,282,779</u>	(1.42) %

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

CURRENT ISSUES

The Greenville Public School District is financially stable. The District is proud of its community support of the public schools. The district has committed itself to financial excellence for many years. The District plans to continue its sound financial management to meet the challenges and to embrace the opportunities of the future.

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 Greenville Public School District, 412 S Main Street (P.O. Box 1619), Greenville, MS 38702.

FINANCIAL STATEMENTS

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GREENVILLE PUBLIC SCHOOL DISTRICT

Statement of Net Position
June 30, 2019

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,233,071
Due from other governments	1,816,822
Other receivables, net	369,766
Inventories	73,198
Prepaid items	301,293
Restricted assets	3,568,231
Capital assets, net of accumulated depreciation	11,454,037
Total Assets	<u>23,816,418</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	5,524,856
Deferred outflows - OPEB	200,910
Total deferred outflows of resources	<u>5,725,766</u>
Liabilities	
Accounts payable and accrued liabilities	786,592
Interest payable on long-term liabilities	244,000
Unearned revenue	45,237
Long-term liabilities, due within one year:	
Capital related liabilities	109,903
Net OPEB liability	191,856
Long-term liabilities, due beyond one year:	
Capital related liabilities	5,753,787
Non-capital related liabilities	329,578
Net pension liability	67,330,267
Net OPEB liability	4,254,985
Total Liabilities	<u>79,046,205</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	5,373,100
Deferred inflows - OPEB	667,829
Total deferred inflows of resources	<u>6,040,929</u>
Net Position	
Net investment in capital assets	5,590,347
Restricted for:	
Expendable:	
School-based activities	2,804,395
Debt service	3,745,056
Unemployment benefits	99,848
Non-expendable:	
Sixteenth section	40,749
Unrestricted	(67,825,345)
Total Net Position	<u><u>\$ (55,544,950)</u></u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2019

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 19,904,791	306,445	4,144,332		(15,454,014)
Support services	16,468,502	30,748	4,172,976		(12,264,778)
Non-instructional	2,908,946	62,007	3,347,235		500,296
Sixteenth section	5,567				(5,567)
Pension expense	3,117,802				(3,117,802)
OPEB expense	153,953				(153,953)
Interest on long-term liabilities	320,795		257,981		(62,814)
Total Governmental Activities	\$ 42,880,356	399,200	11,922,524	0	(30,558,632)
General Revenues:					
Taxes:					
General purpose levies					9,567,809
Debt purpose levies					512,336
Gaming					148,917
Unrestricted grants and contributions:					
State					23,095,209
Federal					110,918
Unrestricted investment earnings					97,860
Sixteenth section sources					128,222
Other					173,106
Total General Revenues					33,834,377
Change in Net Position					3,275,745
Net Position - Beginning, as previously reported					(58,834,189)
Prior Period Adjustments					13,494
Net Position - Beginning, as restated					(58,820,695)
Net Position - Ending					\$ (55,544,950)

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2019

	Major Funds					
	General Fund	School Food Service Fund	IDEA Part B Fund	Tax Levy Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,917,328	2,798,600		575,132	982,760	6,273,820
Cash with fiscal agents				13,260		13,260
Investments				3,489,263		3,489,263
Due from other governments	253,972	5,933	1,092,373	5,377	459,167	1,816,822
Accrued interest receivable				24,959		24,959
Other receivables, net					182,801	182,801
Due from other funds	2,792,970	5,938	172	100,740	73,253	2,973,073
Inventories	33,886	39,312				73,198
Prepaid items	301,293					301,293
Total assets	5,299,449	2,849,783	1,092,545	4,208,731	1,697,981	15,148,489
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	191,980	31,538			319,148	542,666
Due to other funds	176,207	1,113,832	1,092,545	219,675	427,775	3,030,034
Unearned revenue					45,237	45,237
Total Liabilities	368,187	1,145,370	1,092,545	219,675	792,160	3,617,937
Fund Balances:						
Nonspendable:						
Inventory	33,886	39,312				73,198
Permanent fund principal					40,749	40,749
Prepaid items	301,293					301,293
Restricted:						
Debt service				3,989,056		3,989,056
Grant activities		1,665,101			764,803	2,429,904
Unemployment benefits					99,848	99,848
Assigned:						
Student activities	100,587				421	101,008
Technology	10,985					10,985
Unassigned	4,484,511					4,484,511
Total Fund Balances	4,931,262	1,704,413	0	3,989,056	905,821	11,530,552
Total liabilities and fund balances	\$ 5,299,449	2,849,783	1,092,545	4,208,731	1,697,981	15,148,489

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019**

Exhibit C-1

Total fund balances for governmental funds \$ 11,530,552

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:

Construction in progress	\$ 477,541	
Buildings	20,822,014	
Building improvements	124,772	
Improvements other than buildings	195,284	
Mobile equipment	2,211,503	
Furniture and equipment	2,629,851	
Leased property under capital lease	563,500	
Accumulated depreciation	<u>(15,570,428)</u>	11,454,037

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

Net pension liability	(67,330,267)	
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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	5,524,856	
Deferred inflows of resources related to pensions	<u>(5,373,100)</u>	(67,178,511)

- Some liabilities, including net OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net OPEB liability	(4,446,841)	
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Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to OPEB	200,910	
Deferred inflows of resources related to OPEB	<u>(667,829)</u>	(4,913,760)

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

Qualified school construction bonds payable	(5,525,000)	
Obligations under capital lease	(338,690)	
Compensated absences	(329,578)	
Accrued interest payable	<u>(244,000)</u>	(6,437,268)

Net Position of governmental activities		<u>\$ (55,544,950)</u>
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The notes to the financial statements are an integral part of this statement.

