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COPIAH COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015

COPIAH COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

LOWERY, PAYN AND LEGGETT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Copiah 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 Copiah 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 Copiah 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 Copiah 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 6-13, 43-46, 47 and 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Copiah 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 January 25, 2016, on our consideration of the Copiah 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 C School District's internal control over financial reporting and compliance.



Lowery, Payn and Leggett

Brookhaven, Mississippi

January 25, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

COPIAH COUNTY DEPARTMENT OF EDUCATION

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RICKEY CLOPTON, SUPERINTENDENT

254 W. GALLATIN - HAZLEHURST, MISS. 39083

The following discussion and analysis of Copiah 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 \$21,375,069, including a prior period adjustment of (\$23,683,966), which represents a 117% decrease from fiscal year 2014. Total net position for 2014 increased \$1,063,367, including a prior period adjustment of (\$132,893), which represents a 6% increase from fiscal year 2013.
- General revenues amounted to \$17,512,005 and \$17,058,967, or 77% and 78% 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 \$5,191,970, or 23% of total revenues for 2015, and \$4,851,520, or 22% of total revenues for 2014.
- The District had \$20,395,078 and \$20,714,227 in expenses for fiscal years 2015 and 2014; only \$5,191,970 for 2015 and \$4,851,520 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$17,512,005 for 2015 and \$17,058,967 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$17,104,326 in revenues and \$16,050,725 in expenditures for 2015, and \$15,926,034 in revenues and \$15,681,983 in expenditures in 2014. The General Fund's fund balance increased by \$8,201,182 from 2014 to 2015, including a fund reclassification of \$7,124,831 and a prior period adjustment of (\$186), and increased by \$113,968 from 2013 to 2014, including a prior period adjustment of (\$126,602).
- Capital assets, net of accumulated depreciation, increased by \$77,936 for 2015 and decreased by \$177,288 for 2014. The increase for 2015 was due to the addition of mobile equipment and furniture and equipment.
- Long-term debt decreased by \$475,708 for 2015 and decreased by \$461,863 for 2014. The decrease for 2015 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$7,856 for 2015 and decreased by \$7,802 for 2014.

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.

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental funds – Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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.

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules 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.

COPIAH 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 were less than liabilities and deferred inflows of resources by (\$3,131,074) 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	\$ 15,958,095	\$ 14,706,234	8.51 %
Restricted assets	524,445	513,845	2.06 %
Capital assets, net	5,876,637	5,798,701	1.34 %
Total assets	<u>22,359,177</u>	<u>21,018,780</u>	6.38 %
Deferred outflows of resources	<u>2,170,234</u>	<u>-</u>	N/A %
Current liabilities	325,893	414,973	(21.47) %
Long-term debt outstanding	1,876,248	2,359,812	(20.49) %
Net pension liability	22,077,266	-	N/A %
Total liabilities	<u>24,279,407</u>	<u>2,774,785</u>	775.00 %
Deferred inflows of resources	<u>3,381,078</u>	<u>-</u>	N/A %
Net position:			
Net investment in capital assets	4,091,268	3,537,624	15.65 %
Restricted	1,850,188	8,688,346	(78.70) %
Unrestricted	(9,072,530)	6,018,025	(250.76) %
Total net position (deficit)	<u>\$ (3,131,074)</u>	<u>\$ 18,243,995</u>	(117.16) %

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)	\$ (9,072,530)
Less unrestricted deficit in net position resulting from recognition of the net pension Liability	<u>23,288,110</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 14,215,580</u>

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

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 \$77,936.
- 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 principal retirement of \$475,708 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 \$22,703,975 and \$21,910,487, respectively. The total cost of all programs and services was \$20,395,078 for 2015 and \$20,714,227 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.

