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Attala County School District

Audited Financial Statements
For the Year Ended June 30, 2015

Fortenberry & Ballard, PC
Certified Public Accountants

**Attala County School District
TABLE OF CONTENTS**

	PAGE #	
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	4	
MANAGEMENT’S DISCUSSION AND ANALYSIS	8	
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements		
Exhibit A - Statement of Net Position	21	
Exhibit B - Statement of Activities	22	
Governmental Funds Financial Statements		
Exhibit C - Balance Sheet	23	
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24	
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	25	
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	26	
Fiduciary Funds Financial Statements		
Exhibit E - Statement of Fiduciary Assets and Liabilities	27	
Notes to the Financial Statements	30	
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule - General Fund	55	
Schedule of District’s Proportionate Share of the Net Pension Liability	56	
Schedule of District’s Contributions	57	
Notes to the Required Supplementary Information	58	
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures of Federal Awards	61	
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	62	
OTHER INFORMATION		
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	65	
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	66	
REPORTS ON INTERNAL CONTROL AND COMPLIANCE		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68	
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	70	
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS		73
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	76	

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Attala County School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Attala County School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Attala County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Attala County School District, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the school district adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of July 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, the Schedule of the District’s Proportionate Share of the Net Pension Liability and the Schedule of District’s Contributions on pages 8 to 19 and 55 to 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Attala County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), 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 the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015, on our consideration of the Attala County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Attala County School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 17, 2015

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

The following discussion and analysis of Attala County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. 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 2015 decreased \$11,986,956, including a prior period adjustment of (\$12,755,851) which represents an 88% decrease from fiscal year 2014. Total net position for 2014 increased \$222,635, which represents a 2% increase from fiscal year 2013.
- General revenues amounted to \$9,963,470 and \$9,371,895, or 80% and 79% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,534,064, or 20% of total revenues for 2015, and \$2,529,076, or 21% of total revenues for 2014.
- The District had \$11,728,639 and \$11,678,336 in expenses for fiscal years 2015 and 2014; only \$2,534,064 for 2015 and \$2,529,076 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,963,470 for 2015 and \$9,371,895 for 2014 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$9,045,932 in revenues and \$9,180,830 in expenditures for 2015, and \$8,072,148 in revenues and \$8,183,349 in expenditures for 2014. The General Fund's fund balance decreased by \$98,517 from 2014 to 2015, and increased by \$245,127 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, increased by \$45,373 for 2015 and decreased by \$345,006 for 2014. The increase for 2015 was due primarily to the purchase of school buses, the acquisition of a building and a lighting project.
- Long-term debt increased by \$895,744 for 2015 and decreased by \$371,316 for 2014. This decrease for 2015 was due primarily to the issuance of a three mill note. The liability for compensated absences decreased by \$6,230 for 2015 and increased by \$8,416 for 2014.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 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.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net Position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,628,658 as of June 30, 2015.

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

Table 1 presents a summary of the District's net position at June 30, 2015 and June 30, 2014.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Current assets	\$ 6,331,415	5,159,982	23%
Restricted assets	244,235	242,291	1%
Capital assets, net	9,425,398	9,380,025	0%
Total assets	<u>16,001,048</u>	<u>14,782,298</u>	8%
Deferred outflows of resources	<u>1,339,248</u>	<u>14,536</u>	9113%
Current liabilities	77,666	100,935	(23)%
Long-term debt outstanding	1,969,799	1,080,285	82%
Net pension liability	12,244,257	0	
Total liabilities	<u>14,291,722</u>	<u>1,181,220</u>	1110%
Deferred inflows of resources	<u>1,419,916</u>	<u>0</u>	
Net position:			
Net investment in capital assets	7,555,301	8,482,561	(11)%
Restricted	2,644,406	1,349,243	96%
Unrestricted	(8,571,049)	3,783,810	(327)%
Total net position	<u>\$ 1,628,658</u>	<u>13,615,614</u>	(88)%

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (8,571,049)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	<u>12,244,257</u>
Unrestricted net position, exclusive of the net pension liability effect	<u><u>\$ 3,673,208</u></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 \$45,373.
- Implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.
- The issuance of a three mill note payable in the amount of \$1,280,000.
- The principal retirement of \$384,256 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$12,497,534 and \$11,900,971, respectively. The total cost of all programs and services was \$11,728,639 for 2015 and \$11,678,336 for 2014.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