GREENVILLE PUBLIC SCHOOL DISTRICT

Governmental Funds

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019**

Exhibit D

	Major Funds				Other	Total
	General Fund	School Food Service Fund	IDEA Part B Fund	Tax Levy Debt Service Fund	Governmental Funds	Governmental Funds
Revenues:						
Local sources	\$ 10,222,154	73,278		584,329	19,470	10,899,231
State sources	23,268,975	29,906			1,123,175	24,422,056
Federal sources	167,194	3,564,267	1,523,708	257,981	5,187,689	10,700,839
Sixteenth section sources	128,222					128,222
Total Revenues	33,786,545	3,667,451	1,523,708	842,310	6,330,334	46,150,348
Expenditures:						
Instruction	17,411,808		1,036,864		3,905,479	22,354,151
Support services	14,075,782	325,407	483,985		3,214,998	18,100,172
Noninstructional services	5,902	2,747,007	376		162,760	2,916,045
Sixteenth section	5,567					5,567
Facilities acquisition and construction					477,541	477,541
Debt service:						
Principal	107,013					107,013
Interest	31,952			290,885		322,837
Other				4,961		4,961
Total Expenditures	31,638,024	3,072,414	1,521,225	295,846	7,760,778	44,288,287
Excess (Deficiency) of Revenues over (under) Expenditures	2,148,521	595,037	2,483	546,464	(1,430,444)	1,862,061
Other Financing Sources (Uses):						
Insurance loss recoveries	18,295				282,801	301,096
Payments held by escrow agent				471,364		471,364
Payments to QSCB debt escrow agent				(471,364)		(471,364)
Operating transfers in	302,217				1,462,654	1,764,871
Operating transfers out	(1,462,654)	(250,000)	(2,483)		(49,734)	(1,764,871)
Total Other Financing Sources (Uses)	(1,142,142)	(250,000)	(2,483)	0	1,695,721	301,096
Net Change in Fund Balances	1,006,379	345,037	0	546,464	265,277	2,163,157
Fund Balances:						
July 1, 2018, as previously reported	3,869,571	1,378,851	0	3,440,225	687,930	9,376,577
Prior period adjustments	56,632	2,281		2,367	(47,386)	13,894
July 1, 2018, as restated	3,926,203	1,381,132	0	3,442,592	640,544	9,390,471
Increase (Decrease) in reserve for inventory	(1,320)	(21,756)				(23,076)
June 30, 2019	\$ 4,931,262	1,704,413	0	3,989,056	905,821	11,530,552

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2019**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 2,163,157

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

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

Capital outlay	\$ 666,696	
Depreciation expense	(499,996)	166,700

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

	(57,841)	(57,841)

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

Payments of debt principal	107,013	
Accrued interest payable	2,042	109,055

4. Some items relating to pensions and 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 the governmental funds. The activities include:

Pension expense	(3,117,802)	
Contributions subsequent to the measurement date		
	4,009,398	891,596

5. Some items relating to OPEB and 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 the governmental funds. The activities include:

OPEB expense	(153,953)	
State contribution to plan	5,755	
Contributions subsequent to the measurement date	191,856	43,658

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

Change in compensated absences	(17,502)	
Change in inventory reserve	(23,076)	(40,578)

7. Rounding (2)

Change in Net Position of governmental activities		\$ 3,275,745
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The notes to the financial statements are an integral part of this statement.

GREENVILLE PUBLIC SCHOOL DISTRICT**Fiduciary Funds****Statement of Fiduciary Assets and Liabilities
June 30, 2019****Exhibit E**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,849,871
Due from other funds	243,926
Other receivables	1,904
Total Assets	<u>2,095,701</u>
Liabilities	
Accounts payable and accrued liabilities	1,876,373
Due to other funds	186,965
Due to student clubs	32,363
Total Liabilities	<u>\$ 2,095,701</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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 district is a related organization of, but not a component unit of, the city of Greenville, Mississippi, 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, Greenville Public School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all 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

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

School Food Service Fund – This fund accounts for the revenues and expenditures associated with the Child Nutrition Cluster of federal awards.

IDEA Part B Fund – This fund accounts for the revenues and expenditures associated with the Special education – grants to states federal award program.

Tax Levy Debt Service Fund – This debt service fund accounts for the debt service revenues and expenditures associated with servicing the district's Qualified School Construction Bonds.

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

The District's fiduciary funds include the following:

Student Club Funds – These various funds account for the monies raised through student club activities.

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

Accounts Payable Clearing Fund – This fund is used to report the resources of paid claims held by the district in a purely custodial capacity (assets and liabilities) and does not involve the measurement of results of operations.

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.

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

FIDUCIARY FUNDS

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the city on behalf of the 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

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

basis and are recorded at the time the revenues are received from the State of Mississippi.

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

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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.

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

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 School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, 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	*	*

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

7. Deferred outflows/inflows of resources

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

Deferred outflows - pensions

Deferred outflows – postemployment benefits other than pensions (OPEB)

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.

Deferred inflows - pensions

Deferred inflows – postemployment benefits other than pensions (OPEB)

See Notes 9 (pensions) and 10 (OPEB) 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, Miss. Code Ann. (1972). Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the State and School Employees' Life and Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recorded when the OPEB benefits come due. Investments are reported at fair value as determined by the state.

12. 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 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, the District's highest level of decision-making authority. This formal action is the approval of such a commitment by the school board. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the district's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the action of the district business manager pursuant to authorization established by school board 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.

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
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Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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.

Investments. Sections 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorize the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$6,273,820 and \$1,849,871, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$13,260.

Investments

GREENVILLE PUBLIC SCHOOL DISTRICT
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As of June 30, 2019, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	N/A	Less than 5	\$ 3,489,263
Total			<u>\$ 3,489,263</u>

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The district has the following recurring fair value measurements as of June 30, 2019:

U. S. Treasury SLGS investments of \$3,489,263 are valued using quoted market prices (Level 1 inputs).

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2019, the district did not have any investments to which this would apply.

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

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
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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	School Food Service Fund	\$ 1,110,329
	IDEA Part B Fund	1,092,545
	Other governmental funds	417,156
	Fiduciary funds	172,940
School Food Service Fund	General Fund	1,779
	Other governmental funds	3,485
	Fiduciary funds	674
IDEA Part B Fund	Fiduciary funds	172
Tax Levy Debt Service Fund	General Fund	100,740
Other governmental funds	General Fund	60,074
	Fiduciary funds	13,179
Fiduciary funds	General Fund	13,614
	School Food Service Fund	3,503
	Tax Levy Debt Service Fund	219,675
	Other governmental funds	7,134
		<u>\$ 3,216,999</u>

The inter-fund balances represent loans created by the existence of negative fund cash balances in a pooled bank account and amounts held in fiduciary funds but due to governmental funds. Negative fund cash balances in governmental funds (special revenues funds) are a result of the timing of cash flows inherent in the reimbursable grant funds due from the Federal government. Also included are amounts due from governmental funds to imprest clearing funds (fiduciary funds) for transfers to satisfy payroll and claim amounts.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,462,654
School Food Service Fund	General Fund	250,000
IDEA Part B Fund	General Fund	2,483
Other governmental funds	General Fund	49,734
Total		<u>\$ 1,764,871</u>

Inter-fund transfers represent transfers of indirect costs to the general fund and operational transfers between governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$40,749, of the Sixteenth Section Principal Fund (permanent fund) which is legally restricted and may not be used for purposes that support the district's programs.

GREENVILLE PUBLIC SCHOOL DISTRICT
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In addition, the restricted assets represent the cash with fiscal agents, investment, and accrued interest balances, totaling \$13,260, \$3,489,263, and \$24,959, respectively, of the Tax Levy Debt Service Fund.

Restricted Assets on the Statement of Net Position total \$3,568,231.