**Table 2
Changes in Net Position**

	Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 586,837	\$ 711,116	(17.48) %
Operating grants and contributions	4,605,133	4,140,404	11.22 %
General revenues:			
Property taxes	3,562,597	3,481,181	2.34 %
Grants and contributions not restricted	12,944,527	12,656,108	2.28 %
Investment earnings	170,876	161,020	6.12 %
Sixteenth section sources	760,867	655,169	16.13 %
Other	73,138	105,489	(30.67) %
Total revenues	22,703,975	21,910,487	3.62 %
Expenses:			
Instruction	10,111,702	10,711,031	(5.60) %
Support services	6,851,795	7,794,312	(12.09) %
Non-instructional	1,841,679	2,007,078	(8.24) %
Sixteenth section	93,904	125,409	(25.12) %
Pension expense	1,430,165	-	N/A %
Interest on long-term liabilities	65,833	78,397	(13.83) %
Total expenses	20,395,078	20,714,227	(1.54) %
Increase (Decrease) in net position	2,308,897	1,196,260	93.01 %
Net Position, July 1, as previously reported	18,243,995	17,180,628	6.19 %
Prior Period Adjustment	(23,683,966)	(132,893)	(17,721.83) %
Net Position, July 1, as restated	(5,439,971)	17,047,735	(131.91) %
Net Position (deficit), June 30	\$ (3,131,074)	\$ 18,243,995	(117.16) %

COPIAH 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 do not reflect the implementation of GASB 68.

**Table 3
Net Cost of Governmental Activities**

	<u>Total Expenses</u>		Percentage Change
	<u>2015</u>	<u>2014</u>	
Instruction	\$ 10,111,702	\$ 10,711,031	(5.60) %
Support services	6,851,795	7,794,312	(12.09) %
Non-instructional	1,841,679	2,007,078	(8.24) %
Sixteenth section	93,904	125,409	(25.12) %
Pension Expense	1,430,165	-	N/A %
Interest on long-term liabilities	65,833	76,397	(13.83) %
Total expenses	\$ 20,395,078	\$ 20,714,227	(1.54) %

	<u>Net (Expense) Revenue</u>		Percentage Change
	<u>2015</u>	<u>2014</u>	
Instruction	\$ (8,155,740)	\$ (8,922,367)	(8.59) %
Support services	(5,723,426)	(6,723,205)	(14.87) %
Non-instructional	172,910	(95,984)	(280.14) %
Sixteenth section	(854)	(44,754)	(98.09) %
Pension Expense	(1,430,165)	-	N/A %
Interest on long-term liabilities	(65,833)	(76,397)	(13.83) %
Total net (expense) revenue	\$ (15,203,108)	\$ (15,862,707)	(4.16) %

- Net cost of governmental activities (\$15,203,108 for 2015 and \$15,862,707 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$3,562,597 for 2015 and \$3,481,181 for 2014) and state and federal revenues (\$12,944,527 for 2015 and \$12,656,108 for 2014). In addition, there was \$760,867 and \$655,169 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$170,876 for 2015 and \$161,020 for 2014.

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

COPIAH COUNTY SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2015

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 \$16,176,660, an increase of \$1,347,584, which includes a prior period adjustment of (\$186) and a decrease in inventory of \$7,666. \$13,747,998, or 85%, of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,428,662, or 15%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$8,201,182, which includes a fund reclassification of \$7,124,831 and a prior period adjustment of (\$186). The fund balance of Other Governmental Funds showed a decrease in the amount of \$6,872,070, which includes a fund reclassification of (\$7,124,831) and a decrease in inventory of \$7,666. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
IDEA Part B Fund	no increase or decrease
Forestry Escrow Fund	\$ 18,472

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budgeted amounts for instruction and support services expenditures in the General Fund were decreased during the fiscal year. The District took a conservative approach to spending and various expenditures included in the original budget were not incurred. Other budget revisions during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$14,091,627, including land, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$509,450 from 2014 due primarily to the purchase of five school buses and various items of furniture and equipment. Total accumulated depreciation as of June 30, 2015, was \$8,214,990, and total depreciation expense for the year was \$434,781, resulting in total net capital assets of \$5,876,637.