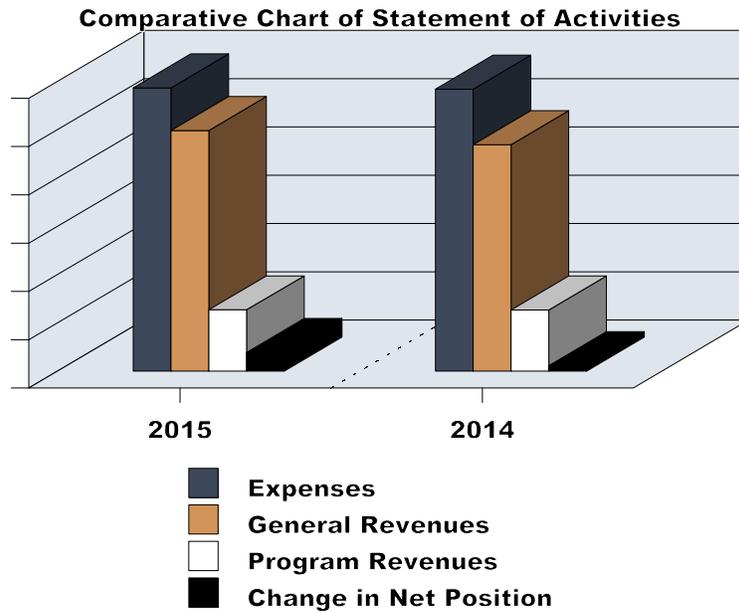
GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Table 2
Changes in Net Position

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 369,613	331,303	12%
Operating grants and contributions	2,132,442	2,153,542	(1)%
Capital grants and contributions	32,009	44,231	(28)%
General revenues:			
Property taxes	4,154,213	3,936,720	6%
Grants and contributions not restricted	5,065,963	4,943,342	2%
Unrestricted investment earnings	3,993	9,176	(56)%
Sixteenth section resources	697,993	425,930	64%
Other	41,308	56,727	(27)%
Total revenues	<u>12,497,534</u>	<u>11,900,971</u>	5%
Expenses:			
Instruction	6,178,680	6,685,764	(8)%
Support services	3,795,371	3,940,113	(4)%
Non-instructional	801,776	823,942	(3)%
Sixteenth section	331,172	183,965	80%
Pension expense	589,104		
Interest on long-term liabilities	32,536	44,552	(27)%
Total expenses	<u>11,728,639</u>	<u>11,678,336</u>	0%
Increase (Decrease) in net position	<u>768,895</u>	<u>222,635</u>	245%
Net Position, July 1, as previously reported	13,615,614	13,392,979	2%
Prior period adjustment	<u>(12,755,851)</u>		
Net Position, July 1, as restated	<u>859,763</u>	<u>13,392,979</u>	(94)%
Net Position, June 30	<u>\$ 1,628,658</u>	<u>13,615,614</u>	(88)%

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015



Governmental activities

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

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

Table 3
Net Cost of Governmental Activities

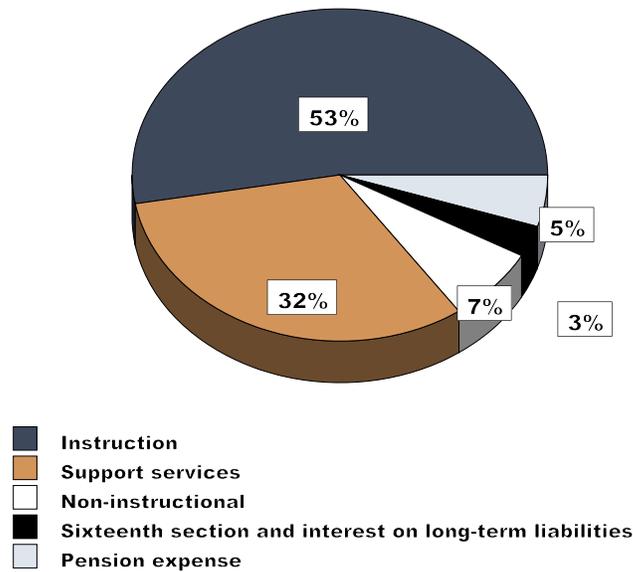
	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 6,178,680	6,685,794	(8)%
Support services	3,795,371	3,940,113	(4)%
Non-instructional	801,776	823,942	(3)%
Sixteenth section	331,172	183,965	80%
Pension expense	589,104		
Interest on long-term liabilities	32,536	44,552	(27)%
Total expenses	\$ 11,728,639	11,678,366	0%

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Net (Expense) Revenue

	2015	2014	Percentage Change
Instruction	\$ (5,224,710)	(5,716,788)	(9)%
Support services	(3,348,968)	(3,533,646)	(5)%
Non-instructional	223,150	274,986	(19)%
Sixteenth section	(222,407)	(129,260)	72%
Pension expense	(589,104)		
Interest on long-term liabilities	(32,536)	(44,552)	(27)%
Total net (expense) revenue	\$ (9,194,575)	(9,149,260)	0%

Chart of Expenses as per Statement of Activities



- Net cost of governmental activities (\$9,194,575 for 2015 and \$9,149,260 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$4,154,213 for 2015 and \$3,936,720 for 2014) and state and federal revenues of (\$5,065,963 for 2015 and \$4,943,342 for 2014).
- Investment earnings amounted to \$3,993 for 2015 and \$9,176 for 2014.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$6,506,674, an increase of \$1,191,589, which includes a decrease in inventory of \$1,561. \$2,429,919, or 37% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$4,076,755 or 63% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$98,517. The fund balance of Other Governmental Funds showed an increase in the amount of \$10,026. The increase (decrease) in the fund balances for the other major fund was as follows:

Major Fund	Increase (Decrease)
Building Project Fund	\$ 1,280,080

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 Attala County School District.