Note 5 – Capital Assets

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

	Balance 7/1/2018	Increases	Decreases	Adjustments	Balance 6/30/2019
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Construction-in-progress	\$ -	477,541			477,541
Total non-depreciable capital assets	-	477,541		-	477,541
<u>Depreciable capital assets:</u>					
Buildings	20,822,014				20,822,014
Building improvements	124,772				124,772
Improvements other than buildings	195,284				195,284
Mobile equipment	2,513,459	189,155	491,111		2,211,503
Furniture and equipment	2,817,153		187,302		2,629,851
Leased property under capital lease	563,500				563,500
Total depreciable capital assets	27,036,182	189,155	678,413	-	26,546,924
<u>Less accumulated depreciation for:</u>					
Buildings	11,319,589	169,667			11,489,256
Building improvements	64,881	4,991			69,872
Improvements other than buildings	156,227				156,227
Mobile equipment	1,848,080	114,447	442,000		1,520,527
Furniture and equipment	2,251,112	160,176	178,572	400	2,233,116
Leased property under capital lease	50,715	50,715			101,430
Total accumulated depreciation	15,690,604	499,996	620,572	400	15,570,428
Total depreciable capital assets, net	11,345,578	(310,841)	57,841	(400)	10,976,496
Governmental activities capital assets, net	\$ 11,345,578	166,700	57,841	(400)	11,454,037

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 17,542
Support services	384,604
Non-instructional	97,850
Total depreciation expense - Governmental activities	<u>\$ 499,996</u>

The capital assets above include significant amounts of buildings, which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

GREENVILLE PUBLIC SCHOOL DISTRICT
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The details of construction-in-progress are as follows:

Governmental Activities:	Spent to June 30, 2019	Remaining Commitment
Roofing Greenville High School	<u>\$477,541</u>	<u>\$1,153,403</u>
Total governmental activities	<u>\$477,541</u>	<u>\$1,153,403</u>

Construction projects included in governmental activities are funded with roof insurance proceeds.

Note 6 – Long-term Liabilities

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

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Amounts due within one year
A. Qualified school construction bonds payable	\$ 5,525,000			5,525,000	
B. Obligations under capital lease	445,703		107,013	338,690	109,903
C. Compensated absences payable	312,076	17,502	-	329,578	
Total	\$ 6,282,779	17,502	107,013	6,193,268	109,903

A. Qualified school construction bonds payable

As more fully explained in Note 15, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds, series 2011	5.60%	8-Jun-11	1-Dec-21	\$ 1,500,000	\$ 1,500,000
2. Qualified school construction bonds, series 2012	5.14%	12-Jan-12	1-Aug-23	4,025,000	4,025,000
Total				<u>\$ 5,525,000</u>	<u>\$ 5,525,000</u>

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

2011 Series of June 8, 2011:

Year Ending June 30	Principal	Interest	Total
2020	\$ -	84,000	84,000
2021	-	84,000	84,000
2022	1,500,000	84,000	1,584,000
Total	<u>\$ 1,500,000</u>	<u>252,000</u>	<u>1,752,000</u>

This debt will be retired from the Tax Levy Debt Service Fund (Debt Service Fund).

2012 Series of January 12, 2012:

Year Ending June 30	Principal	Interest	Total
2020	\$ -	206,885	206,885
2021	-	206,885	206,885
2022	-	206,885	206,885
2023	-	206,885	206,885
2024	4,025,000	206,885	4,231,885
Total	<u>\$ 4,025,000</u>	<u>1,034,425</u>	<u>5,059,425</u>

This debt will be retired from the Tax Levy Debt Service Fund (Debt Service Fund).

Total for all series:

Year Ending June 30	Principal	Interest	Total
2020	\$ -	290,885	290,885
2021	-	290,885	290,885
2022	1,500,000	290,885	1,790,885
2023	-	206,885	206,885
2024	4,025,000	206,885	4,231,885
Total	<u>\$ 5,525,000</u>	<u>1,286,425</u>	<u>6,811,425</u>

B. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of seven (7) 2018 Blue Bird Vision buses at a cost of \$563,500. This lease qualifies as a capital lease for accounting purposes.

The title of the buses transfers to the school district at the end of the lease term.

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Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bus Lease, Series 2017	2.70%	15-Sep-17	15-Oct-21	\$ 563,500	\$ 338,690
Total				<u>\$ 563,500</u>	<u>\$ 338,690</u>

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 109,903	9,144	119,047
2021	112,870	6,177	119,047
2022	115,917	3,130	119,047
Total	<u>\$ 338,690</u>	<u>18,451</u>	<u>357,141</u>

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

This debt will be retired from the general fund.

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 – Other Commitments

The school district has several operating leases for the following:

1. 54 copiers

Lease expenditures for the year ended June 30, 2019, amounted to \$136,800.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2020	\$ 22,800
Total	<u>\$ 22,800</u>

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
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Note 8 – Short-Term Financing

During the fiscal year ended June 30, 2018, the school district participated in the following short-term financing for the purpose of a tax anticipation note borrowing.

Tax Anticipation Note. The school district issued a revenue anticipation note payable in the amount of \$2,200,000 on November 13, 2018. The note was issued at an interest rate of 2.25% and was repaid on April 12, 2019. Total interest paid on the note was \$20,342.46. The note was issued in anticipation of ad valorem taxes budgeted for the 2019 year and was repaid from those revenues.

Note 9 – 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 is available at www.pers.ms.gov.

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

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, 2019 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$4,009,398, \$4,071,912 and \$3,991,469 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, 2019, the school district reported a liability of \$67,330,267 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
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used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2019 net pension liability was 0.4048 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.0097 percent from its proportionate share used to calculate the June 30, 2018 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,117,802. At June 30, 2019 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	\$ 353,334	\$ 277,032
Net difference between projected and actual earnings on pension plan investments		857,378
Changes of assumptions		40,312
Changes in proportion and differences between District contributions and proportionate share of contributions	1,162,124	4,198,378
District contributions subsequent to the measurement date	4,009,398	
Total	\$ <u>5,524,856</u>	\$ <u>5,373,100</u>

\$4,009,398 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, 2020. 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:	
2020	\$ (1,838,643)
2021	(525,352)
2022	(1,190,859)
2023	(302,788)

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.25-18.50 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 2022, with males rates set forward one year for males with adjustments.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

GREENVILLE PUBLIC SCHOOL DISTRICT
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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	27.00	%	4.60	%
International Equity	18.00		4.50	
Emerging Markets Equity	4.00		4.75	
Global	12.00		4.75	
Fixed Income	18.00		0.75	
Real Estate	10.00		3.50	
Private Equity	8.00		5.10	
Emerging Debt	2.00		2.25	
Cash	1.00		0.00	
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 (9.00%) and that employer contributions will be made at the former employer contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. 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 table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1-percentage-point higher (8.75%) 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	\$ 88,654,641	\$ 67,330,267	\$ 49,606,896

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

Note 10 – Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan.