COPIAH COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 156,772	\$ 156,772	0.00 %
Buildings	4,087,974	4,232,418	(3.41) %
Building improvements	124,720	130,659	(4.55) %
Improvements other than buildings	43,123	47,640	(9.48) %
Mobile equipment	1,347,938	1,164,345	15.77 %
Furniture and equipment	116,110	66,867	73.64 %
Total	\$ 5,876,637	\$ 5,798,701	1.34 %

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 \$1,876,248 in outstanding long-term debt, of which \$493,927 is due within one year. During the fiscal year, the District made principal payments totaling \$475,708 on outstanding long-term debt. The liability for compensated absences decreased \$7,856 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	\$ 1,235,000	\$ 1,625,000	(24.00) %
Three mill notes payable	550,369	636,077	(13.47) %
Compensated absences payable	90,879	98,735	(7.96) %
Total	\$ 1,876,248	\$ 2,359,812	(20.49) %

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

CURRENT ISSUES

The Copiah 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Copiah County School District, 254 W. Gallatin, Hazlehurst, MS 39083.

FINANCIAL STATEMENTS

COPIAH COUNTY SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,260,406
Due from other governments	680,452
Inventories	17,237
Restricted assets	524,445
Capital assets, non-depreciable:	
Land	156,772
Capital assets, net of accumulated depreciation:	
Buildings	4,087,974
Building improvements	124,720
Improvements other than buildings	43,123
Mobile equipment	1,347,938
Furniture and equipment	116,110
Total Assets	<u>22,359,177</u>
Deferred Outflows of Resources	
Deferred outflow related to pensions	2,170,234
Total deferred outflows of resources	<u>2,170,234</u>
Liabilities	
Accounts payable and accrued liabilities	305,880
Interest payable on long-term liabilities	20,013
Long-term liabilities, due within one year:	
Capital related liabilities	489,383
Non-capital related liabilities	4,544
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,295,986
Non-capital related liabilities	86,335
Net pension liability	22,077,266
Total Liabilities	<u>24,279,407</u>
Deferred Inflows of Resources	
Deferred inflow related to pensions	3,381,078
Total deferred inflows of resources	<u>3,381,078</u>

COPIAH COUNTY SCHOOL DISTRICT

**Statement of Net Position
June 30, 2015**

Exhibit A

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	4,091,268
Restricted for:	
Expendable:	
School-based activities	569,623
Debt service	426,259
Ad valorem escrow	11,719
Forestry improvements	218,437
Unemployment benefits	65,088
Non-expendable:	
Sixteenth section	559,062
Unrestricted	(9,072,530)
Total Net Position	<u>\$ (3,131,074)</u>

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

COPIAH COUNTY SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 10,111,702	\$ 313,976	\$ 1,641,986	\$	\$	(8,155,740)
Support services	6,851,795		1,128,369			(5,723,426)
Non-instructional	1,841,679	179,811	1,834,778			172,910
Sixteenth section	93,904	93,050				(854)
Pension expense	1,430,165					(1,430,165)
Interest on long-term liabilities	65,833					(65,833)
Total Governmental Activities	\$ 20,395,078	\$ 586,837	\$ 4,605,133	\$ 0	\$	(15,203,108)

General Revenues:

Taxes:

General purpose levies	3,454,835
Debt purpose levies	107,762

Unrestricted grants and contributions:

State	12,833,768
Federal	110,759
Unrestricted investment earnings	170,876
Sixteenth section sources	760,867
Other	73,138

Total General Revenues 17,512,005

Change in Net Position 2,308,897

Net Position - Beginning, as previously reported 18,243,995
Prior Period Adjustments (23,683,966)

Net Position - Beginning, as restated (5,439,971)

Net Position - Ending \$ (3,131,074)