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

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$15,615,026, including land, school buildings, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$343,050 from 2014. Total accumulated depreciation as of June 30, 2015, was \$6,189,628, and total depreciation expense for the year was \$391,055, resulting in total net capital assets of \$9,425,398.

Table 4
Capital Assets, Net Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 31,441	31,441	0%
Buildings	8,247,067	8,393,376	(2)%
Improvements other than buildings	309,777	299,543	3%
Mobile equipment	777,207	617,847	26%
Furniture and equipment	59,906	37,818	58%
Total	<u>\$ 9,425,398</u>	<u>9,380,025</u>	<u>0%</u>

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

Debt Administration. At June 30, 2015, the District had \$1,969,799 in outstanding long-term debt, of which \$268,000 is due within one year. The liability for compensated absences decreased \$6,230 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 601,000	754,000	(20)%
Three mill note payable	1,280,000	158,000	710%
Shortfall notes payable	0	73,256	(100)%
Compensated absences payable	88,799	95,029	(7)%
Total	<u>\$ 1,969,799</u>	<u>1,080,285</u>	<u>82%</u>

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

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

CURRENT ISSUES

The Attala County School District is financially stable. The District is proud of its community support of the public schools.

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

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

Enrollment for the 2014 - 2015 year decreased by 2% to 1,099 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Attala County School District, 100 Courthouse Building, Suite 3, Kosciusko, MS 39090.

FINANCIAL STATEMENTS

ATTALA COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 6,136,702
<i>Investments</i>	2,244
<i>Due from other governments</i>	184,939
<i>Inventories</i>	7,530
<i>Restricted assets</i>	244,235
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	31,441
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	8,247,067
<i>Improvements other than buildings</i>	309,777
<i>Mobile equipment</i>	777,207
<i>Furniture and equipment</i>	59,906
Total Assets	<u>16,001,048</u>
Deferred Outflows of Resources	
<i>Pension related</i>	1,328,345
<i>Deferred charges on debt refunding</i>	10,903
Total Deferred Outflows of Resources	<u>1,339,248</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	42,584
<i>Other payables</i>	26,393
<i>Interest payable on long-term liabilities</i>	8,689
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	268,000
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	1,613,000
<i>Non-capital related liabilities</i>	88,799
<i>Net pension liability</i>	12,244,257
Total Liabilities	<u>14,291,722</u>
Deferred Inflows of Resources	
<i>Pension related</i>	1,419,916
Total Deferred Inflows of Resources	<u>1,419,916</u>
Net Position:	
Net Investment in Capital Assets	7,555,301
Restricted for:	
School-based activities	270,216
Debt service	407,814
Capital projects	1,280,080
Unemployment benefits	619,829
Forestry improvements	37,414
Sixteenth section	29,053
Unrestricted	(8,571,049)
Total Net Position	<u>\$ 1,628,658</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
<i>Instruction</i>	6,178,680	157,377	764,584	32,009	(5,224,710)
<i>Support services</i>	3,795,371	--	446,403	--	(3,348,968)
<i>Noninstructional services</i>	801,776	103,471	921,455	--	223,150
<i>Sixteenth section</i>	331,172	108,765	--	--	(222,407)
<i>Pension expense</i>	589,104	--	--	--	(589,104)
<i>Interest on long-term liabilities</i>	32,536	--	--	--	(32,536)
Total Governmental Activities	<u>\$ 11,728,639</u>	<u>\$ 369,613</u>	<u>\$ 2,132,442</u>	<u>\$ 32,009</u>	<u>(9,194,575)</u>
General Revenues:					
Taxes:					
					3,930,087
					224,126
<i>Unrestricted grants and contributions:</i>					
					5,035,709
					30,254
					3,993
					697,993
					41,308
Total General Revenues					<u>9,963,470</u>
Change in Net Position					<u>768,895</u>
Net Position - Beginning, as previously reported					13,615,614
Prior Period Adjustment					<u>(12,755,851)</u>
Net Position - Beginning, as restated					859,763
Net Position - Ending					<u>\$ 1,628,658</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Building Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
<i>Cash and cash equivalents</i>	\$ 3,836,029	\$ 1,280,080	\$ 1,183,422	\$ 6,299,531
<i>Investments</i>	2,244	--	81,407	83,651
<i>Due from other governments</i>	83,847	--	101,092	184,939
<i>Inventories</i>	--	--	7,530	7,530
Total Assets	<u>\$ 3,922,120</u>	<u>\$ 1,280,080</u>	<u>\$ 1,373,451</u>	<u>\$ 6,575,651</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 42,149	\$ --	\$ 435	\$ 42,584
Other payables	26,393	--	--	26,393
Total Liabilities	<u>68,542</u>	<u>--</u>	<u>435</u>	<u>68,977</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	--	--	29,053	29,053
Inventory	--	--	7,530	7,530
Restricted:				
Unemployment benefits	--	--	37,414	37,414
Forestry improvements	--	--	619,829	619,829
Capital projects	--	1,280,080	--	1,280,080
Debt service	--	--	416,503	416,503
Grant activities	--	--	63,027	63,027
Food service	--	--	199,660	199,660
Assigned:				
Activity funds	117,245	--	--	117,245
Timber sales	1,306,414	--	--	1,306,414
Unassigned	<u>2,429,919</u>	<u>--</u>	<u>--</u>	<u>2,429,919</u>
Total Fund Balances	<u>3,853,578</u>	<u>1,280,080</u>	<u>1,373,016</u>	<u>6,506,674</u>
Total Liabilities and Fund Balances	<u>\$ 3,922,120</u>	<u>\$ 1,280,080</u>	<u>\$ 1,373,451</u>	<u>\$ 6,575,651</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015*