Plan description. State law mandates that all state, public education, library, junior and community college and retiring employees be offered health and life benefit coverage through the State and School Employees' Life and Health Insurance Plan (the Plan). The Plan was established by Section 25-15-3 et seq., Mississippi Code Ann. (1972), which may be amended only by the State Legislature. The State and School Employees' Health Insurance Management Board (the Board) administers the Plan. The Board has the sole legal authority to promulgate rules and regulations governing the operations of the Plan within the confines of the law governing the Plan. The Plan is self-insured and is financed through premiums collected from

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employers, employees, retirees and COBRA participants. The Plan provides for Other Postemployment Benefits (OPEB) as a multiple employer defined benefit OPEB plan. The plan issues a publicly available financial report that can be obtained at <http://knowyourbenefits.dfa.ms.gov/>.

Benefits provided.

The Plan was formed by the State Legislature to provide group health and life benefits to full-time active and retired employees of the State, agencies, universities, community/junior colleges, public school districts and public libraries. In addition, the spouse and/or children of covered employees and retirees, as well as surviving spouses and COBRA participants, may be eligible for health insurance coverage under the Plan. Benefits of the OPEB Plan consist of an implicit rate subsidy, which is essentially the difference between the average cost of providing health care benefits to retirees under age 65 and the average cost of providing health care benefits to all participants when premiums paid by retirees are not age adjusted. Employees' premiums are funded primarily by their employers. Retirees must pay their own premiums, as do active employees for spouse and dependent medical coverage. The Board has the sole authority for setting life and health insurance premiums for the Plan. Per Section 12-15-15 (10) Mississippi Code Ann. (1972), a retired employee electing to purchase retiree life and health insurance must pay the full cost of such insurance premium. If the Board determined actuarially that the premium paid by the participating retirees adversely affects the overall cost of the Plan to the State, then the Board may impose a premium surcharge, not to exceed 15%, upon such participating retired employees who are under the age for Medicare eligibility and who are initially employed before January 1, 2006. For participating retired employees who are under the age for Medicare eligibility and who are initially employed on or after January 1, 2006, the Board may impose a premium surcharge in an amount the Board determined actuarially to cover the full cost of insurance. The Plan offers a Base option and a Select option for health benefits for non-Medicare participants. The Plan includes a separate coverage level for Medicare eligible retirees, Medicare Eligible surviving spouses, and Medicare eligible dependents of retirees and surviving spouses.

Contributions.

The Board has the sole authority for setting life and health insurance premiums for the Plan. The required premiums vary based on the plan selected and the type of participant. Employers pay no premiums for retirees while employees' premiums are funded primarily by their employer. Contributions to the OPEB plan from the District were \$191,856 for the year ended June 30, 2019 and \$202,479 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

At June 30, 2019, the District reported a liability of \$4,446,841 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The basis for the District's proportion is determined by comparing the employer's average monthly employees participating in the Plan with the total average employees participating in the Plan in the fiscal year of all employers. The allocation was utilized because the level of premiums contributed by each employer is the same for any employee regardless of plan participation elections made by the employee. At the measurement date of June 30, 2018, the District's proportion was 0.57486145 percent. This was a decrease of 0.03047407 percent from the proportionate share as of the measurement date of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$153,953. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Notes to the Financial Statements
For the Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,054	\$
Changes of assumptions		316,846
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		350,983
District contributions subsequent to the measurement date	191,856	
Total	\$ <u>200,910</u>	\$ <u>667,829</u>

\$191,856 reported as deferred outflows of resources related to OPEB resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:

2020	\$ (131,329)
2021	(131,329)
2022	(131,329)
2023	(131,329)
2024	(109,727)
Thereafter	(23,732)

Actuarial assumptions. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.25-18.50 percent, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	4.50%
Municipal Bond Index Rate	
Measurement Date	3.89%
Prior Measurement Date	3.56%
Year FNP is projected to be depleted	
Measurement Date	2018
Prior Measurement Date	2017

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

Single Equivalent Interest Rate, net
of OPEB plan investment expense,
including inflation

Measurement Date	3.89%
Prior Measurement Date	3.56%

Health Care Cost Trends

Medicare Supplement Claims	7.25 percent for 2018 decreasing to an
Pre-Medicare	ultimate rate of 4.75% by 2028

Both pre-retirement and post-retirement mortality rates were based on the RP 2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, male rates set forward 1 year and adjusted by 106% for males at all ages, and females adjusted to 90% for ages less than 76, 95% for age 76, 105% for age 78 and 110% for ages 79 and greater. Post-disability mortality rates were based on the RP 2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females.

The demographic actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study dated April 18, 2017.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

The long-term investment rate of return, net of OPEB plan investment expense, including inflation was 4.50%.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.89 percent. Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89%.

The trust was established on June 28, 2018 with an initial contribution of \$1,000,000. The fiduciary net position is projected to be depleted immediately, therefore, the Municipal Bond Index Rate is used in the determination of the discount rate for both June 30, 2017 and the June 30, 2018. The discount rate used to measure the total OPEB liability at June 30, 2018 was based on an average of the Bond Buyer General Obligation 20-year Municipal Bond Index Rates during the month of June published at the end of each week by Bond Buyer.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Net OPEB liability	\$ 4,929,213	\$ 4,446,841	\$ 4,031,986

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Net OPEB liability	\$ 4,119,244	\$ 4,446,841	\$ 4,818,897

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in a separately issued report that can be found at <http://knowyourbenefits.dfa.ms.gov/>.

Note 11– 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
2020	\$ 106,816
2021	106,816
2022	22,173
2023	22,173
2024	22,173
2025 – 2029	82,049
2030 – 2034	79,845
2035 – 2039	34,969
Total	<u>\$ 477,014</u>

Note 12 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Restatement of a prior period asset or liability	\$ 13,894
2. Adjustment to accumulated depreciation of capital assets	(400)
Total	<u>\$ 13,494</u>

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

Fund	Explanation	Amount
General Fund	Restatement of prior period asset or liability	\$ 56,632
School Food Service Fund	Restatement of prior period asset or liability	2,281
Tax Levy Debt Service Fund	Restatement of prior period asset or liability	2,367
Other governmental funds	Restatement of prior period asset or liability	(47,386)
Total		<u>\$ 13,894</u>

Note 13 – 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 - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 14 – 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 15 – 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.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2019, the subsidy payments amounted to \$257,981.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2019 was \$3,527,482, including cash with fiscal agents of \$13,260, investments of \$3,489,263, and accrued interest of \$24,959. The amount accumulated in the sinking fund at the maturity date of the bonds is expected to be sufficient

GREENVILLE PUBLIC SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2019

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	Series 2011	Series 2012	Total
2020	\$ 136,364	336,000	472,364
2021	136,364	336,000	472,364
2022	136,364	336,000	472,364
2023	-	336,000	336,000
2024	-	334,000	334,000
Total	<u>\$ 409,092</u>	<u>1,678,000</u>	<u>2,087,092</u>

Note 16 – Insurance loss recoveries

The Greenville Public School District received \$301,096 in insurance loss recoveries during the 2018-2019 fiscal year related to property damages. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

Note 17 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$67,825,345) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. A portion of the deferred outflow of resources related to pension in the amount of \$4,009,398 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The \$1,515,458 balance of deferred outflow of resources related to pensions, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$67,825,345) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$5,373,100 balance of deferred inflow of resources related to pensions, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

The unrestricted net position amount of (\$67,825,345) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from OPEB. A portion of the deferred outflow of resources related to OPEB in the amount of \$191,856 resulting from the school district contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. The \$9,054 balance of deferred outflow of resources related to OPEB, at June 30, 2019 will be recognized as an expense and will decrease the unrestricted net position over the next 6 years.

The unrestricted net position amount of (\$67,825,345) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from OPEB. The \$667,829 balance of deferred inflow of resources related to OPEB, at June 30, 2019 will be recognized as revenue and will increase the unrestricted net position over the next 6 years.

Note 18 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Greenville Public School District evaluated the activity of the district through March 6, 2020 and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 10,416,687	10,164,958	10,222,154	(251,729)	57,196
State sources	23,186,307	23,186,307	23,268,975	0	82,668
Federal sources	16,400	16,400	167,194	0	150,794
Sixteenth section sources	176,400	176,400	128,222	0	(48,178)
Total Revenues	33,795,794	33,544,065	33,786,545	(251,729)	242,480
Expenditures:					
Instruction	18,091,853	18,002,793	17,411,808	89,060	590,985
Support services	15,888,490	15,884,740	14,075,782	3,750	1,808,958
Noninstructional services	0	0	5,902	0	(5,902)
Sixteenth section	11,000	11,000	5,567	0	5,433
Debt service:					
Principal	0	0	107,013	0	(107,013)
Interest	0	0	31,952	0	(31,952)
Total Expenditures	33,991,343	33,898,533	31,638,024	92,810	2,260,509
Excess (Deficiency) of Revenues over (under) Expenditures	(195,549)	(354,468)	2,148,521	(158,919)	2,502,989
Other Financing Sources (Uses):					
Insurance loss recoveries	0	0	18,295	0	18,295
Operating transfers in	3,936,977	3,685,209	302,217	(251,768)	(3,382,992)
Operating transfers out	(4,428,520)	(4,428,520)	(1,462,654)	0	2,965,866
Total Other Financing Sources (Uses)	(491,543)	(743,311)	(1,142,142)	(251,768)	(398,831)
Net Change in Fund Balances	(687,092)	(1,097,779)	1,006,379	(410,687)	2,104,158
Fund Balances:					
July 1, 2018, as previously reported	3,077,249	3,869,571	3,869,571	792,322	0
Prior period adjustments	0	0	56,632	0	56,632
July 1, 2018, as restated	3,077,249	3,869,571	3,926,203	792,322	56,632
Decrease in reserve for inventory	0	0	(1,320)	0	(1,320)
June 30, 2019	\$ 2,390,157	2,771,792	4,931,262	381,635	2,159,470

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

School Food Service Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 77,240	77,240	73,278	0	(3,962)
State sources			29,906	0	29,906
Federal sources	2,960,000	2,960,000	3,564,267	0	604,267
Total Revenues	3,037,240	3,037,240	3,667,451	0	630,211
Expenditures:					
Instruction				0	0
Support services	252,301	252,301	325,407	0	(73,106)
Noninstructional services	3,271,191	3,271,192	2,747,007	(1)	524,185
Total Expenditures	3,523,492	3,523,493	3,072,414	(1)	451,079
Excess (Deficiency) of Revenues over (under) Expenditures	(486,252)	(486,253)	595,037	(1)	1,081,290
Other Financing Sources (Uses):					
Operating transfers out	0	0	(250,000)	0	(250,000)
Total Other Financing Sources (Uses)	0	0	(250,000)	0	(250,000)
Net Change in Fund Balances	(486,252)	(486,253)	345,037	(1)	831,290
Fund Balances:					
July 1, 2018, as previously reported	1,839,390	1,378,851	1,378,851	(460,539)	0
Prior period adjustments	0	0	2,281	0	2,281
July 1, 2018, as restated	1,839,390	1,378,851	1,381,132	(460,539)	2,281
Decrease in reserve for inventory	0	0	(21,756)	0	(21,756)
June 30, 2019	\$ 1,353,138	892,598	1,704,413	(460,540)	811,815

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

IDEA Part B Fund

For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,211,325	1,211,325	1,523,708	0	312,383
Total Revenues	1,211,325	1,211,325	1,523,708	0	312,383
Expenditures:					
Instruction	809,513	809,513	1,036,864	0	(227,351)
Support services	339,432	339,432	483,985	0	(144,553)
Noninstructional services	245,530	245,530	376	0	245,154
Total Expenditures	1,394,475	1,394,475	1,521,225	0	(126,750)
Excess (Deficiency) of Revenues over (under) Expenditures	(183,150)	(183,150)	2,483	0	185,633
Other Financing Sources (Uses):					
Operating transfers out			(2,483)	0	(2,483)
Total Other Financing Sources (Uses)	0	0	(2,483)	0	(2,483)
Net Change in Fund Balances	(183,150)	(183,150)	0	0	183,150
Fund Balances:					
July 1, 2018	(345,599)	0	0	345,599	0
June 30, 2019	\$ (528,749)	(183,150)	0	345,599	183,150

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

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GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	% 0.40480%	0.39510%	0.438800%	0.470100%	0.485100%
District's proportionate share of the net pension liability	\$ 67,330,267	65,679,030	78,380,636	72,668,189	58,878,009
District's covered payroll	25,853,410	25,342,660	28,069,216	29,368,476	29,639,956
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.43%	259.16%	279.24%	247.44%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	63%	61%	57%	62%	67%

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 Statement No. 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.

GREENVILLE PUBLIC SCHOOL DISTRICT
Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	4,009,398	4,071,912	3,991,469	4,420,898	4,625,535
Contributions in relation to the contractually required contribution	\$ 4,009,398	4,071,912	3,991,469	4,420,898	4,625,535
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered payroll	25,456,495	25,853,410	25,342,660	28,069,216	29,368,476
Contributions as a percentage of covered payroll	15.75%	15.75%	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 Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

GREENVILLE PUBLIC SCHOOL DISTRICT**Required Supplementary Information****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****OPEB****Last 10 Fiscal Years***

		2019	2018
District's proportion of the net OPEB liability	%	0.57486145	0.6053352%
District's proportionate share of the net OPEB liability	\$	4,446,841	4,749,517
District's covered-employee payroll		25,853,410	25,342,660
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		17%	18.74%
Plan fiduciary net position as a percentage of the total OPEB liability		0.13%	0.00%

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, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

GREENVILLE PUBLIC SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

OPEB

Last 10 Fiscal Years

	<u>2019</u>	<u>2018*</u>
Actuarially determined contribution	\$ 191,856	202,479
Contributions in relation to the actuarially determined contribution	191,856	202,479
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>
District's covered-employee payroll	25,456,495	25,853,410
Contributions as a percentage of covered-employee payroll	0.75%	0.78%

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 Statement No.75 was implemented in FYE 6/30/2018, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available. Prior year information is based on historical amounts reported in prior year audit report(s).