Total fund balances for governmental funds	\$ 6,506,674
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	9,425,398
Liabilities due in one year are not recognized in the funds.	(268,000)
Payables for bond principal which are not due in the current period are not reported in the funds.	(443,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(8,689)
Payables for notes which are not due in the current period are not reported in the funds.	(1,170,000)
Payables for compensated absences not due in the current period are not reported in the funds.	(88,799)
Net pension liability is not due and payable in the current period and, therefore, not reported in funds.	(12,244,257)
Deferred inflows of resources related to pensions are applicable to future periods.	(1,419,916)
Deferred outflows of resources related to pensions are applicable to future periods.	1,328,345
Deferred amount on refunding is an inflow of resources and is amortized in the SNP.	10,903
Rounding difference	(1)
Net position of governmental activities	<u>\$ 1,628,658</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Building Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 3,756,179	\$ 80	\$ 703,846	\$ 4,460,105
State sources	4,565,505	--	857,133	5,422,638
Federal sources	26,067	--	1,781,709	1,807,776
Sixteenth section sources	698,181	--	108,833	807,014
Total Revenues	<u>9,045,932</u>	<u>80</u>	<u>3,451,521</u>	<u>12,497,533</u>
Expenditures:				
Instruction	5,263,448	--	1,438,749	6,702,197
Support services	3,543,930	--	1,065,336	4,609,266
Noninstructional services	--	--	737,575	737,575
Sixteenth section	256,703	--	74,469	331,172
Facilities acquisition and construction	116,749	--	--	116,749
Debt service:				
Principal	--	--	384,256	384,256
Interest	--	--	32,711	32,711
Total Expenditures	<u>9,180,830</u>	<u>--</u>	<u>3,733,096</u>	<u>12,913,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	<u>(134,898)</u>	<u>80</u>	<u>(281,575)</u>	<u>(416,393)</u>
Other Financing Sources (Uses):				
Bonds issued	--	1,280,000	--	1,280,000
Insurance recovery	10,300	--	320,493	330,793
Transfers in	26,081	--	--	26,081
Transfers out	--	--	(26,081)	(26,081)
Other financing uses	--	--	(1,250)	(1,250)
Total Other Financing Sources (Uses)	<u>36,381</u>	<u>1,280,000</u>	<u>293,162</u>	<u>1,609,543</u>
Net Change in Fund Balances	<u>(98,517)</u>	<u>1,280,080</u>	<u>11,587</u>	<u>1,193,150</u>
Fund Balances:				
July 1, 2014	3,952,095	--	1,362,990	5,315,085
Increase (decrease) in inventory	--	--	(1,561)	(1,561)
June 30, 2015	<u>\$ 3,853,578</u>	<u>\$ 1,280,080</u>	<u>\$ 1,373,016</u>	<u>\$ 6,506,674</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015*

Net change in fund balances - total governmental funds	\$ 1,193,150
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	441,389
The depreciation of capital assets used in governmental activities is not reported in the funds.	(391,055)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(4,961)
Expenses not requiring use of current financial resources are not reported as expenditures in the funds.	(589,104)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	153,000
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	231,256
(Increase) decrease in accrued interest from beginning of period to end of period.	5,058
Contributions made subsequent to measurement date are not recorded in the funds.	1,009,127
Change in inventory affects fund balance in the funds but affects expense in the SOA.	(1,561)
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	6,230
Proceeds of notes do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,280,000)
Deferred amounts on refunding are amortized in the SOA.	(3,633)
Rounding difference	(1)
Change in net position of governmental activities	<u>\$ 768,895</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2015

	Agency Funds
Assets:	
<i>Cash and other deposits</i>	\$ 396,339
Total Assets	<u>\$ 396,339</u>
Liabilities:	
<i>Accounts payable and accrued liabilities</i>	\$ 320,563
<i>Due to student clubs</i>	75,187
<i>Other payables</i>	589
Total Liabilities	<u>\$ 396,339</u>

The accompanying notes are an integral part of this statement.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

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Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

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. Basis of Presentation

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, note disclosure and required supplementary information requirements about pensions also are addressed. This Statement is effective for fiscal years beginning after June 15, 2014.

B. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five member board, to which each member board is elected by the citizens of each defined county district.

For financial reporting purposes, Attala County 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.

C. Government-wide and Fund Financial Statements

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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

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

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

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

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

The school district reports the following major governmental funds:

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

Building Project Fund - This is used to account for the expenditures for capital outlays related to the building project of the district.

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund serves as a clearing fund for payroll type transactions.

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Fund - This fund is used as a clearing fund for non-payroll transactions.

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

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

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

FIDUCIARY FUNDS

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

D. 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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

statements.

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

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

E. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes. 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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

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	*	*

(*) 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 and so will not be recognized as an outflow of resources (expense) until then. The school

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

district has a deferred outflow which is presented as a deferred outflow for charges on refunding of debt. See Note 13 for further details.

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.

See Note 14 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

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

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

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

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

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

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

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

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 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/expense 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.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Note 2 - Cash and Cash Equivalents 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. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits 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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

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 \$6,299,531 and \$396,339, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2015, none of the district's bank balance of \$6,958,412 was exposed to custodial credit risk.

Investments

As of June 30, 2015, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Federal US Treasury Cash Reserve	AAAm	Less than 1 year	<u>\$ 83,651</u>

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

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

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. The investments in the Hancock Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

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.

Note 3 - Inter-fund Receivables, Payables, and Transfers

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

A. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ <u>26,081</u>

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$29,053, of the Sixteenth Section Principal Fund, which is legally restricted and may not be used for purposes that support the district’s programs. In addition, the restricted assets represent the cash and investment balance totaling \$133,775 and \$81,407, respectively, of the MAEP Retirement Fund.

Note 5 - Capital Assets

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

	Balance 7-1-2014	Additions	Retirements	Balance 6-30-2015
<u>Non-depreciable capital assets:</u>				
Land	\$ 31,441			31,441
Total non-depreciable capital assets	<u>31,441</u>	<u>0</u>	<u>0</u>	<u>31,441</u>

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

<u>Depreciable capital assets:</u>				
Buildings	12,219,199	85,000		12,304,199
Improvements other than buildings	488,148	31,000		519,148
Mobile equipment	1,960,116	284,781	44,200	2,200,697
Furniture and equipment	573,072	40,608	54,139	559,541
	<hr/>	<hr/>	<hr/>	<hr/>
Total depreciable capital assets	15,240,535	441,389	98,339	15,583,585
 <u>Less accumulated depreciation for:</u>				
Buildings	3,825,823	231,309		4,057,132
Improvements other than buildings	188,605	20,766		209,371
Mobile equipment	1,342,269	121,001	39,780	1,423,490
Furniture and equipment	535,254	17,979	53,598	499,635
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	5,891,951	391,055	93,378	6,189,628
Total depreciable capital assets, net	<hr/>	<hr/>	<hr/>	<hr/>
	9,348,584	50,334	4,961	9,393,957
Governmental activities capital assets, net	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 9,380,025	50,334	4,961	9,425,398

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 198,894
Support services	99,247
Non-instructional	92,914
	<hr/>
Total depreciation expense	\$ <u>391,055</u>

Note 6 - Long-term liabilities

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

	Balance			Balance	Amount due
	7-1-2014	Additions	Reductions	6-30-2015	within one
					year
A. Limited obligation bonds payable	\$ 754,000		153,000	601,000	158,000
B. Three mill notes payable	158,000	1,280,000	158,000	1,280,000	110,000
C. Shortfall notes payable	73,256		73,256	0	
D. Compensated absences payable	95,029		6,230	88,799	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 1,080,285	1,280,000	390,486	1,969,799	268,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

A. Limited obligation bonds payable

Debt currently outstanding is as follows:

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited obligation bonds					
Series 2008	3.47%	07-01-08	05-01-18	\$ <u>1,381,000</u>	<u>601,000</u>

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 158,000	18,113	176,113
2017	163,000	12,544	175,544
2018	<u>280,000</u>	<u>6,784</u>	<u>286,784</u>
Total	\$ <u>601,000</u>	<u>37,441</u>	<u>638,441</u>

This debt will be retired from the MAEP Retirement Fund.

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Series 2011	1.5-2.5%	03-01-11	03-01-15	\$ 600,000	0
Series 2015	1.4-2.0%	06-15-15	06-15-25	<u>1,280,000</u>	<u>1,280,000</u>
Total				\$ <u>1,880,000</u>	<u>1,280,000</u>

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

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

Year Ending June 30		Principal	Interest	Total
2016	\$	110,000	21,215	131,215
2017		115,000	19,675	134,675
2018		120,000	18,065	138,065
2019		120,000	16,265	136,265
2020		125,000	14,465	139,465
2021 - 2025		690,000	39,600	729,600
Total	\$	<u>1,280,000</u>	<u>129,285</u>	<u>1,409,285</u>

This debt will be retired from the Building Project Fund.