GREENVILLE PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information For the Year Ended June 30, 2019

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) *Changes of assumptions*

2015:

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

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

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

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

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

2016:

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

2017:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

GREENVILLE PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information
For the Year Ended June 30, 2019

(2) *Changes in benefit provisions*

2016:

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

(3) *Method and assumptions used in calculations of actuarially determined contributions.*

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2016 valuation for the June 30, 2018 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OPEB Schedules

(1) *Changes of assumptions*

2017: The discount rate was changed from 3.01% for the prior Measurement Date to 3.56% for the current Measurement Date.

2018: The discount rate was changed from 3.56% for the prior Measurement Date to 3.89% for the current Measurement Date.

(2) *Changes in benefit provisions*

2017: None

2018: None

(3) *Methods and assumptions used in calculations of Actuarially Determined Contributions.* The Actuarially Determined Contributions rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2017 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open

GREENVILLE PUBLIC SCHOOL DISTRICT

Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Asset valuation method	Market Value of Assets
Price inflation	3%
Salary increases, including wage inflation	3.25% to 18.50%
Initial health care cost trend rates	
Medicare Supplement Claims	7.75%
Pre-Medicare	
Ultimate health care cost trend rates	
Medicare Supplement Claims	5.00%
Pre-Medicare	
Year of ultimate trend rates	
Medicare Supplement Claims	2023
Pre-Medicare	
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.56%

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SUPPLEMENTARY INFORMATION

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GREENVILLE PUBLIC SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed-through Mississippi Department of Education:			
Child nutrition cluster:			
School breakfast program	10.553	195MS326N1099	\$ 857,120
National school lunch program	10.555	195MS326N1099	2,204,023
National school lunch program - donated commodities	10.555	195MS326N1099	261,271
Summer food service program for children	10.559	195MS326N1099	70,787
Total child nutrition cluster			<u>3,393,201</u>
Fresh fruits and vegetables program	10.582	195MS326KL1603	6,561
Total passed-through Mississippi Department of Education			<u>3,399,762</u>
Total U.S. Department of Agriculture			<u>3,399,762</u>
<u>U.S. Department of Education</u>			
Passed-through Mississippi Department of Education:			
Title I grants to local educational agencies	84.010	ES010A160024 ES010A170024 ES010A180024	87,015 345,873 3,863,443
Program for neglected and delinquent children	84.013	ES010A170024 ES010A180024	16,741 20,904
Career and technical education - basic grants to states	84.048	V048A180024	69,234
Rural education	84.358	ES358B160024 ES358B170024	845 81,323
Supporting effective instruction state grants	84.367	ES367A160023 ES367A170023 ES367A180023	72,136 122,927 301,443
Student support and academic enrichment	84.424	ES424A170025 ES424A180025	8,445 79,111
Subtotal			<u>5,069,440</u>
Special education cluster:			
Special education - grants to states	84.027	H027A160108 H027A170108 H027A180108	213,293 794,819 565,007
Special education - preschool grants	84.173	H173A170113 H173A180113	35,301 7,299
Total special education cluster			<u>1,615,719</u>
Total passed-through Mississippi Department of Education			<u>6,685,159</u>
Total U.S. Department of Education			<u>6,685,159</u>
<u>U. S. Department of Health and Human Services</u>			
Passed-through Mississippi Department of Education:			
Medical assistance program	93.778	1905MS5ADM	6,866
Total passed-through Mississippi Department of Education			<u>6,866</u>
Total Department of Social Security			<u>6,866</u>
<u>U. S. Department of Social Security</u>			
Direct Program:			
Social security disability insurance	96.001	04-19-04MSD100	2,338
Total Department of Social Security			<u>2,338</u>
Total for All Federal Awards			<u><u>\$ 10,094,125</u></u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT

Supplementary Information

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2019**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 35,055,037	25,197,898	1,782,187	2,863,523	5,211,429
Other	9,233,250	2,203,783	1,233,507	60,438	5,735,522
Total	<u>\$ 44,288,287</u>	<u>27,401,681</u>	<u>3,015,694</u>	<u>2,923,961</u>	<u>10,946,951</u>
Total number of students *	<u>4,408</u>				
Cost per student	<u>\$ 10,047</u>	<u>6,217</u>	<u>684</u>	<u>663</u>	<u>2,483</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

GREENVILLE PUBLIC SCHOOL DISTRICT

Notes to the Supplementary Information
For the Year Ended June 30, 2019

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 Greenville Public School District under programs of the federal government for the year ended June 30, 2019. 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 Greenville Public School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Greenville Public School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and using the same significant accounting policies, as applicable, as those used for the financial statements. 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 Greenville Public School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and using the same significant accounting policies, as applicable, as those used for the financial statements.

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OTHER INFORMATION

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GREENVILLE PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 10,222,154	10,143,528	10,427,379	10,486,472
State sources	23,268,975	23,474,898	25,527,020	25,649,579
Federal sources	167,194	69,011	45,803	34,457
Sixteenth section sources	128,222	166,220	142,926	122,533
Total Revenues	33,786,545	33,853,657	36,143,128	36,293,041
Expenditures:				
Instruction	17,411,808	17,157,050	18,070,290	19,281,846
Support services	14,075,782	15,761,070	15,835,107	16,907,685
Noninstructional	5,902			
Sixteenth section	5,567			
Facilities acquisition and construction				
Debt service:				
Principal	107,013	117,797		
Interest	31,952	16,380		
Total Expenditures	31,638,024	33,052,297	33,905,397	36,189,531
Excess (Deficiency) of Revenues over (under) Expenditures	2,148,521	801,360	2,237,731	103,510
Other Financing Sources (Uses):				
Insurance loss recoveries	18,295	280,790	28,111	5,539
Inception of capital leases		563,500		
Operating transfers in	302,217	499,905	581,545	417,067
Operating transfers out	(1,462,654)	(1,034,429)	(1,052,576)	(1,669,199)
Total Other Financing Sources (Uses)	(1,142,142)	309,766	(442,920)	(1,246,593)
Net Change in Fund Balances	1,006,379	1,111,126	1,794,811	(1,143,083)
Fund Balances:				
Beginning of period, as previously reported	3,869,571	2,766,576	977,859	2,294,134
Prior period adjustments	56,632		7,307	(168,899)
Beginning of period, as restated	3,926,203	2,766,576	985,166	2,125,235
Increase (Decrease) in reserve for inventory	(1,320)	(8,131)	(13,401)	(4,293)
End of Period	\$ 4,931,262	3,869,571	2,766,576	977,859