C. Shortfall notes payable

This debt was paid off during the year and retired from the District Maintenance Fund.

D. Compensated absences payable

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

Note 7 - Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts.

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$1,009,127, \$970,814, and \$863,434, 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, 2015, the school district reported a liability of \$12,244,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, The school district's proportion was 0.100874 percent.

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$589,104. At June 30, 2015 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	\$ 140,476	\$
Net difference between projected and actual earnings on pension plan investments		1,419,916
Change of assumptions		
Changes in proportion and differences between District contributions and proportionate share of contributions	178,742	
District contributions subsequent to the measurement date	1,009,127	
Total	<u>\$ 1,328,345</u>	<u>\$ 1,419,916</u>

\$1,009,127 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (240,152)
2017	(240,152)
2018	(265,415)
2019	(354,979)
Total	<u>\$ (1,100,698)</u>

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2015

Inflation	3.5 percent
Salary increases	4.25 - 19.5 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

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

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

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan

Attala County School District

Notes to the Financial Statements
 For the Year Ended June 30, 2015

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District’s proportionate share of the net pension liability	\$ 16,692,573	\$ 12,244,257	\$ 8,533,699

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

Note 8 - Sixteenth Section Lands

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

Year Ending June 30		Amount
2016	\$	77,883
2017		72,153
2018		52,315
2019		31,038
2020		17,269
2021 - 2025		86,344
2026 - 2030		67,461
2031 - 2035		21,248
2036 - 2040		7,226
2041 - 2045		3,001
Thereafter		2,800
Total	\$	<u>438,738</u>

Note 9 - Contingencies

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

Note 10 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 77 school districts and covers risks of loss arising from injuries to the members' employees.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

Note 11 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated September 14, 1993 creating the Kosciusko-Attala County Alternative Education Cooperative. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Kosciusko School District and Attala County School District.

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

The Kosciusko School District has been designated as the lead school district for the Kosciusko-Attala County Alternative Education Cooperative, and the operations of the consortium are included in its financial statements.

Note 12 - Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated September 18, 1990 creating the Kosciusko - Attala Vocational-Technical Complex. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Attala County School District and the Kosciusko School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

The Attala County School District has been designated as the fiscal agent for the Kosciusko - Attala Vocational-Technical Complex, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Kosciusko - Attala Vocational-Technical Complex.

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2015

Revenues

Local sources		
Ad valorem	\$	372,650
Interest income		44
Total Local sources		<u>372,694</u>
State sources		508,805
Federal sources		49,881
Total revenues		<u>931,380</u>

Expenditures

Salaries		617,933
Employee benefits		202,627
Purchased property services		332,801
Other purchased services		27,503
Supplies		27,756
Property		53,233
Other		2,246
Total Expenditures		<u>1,264,099</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>(332,719)</u>

Other Financing Sources/Uses:

Insurance recovery		320,493
Other Transfers Out		(6,000)
Total Other Financing Sources/Uses		<u>314,493</u>
Net Change in Fund Balance		<u>(18,226)</u>

Fund Balance:

July 1, 2014		<u>74,062</u>
June 30, 2015	\$	<u><u>55,836</u></u>

Note 13 - Insurance Loss Recoveries

The Attala County School District received \$330,793 in insurance loss recoveries related to a bus accident and fire damage at the Vo-Tech Center during the 2014 - 2015 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as support services.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 14 - Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$7,555,301 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from charges on refunding of debt. The \$10,903 balance of deferred outflow of resources, at June 30, 2015 will be recognized as an expense and will decrease the net investment in capital assets net position over the next 3 years.

The unrestricted net position amount of (\$8,571,049) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$1,328,345 balance of deferred outflow of resources, at June 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$8,571,049) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$1,419,916 balance of deferred inflow of resources at June 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

Note 14 - Prior Period Adjustment

A summary of significant Net Position adjustments is as follows:

Explanation	Amount
1. Implementation of GASB 68 and 71:	\$
Net pension liability (06-30-14)	13,726,661
Deferred outflows - contributions made during fiscal year 2014	(970,814)
Immaterial amount	4
Total prior period adjustment related to GASB 68 and 71	<u>12,755,851</u>
Total	<u>\$ 12,755,851</u>

Note 15 - Subsequent Events

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

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REQUIRED SUPPLEMENTARY INFORMATION

ATTALA COUNTY SCHOOL DISTRICT

Exhibit 1

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,628,650	3,756,181	3,756,179	127,531	(2)
State sources	4,625,871	4,565,504	4,565,505	(60,367)	1
Federal sources	30,100	26,066	26,067	(4,034)	1
Sixteenth section sources		698,180	698,181	698,180	1
Total Revenues	<u>8,284,621</u>	<u>9,045,931</u>	<u>9,045,932</u>	<u>761,310</u>	<u>1</u>
Expenditures:					
Instruction	5,212,888	5,263,461	5,263,448	(50,573)	13
Support services	2,985,075	3,543,932	3,543,930	(558,857)	2
Sixteenth section	-	256,703	256,703	(256,703)	-
Facilities acquisition and construction	-	116,749	116,749	(116,749)	-
Total Expenditures	<u>8,197,963</u>	<u>9,180,845</u>	<u>9,180,830</u>	<u>(982,882)</u>	<u>15</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>86,658</u>	<u>(134,914)</u>	<u>(134,898)</u>	<u>(221,572)</u>	<u>16</u>
Other Financing Sources (Uses):					
Insurance recovery	-	10,300	10,300	10,300	-
Transfers in	137,414	601,011	26,081	463,597	(574,930)
Transfers out	<u>(100,000)</u>	<u>(574,930)</u>		<u>(474,930)</u>	<u>574,930</u>
Total Other Financing Sources (Uses)	<u>37,414</u>	<u>36,381</u>	<u>36,381</u>	<u>(1,033)</u>	<u>-</u>
Net Change in Fund Balances	<u>124,072</u>	<u>(98,533)</u>	<u>(98,517)</u>	<u>(222,605)</u>	<u>16</u>
Fund Balances:					
July 1, 2014	<u>-</u>	<u>3,952,110</u>	<u>3,952,095</u>	<u>3,952,110</u>	<u>(15)</u>
June 30, 2015	<u>\$ 124,072</u>	<u>3,853,577</u>	<u>3,853,578</u>	<u>3,729,505</u>	<u>1</u>

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

Attala County School District

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

PERS

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability (asset) \$	12,244,257
District's proportionate share of the net pension liability (asset)	0.100874%
District's covered - employee payroll	6,407,156
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	191.102846%
Plan fiduciary net position as a percentage of the total pension liability	67.207687%

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

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

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

Attala County School District
 Schedule of District Contributions
 PERS
 Last 10 Fiscal Years*

Contractually required contribution	\$ <u>2015</u> 1,009,127
Contributions in relation to the contractually required contribution	1,009,127
Contribution deficiency (excess)	\$ <u><u>-</u></u>
District's covered - employee payroll	6,407,156
Contributions as a percentage of covered - employee payroll	15.75%

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.

Attala County School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2015

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

None.

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SUPPLEMENTARY INFORMATION

Attala County School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

Schedule 1

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 207,702
National School Lunch Program	10.555	477,664
Total Child Nutrition Cluster		<u>685,366</u>
Total passed-through Mississippi Department of Education		<u>685,366</u>
Total U. S. Department of Agriculture		<u><u>685,366</u></u>
<u>Federal Communications Commission</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	25,384
Total Federal Communications Commission		<u>25,384</u>
<u>U.S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	629,364
Career and Technical Education - Basic Grant to States	84.048	45,693
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	2,621
Rural Education	84.358	19,650
Improving Teacher Quality - State Grants	84.367	130,752
Subtotal		<u>828,080</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	253,052
Special Education - Preschool Grants	84.173	13,644
Total Special Education Cluster		<u>266,696</u>
Total passed-through the Mississippi Department of Education		<u>1,094,776</u>
Total U. S. Department of Education		<u><u>1,094,776</u></u>
 TOTAL FOR ALL FEDERAL AWARDS		 \$ <u><u>1,805,526</u></u>

Notes to Schedule

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

Attala County School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2015

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 9,007,244	6,594,598	653,190	601,006	1,158,450
Other	3,906,682	809,134	140,758	42,310	2,914,480
Total	<u>\$ 12,913,926</u>	<u>7,403,732</u>	<u>793,948</u>	<u>643,316</u>	<u>4,072,930</u>
Total number of students *	<u>1,099</u>				
Cost per student	<u>\$ 11,751</u>	<u>6,737</u>	<u>722</u>	<u>585</u>	<u>3,706</u>

For purpose 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 expenditures 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

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OTHER INFORMATION

ATTALA COUNTY SCHOOL DISTRICT

"UNAUDITED"