*SOURCE - PRIOR YEAR AUDIT REPORTS

GREENVILLE PUBLIC SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2019	2018*	2017*	2016*
Revenues:				
Local sources	\$ 10,899,231	10,795,575	11,054,339	11,089,909
State sources	24,422,056	24,452,299	26,424,526	27,412,010
Federal sources	10,700,839	10,873,615	9,401,519	10,595,749
Sixteenth section sources	128,222	166,220	142,926	122,533
Total Revenues	46,150,348	46,287,709	47,023,310	49,220,201
Expenditures:				
Instruction	22,354,151	21,402,840	21,542,051	23,527,400
Support services	18,100,172	20,018,436	20,483,207	22,030,827
Noninstructional services	2,916,045	3,431,364	3,191,341	3,325,517
Sixteenth section	5,567			
Facilities acquisition and construction	477,541			
Debt service:				
Principal	107,013	177,797	915,000	895,000
Interest	322,837	308,435	273,296	335,426
Other	4,961	4,910	6,423	6,175
Total Expenditures	44,288,287	45,343,782	46,411,318	50,120,345
Excess (Deficiency) of Revenues over (under) Expenditures	1,862,061	943,927	611,992	(900,144)
Other Financing Sources (Uses):				
Insurance loss recoveries	301,096	280,790	28,111	5,539
Inception of capital lease		563,500		
Payments held by escrow agent	471,364	440,800	472,364	423,177
Payments to QSCB debt escrow agent	(471,364)	(440,800)	(472,364)	(423,177)
Operating transfers in	1,764,871	1,534,334	1,634,121	2,104,407
Operating transfers out	(1,764,871)	(1,534,334)	(1,634,121)	(2,104,407)
Total Other Financing Sources (Uses)	301,096	844,290	28,111	5,539
Net Change in Fund Balances	2,163,157	1,788,217	640,103	(894,605)
Fund Balances:				
Beginning of period, as previously reported	9,376,577	7,587,847	6,986,400	8,085,960
Prior period adjustments	13,894	(3,935)	(30,762)	(203,208)
Beginning of period, as restated	9,390,471	7,583,912	6,955,638	7,882,752
Increase (Decrease) in reserve for inventory	(23,076)	4,448	(7,894)	(1,747)
End of Period	\$ 11,530,552	9,376,577	7,587,847	6,986,400

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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L. Reeves CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

305 PARK RIDGE DRIVE

BRANDON, MS 39042

601-624-0777

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

Superintendent and School Board
Greenville Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenville Public School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Greenville Public School District's basic financial statements, and have issued our report thereon dated March 6, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

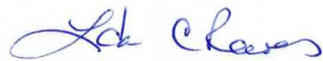
As part of obtaining reasonable assurance about whether the Greenville Public School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Greenville Public School District's Responses to Findings

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

Purpose of this Report

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

A handwritten signature in blue ink, appearing to read "L. Reeves".

L. Reeves, CPA, PLLC
Brandon, MS
March 6, 2020

L. Reeves CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

305 PARK RIDGE DRIVE

BRANDON, MS 39042

601-624-0777

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

Superintendent and School Board
Greenville Public School District

Report on Compliance for Each Major Federal Program

I have audited Greenville Public School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Greenville Public School District's major federal programs for the year ended June 30, 2019. The Greenville Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Greenville Public School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a material weaknesses.

Greenville Public School District's response to the internal control over compliance findings identified in our audit described in the accompanying auditee's corrective action plan. Greenville Public School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



L. Reeves, CPA, PLLC
Brandon, MS
March 6, 2020

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

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L. Reeves CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
305 PARK RIDGE DRIVE
BRANDON, MS 39042
601-624-0777

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

Superintendent and School Board
Greenville Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2019, which collectively comprise Greenville Public School District's basic financial statements and have issued our report thereon dated March 6, 2020. 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 our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding 1

CRITERIA: Section 31-7-305, Mississippi Code 1972 Ann., requires “payments should be delivered to the vendor no later than 45 days of receipt of an undisputed invoice and receipt, inspection, and approval of the goods and services”.

CONDITION: One instance was noted in which an invoice was not paid within 45 days. The invoice was dated September 18, 2018 but was not paid until August 28, 2019.

CAUSE: The invoice was held by the business office and not submitted for payment timely.

EFFECT: The District failed to comply with Section 31-7- 305 , Mississippi Code 1972 Ann. .

RECOMMENDATION: The district should comply with Section 31-7-305, Mississippi Code 1972 Ann. and make payments to vendors timely.

RESPONSE: The Business Office will comply with Mississippi Code 31-7-305 to ensure all vendors are paid within the 45 days of the receipt by doing the following:

- Accounts Payable will do a weekly review of purchase orders and contact schools/sites if purchase order is 10 days beyond the date printed.
- Accounts Payable and/or Purchasing will also make contact with vendor within the 15 day period to request invoices for purchase orders for timely payment on behalf of Greenville Public School District.
- Purchase Orders will be voided after 30 days if all supporting documentation is not submitted

Finding 2

CRITERIA: Section 37-7-333, Mississippi Code 1972 Ann., requires the school board to advertise for and accept bids for depositories.

CONDITION: The school district failed to advertise and accept bids for school depositories for the fiscal year ended June 30, 2019.

CAUSE: The cause of the condition was an error/ oversight on the part of the school business office. The business office accepted quotes from banks for a two-year period ending June 30, 2018, however the recommendation to the board for depositories was for a three-year period ending June 30, 2019.

EFFECT: The effect of this condition resulted in non-compliance with state laws.

RECOMMENDATION: It is recommended that the district only use depositories (banks) that have been selected and approved by the school board after having been properly advertised.

RESPONSE: The Business Manager will work with the Purchasing/Fixed Asset Clerk to ensure Section 37-7-333, Mississippi Code 1972 is adhered to by doing the following:

- Advertise for bank depository bids in the local newspaper every three years in the month of June
- Review received bids to ensure that the specifications outlined have been met
- Accept best bid
- Notify banks of accepted/rejected bids

Finding 3

CRITERIA: Section 29-3-119, Mississippi Code 1972 Ann., requires that the sixteenth section revenue derived from shared townships be divided according to the applicable percentage of educable children residing in and attending each district.

CONDITION: The amount of funds paid to Western Line School District in December 2018 was not in proportion to the number of students residing in shared townships and attending Western Line School District.

CAUSE: An error in the calculation, resulted in a shortage of the amount paid to Western Line School District by \$678.30

EFFECT: The effect of this condition resulted in non-compliance with state law.