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 3,756,179	3,575,444	3,572,347	2,716,059
State sources	4,565,505	4,448,394	4,390,542	4,320,128
Federal sources	26,067	48,310	71,475	5,756
Sixteenth section sources	698,181	-	-	-
Total Revenues	<u>9,045,932</u>	<u>8,072,148</u>	<u>8,034,364</u>	<u>7,041,943</u>
Expenditures:				
Instruction	5,263,448	5,095,666	4,983,388	4,311,583
Support services	3,543,930	3,087,683	3,191,730	3,265,708
Noninstructional	-	-	-	7,811
Sixteenth section	256,703	-	-	-
Facilities acquisition and construction	116,749	-	212,873	95,153
Total Expenditures	<u>9,180,830</u>	<u>8,183,349</u>	<u>8,387,991</u>	<u>7,680,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(134,898)</u>	<u>(111,201)</u>	<u>(353,627)</u>	<u>(638,312)</u>
Other Financing Sources (Uses):				
Proceeds of loans	-	-	-	214,000
Insurance recovery	10,300	-	14,642	11,146
Sale of other property	-	1,502	-	-
Sale of transportation equipment	-	-	-	3,022
Operating transfers in	26,081	375,017	168,017	949,689
Operating transfers out	-	(20,191)	-	(79,283)
Total Other Financing Sources (Uses)	<u>36,381</u>	<u>356,328</u>	<u>182,659</u>	<u>1,098,574</u>
Net Change in Fund Balances	<u>(98,517)</u>	<u>245,127</u>	<u>(170,968)</u>	<u>460,262</u>
Fund Balances:				
July 1, Beginning, as previously reported	3,952,095	3,706,968	3,877,936	3,203,674
Prior period adjustment	-	-	-	214,000
July 1, Beginning, as restated	<u>3,952,095</u>	<u>3,706,968</u>	<u>3,877,936</u>	<u>3,417,674</u>
June 30,	<u>\$ 3,853,578</u>	<u>3,952,095</u>	<u>3,706,968</u>	<u>3,877,936</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

ATTALA COUNTY SCHOOL DISTRICT

"UNAUDITED"

Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Funds
 Last Four Years

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 4,460,105	4,277,554	4,277,973	3,302,263
State sources	5,422,638	5,281,033	5,270,876	5,164,242
Federal sources	1,807,776	1,860,082	1,882,091	2,247,530
Sixteenth section sources	807,014	480,799	164,559	1,064,697
Total Revenues	<u>12,497,533</u>	<u>11,899,468</u>	<u>11,595,499</u>	<u>11,778,732</u>
Expenditures:				
Instruction	6,702,197	6,477,484	6,458,153	6,176,800
Support services	4,609,266	3,872,388	3,977,177	4,035,962
Noninstructional services	737,575	744,625	713,555	751,149
Sixteenth section	331,172	183,965	108,739	139,596
Facilities acquisition and construction	116,749	-	212,873	699,182
Debt service:				
Principal	384,256	371,316	360,428	280,000
Interest	32,711	35,823	48,914	50,142
Other	-	-	1,000	-
Total Expenditures	<u>12,913,926</u>	<u>11,685,601</u>	<u>11,880,839</u>	<u>12,132,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(416,393)</u>	<u>213,867</u>	<u>(285,340)</u>	<u>(354,099)</u>
Other Financing Sources (Uses):				
Bonds issued	1,280,000	-	-	-
Proceeds of loan	-	-	-	214,000
Insurance loss recoveries	330,793	-	14,642	11,146
Sale of other property	-	1,502	-	-
Sale of transportation equipment	26,081	-	-	3,022
Operating transfers in	-	395,208	168,017	1,028,972
Other financing sources	-	-	-	-
Operating transfers out	(26,081)	(395,208)	(168,017)	(1,028,972)
Other financing uses	(1,250)	(1,250)	-	(1,035)
Total Other Financing Sources (Uses)	<u>1,609,543</u>	<u>252</u>	<u>14,642</u>	<u>227,133</u>
Net Change in Fund Balances	<u>1,193,150</u>	<u>214,119</u>	<u>(270,698)</u>	<u>(126,966)</u>
Fund Balances:				
July 1, Beginning, as previously reported	5,315,085	5,101,615	5,374,467	5,289,822
Prior period adjustment	-	-	-	214,000
July 1, Beginning, as restated	<u>5,315,085</u>	<u>5,101,615</u>	<u>5,374,467</u>	<u>5,503,822</u>
Increase (Decrease) in inventory	<u>(1,561)</u>	<u>(649)</u>	<u>(2,154)</u>	<u>(2,389)</u>
June 30,	<u>\$ 6,506,674</u>	<u>5,315,085</u>	<u>5,101,615</u>	<u>5,374,467</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Attala County 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 Attala County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Attala County School District's basic financial statements, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

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

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

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

1929 SPILLWAY ROAD
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Attala County 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*.

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 17, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board
Attala County School District

Report on Compliance for Each Major Federal Program

We have audited Attala County 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 Attala County School District's major federal program for the year ended June 30, 2015. The Attala County School District's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Attala County School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 on the school district's compliance.

Opinion on Each Major Federal Program

In our opinion, the Attala County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Attala County 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 Attala County 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
September 17, 2015

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Attala County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Attala County School District as of and for the year ended June 30, 2015, which collectively comprise the Attala County School District's basic financial statements and have issued our report thereon dated September 17, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 of classroom supply funds carried over from previous years.

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

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
September 17, 2015

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Attala County School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

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? No.
 - 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? No.
 - 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 Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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