RECOMMENDATION: It is recommended that the district comply with Section 29-3-119, Mississippi Code 1972 Ann., and divide revenue earned from shared townships in accordance with the percentage of students residing in and attending each of the respective school districts.

RESPONSE: Greenville Public School District will comply with Section 29-3-119 in reference to dividing the revenue equally by doing the following:

- Ensuring that all revenue has been received from lessees
- Ensure that all district students are accounted for by reviewing documentation with transportation utilizing the assigned program to place students in township
- Calculate the percentage of revenue owed of students from both districts in the shared township

Finding 4

CRITERIA: Section 37-39-21, Mississippi Code 1972 Ann., requires that purchasing agents shall be bonded for at least \$50,000 and those bonds shall be recorded and on file at the chancery clerk's office.

CONDITION: A review of the district's board policy revealed the following were designated as a purchasing agent for the district: the superintendent, deputy superintendent, business manager, directors, and school principals, however no one was actually bonded as a purchasing agent for the district.

CAUSE: An oversight on the part of the business office resulted in the purchasing agents not being bonded.

EFFECT OF CONDITION: The effect of this condition results in non-compliance with state law.

RECOMMENDATION: It is recommended that the district implement procedures to ensure that individuals designated by the school board as purchasing agents are bonded as a purchasing agent in the amount of \$50,000.

RESPONSE: Greenville Public School District will revise the policy and implement procedures to reflect that the Superintendent is bonded as the purchasing agent .

Finding 5:

CRITERIA: Section 29-3-113, Mississippi Code 1972 Ann., states "It shall be the duty of the board of education to keep the principal fund invested".

CONDITION: While the school district held 16th section funds in a pooled bank account with District Maintenance, the district failed to allocate pro-rata interest earned to the investing funds.

CAUSE: The cause of this non-compliance was the result of a failure to calculate and allocate interest earned to the investing funds.

EFFECT OF CONDITION: The effect of this condition results in non-compliance with state law.

RECOMMENDATION: It is recommended that the district implement procedures to ensure that interest earned on a pooled bank account is allocated to the investing funds.

RESPONSE:

The Assistant Business Manager will receipt the interest earned on the investment account by calculating the amount of interest earned and applying the amount of interest to the funding source in the receipt journal.

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

The Greenville Public School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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

A handwritten signature in blue ink, appearing to read "L. Reeves".

L. Reeves, CPA, PLLC.

Brandon, MS

March 6, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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GREENVILLE PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

7. Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I grants to local educational agencies

Child nutrition cluster:

10.553

National School breakfast program

10.555

National School lunch program

10.559

Summer food service program for children

Special education cluster:

84.027

Special education - grants to states

84.173

Special education – preschool grants

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? (Yes/No) No
10. Prior fiscal year audit findings(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b) Yes

GREENVILLE PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II: Financial Statement Findings

Finding 2019-001

Material Weakness

CRITERIA: The District is responsible for developing control surrounding the recording of claims payable.

CONDITION: During our search for unrecorded payables at year end, we noted one invoice in the amount of \$182,801 which was held by the district and not recorded in FY 2019.

CAUSE: The invoice for services performed in August 2018 was held and not recorded in the district's financial records until August 2019.

EFFECT: The district's lack of recording the claims in the proper year resulted in a material misstatement in the district's financial statements prior to audit adjustments.

RECOMMENDATION: It is recommended that the district establish an internal controls system that will ensure a proper cut off of expenditures.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan

Finding 2019-002

Material Weakness

CRITERIA: An effective system of internal controls require that bank reconciliations be prepared accurately, timely, and that unreconcilable differences to be resolved in a timely manner.

CONDITION: A review of bank reconciliations presented to the school board on a regular basis differed significantly from Reconciliations provided to the auditor.

CAUSE: Lack of recording correcting adjustments on a timely basis resulted in bank accounts not being properly reconciled.

EFFECT: Inaccurate information regarding bank balance was presented to the school board.

RECOMMENDATION: The district should implement an effective internal control system over cash and ensure that reconciliations are prepared correctly on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan

Section III: Federal Award Findings and Questioned Costs

Finding 2019-003

Material Weakness

Programs: Child nutrition cluster: National school breakfast program – CFDA 10.553, National school lunch program – CFDA 10.555, Summer food service program for children – CFDA 10.559; Title I grants to local educational agencies – CFDA 84.010; Special education cluster: Special education - grants to states – CFDA 84.027, Special education - preschool grants – CFDA 84.173.

COMPLIANCE REQUIREMENT: Cash management

GREENVILLE PUBLIC SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

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

CONDITION: During our test work, we found that bank reconciliations had not been prepared accurately and timely.

CONTEXT: A sample of for three months bank reconciliations as submitted to the board were examined. The reconciliations did not agree to the books.

QUESTIONED COSTS: None

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

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

IDENTIFICATION OF A REPEAT FINDING: This is a repeat finding from the two previous audits, 2017-004 and 2018-003.

WHETHER SAMILING WAS STATISTICALLY VALID: No

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

VIEWS OF RESPONSIBLE OFFICIALS: See Auditee's Corrective Action Plan

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AUDITEE'S CORRECTIVE ACTION PLAN
AND / OR
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

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Greenville Public School District
Cynthia B. Cannon, Business Manager

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(5S MOVEMENT)

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, the Greenville Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2019:

Finding 2019-001

Corrective Action Details

- A. Name of contact person responsible for corrective action:
Name: Kennith Harris/Cynthia Cannon
Position: Assistant Business Manager/Business Manager
- B. Corrective action planned:

The Business Manager will work the Assistant Business Manager to ensure that all invoices are submitted in a timely manner based on the accounts payable calendar formulated by the Business Office. A review of purchase orders and invoices will take place weekly.

- C. Anticipated Completion Date: Reviewed on monthly basis

Finding 2019-002

Corrective Action Details

- A. Name of contact person responsible for corrective action:
Name: Kennith Harris
Position: Assistant Business Manager
- B. Corrective action planned:

The Assistant Business Manager will collaborate with the Business Manager monthly before bank reconciliations are finalized to ensure reports are accurate and timely.

Anticipated Completion Date: Monthly review

Finding 2019-003

Corrective Action Details

- A. Name of contact person responsible for corrective action:
Name: Kenneth Harris
Position: Assistant Business Manager
- B. Corrective Action Plan
The Assistant Business Manager will collaborate with the Business Manager monthly before bank reconciliations are finalized to ensure reports are accurate, the general ledger corresponds with the cash balance in the bank, and timely in finalizing.
- C. Anticipated Completion Date: Reviewed monthly before submission to the Board of Trustees



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SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Title 2 U. S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), the Greenville Public School District has prepared and hereby submits the following summary of prior year audit findings follow up as of June 30, 2019:

Finding:	Status:
2018-001	Corrected
2018-002	Not Corrected
2018-003	Not Corrected
2018-004	Corrected