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2015

	Major Funds					
	General Fund	Title I Fund	IDEA Part B Fund	Forestry Escrow Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 14,016,643	\$ -	\$ -	\$ 270,674	\$ 1,494,534	\$ 15,781,851
Cash with fiscal agents	-	-	-	-	3,000	3,000
Due from other governments	259,424	70,622	55,564	-	294,404	680,014
Due from other funds	83,599	-	-	-	-	83,599
Advance to other funds	-	-	-	-	37,617	37,617
Inventories	-	-	-	-	17,237	17,237
Total assets	\$ 14,359,666	\$ 70,622	\$ 55,564	\$ 270,674	\$ 1,846,792	\$ 16,603,318
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 149,973	\$ 34,728	\$ 36,326	\$ 52,237	\$ 32,616	\$ 305,880
Due to other funds	-	35,894	19,238	-	28,029	83,161
Advances from other funds	37,617	-	-	-	-	37,617
Total Liabilities	187,590	70,622	55,564	52,237	60,645	426,658
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	17,237	17,237
Permanent fund principal	-	-	-	-	521,445	521,445
Advances	-	-	-	-	37,617	37,617
Restricted:						
Debt service	-	-	-	-	446,272	446,272
Forestry improvement purposes	-	-	-	218,437	-	218,437
Grant activities	-	-	-	-	27,543	27,543
Unemployment benefits	-	-	-	-	65,088	65,088
Ad valorem escrow	11,719	-	-	-	-	11,719
Child nutrition	-	-	-	-	524,843	524,843
Assigned:						
Activity funds	246,799	-	-	-	-	246,799
School based activities	-	-	-	-	146,102	146,102
School improvements	165,560	-	-	-	-	165,560
Unassigned	13,747,998	-	-	-	-	13,747,998
Total Fund Balances	14,172,076	-	-	218,437	1,786,147	16,176,660
Total Liabilities and Fund Balances	\$ 14,359,666	\$ 70,622	\$ 55,564	\$ 270,674	\$ 1,846,792	\$ 16,603,318

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015**

Exhibit C-1

Total fund balances for governmental funds \$ 16,176,660

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

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

Land	\$ 156,772	
Buildings	9,277,574	
Building improvements	148,476	
Improvements other than buildings	112,900	
Mobile equipment	3,532,159	
Furniture and equipment	863,746	
Accumulated depreciation	<u>(8,214,990)</u>	5,876,637

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

Net pension liability (22,077,266)

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

Deferred outflows of resources related to pensions	2,170,234	
Deferred inflows of resources related to pensions	<u>(3,381,078)</u>	(23,288,110)

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

Limited obligation bonds	(1,235,000)	
Notes payable	(550,369)	
Compensated absences	(90,879)	
Accrued interest payable	<u>(20,013)</u>	(1,896,261)

Net position of governmental activities \$ (3,131,074)

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Title I Fund	IDEA Part B Fund	Forestry Escrow Fund		
Revenues:						
Local sources	\$ 3,962,173	\$	\$	\$ 2,950	\$ 330,506	\$ 4,295,629
State sources	12,270,534				893,581	13,164,115
Federal sources	110,759	1,002,793	1,024,344		2,247,648	4,385,544
Sixteenth section sources	760,860			93,050	4,777	858,687
Total Revenues	17,104,326	1,002,793	1,024,344	96,000	3,476,512	22,703,975
Expenditures:						
Instruction	9,530,910	367,257	633,130		666,842	11,198,139
Support services	6,384,638	461,882	376,717		381,457	7,604,694
Noninstructional services	114,031	52,295	96		1,739,882	1,906,304
Sixteenth section	16,376			77,528		93,904
Debt service:						
Principal					475,708	475,708
Interest	4,770				65,020	69,790
Total Expenditures	16,050,725	881,434	1,009,943	77,528	3,328,909	21,348,539
Excess (Deficiency) of Revenues over (under) Expenditures	1,053,601	121,359	14,401	18,472	147,603	1,355,436
Other Financing Sources (Uses):						
Operating transfers in	83,615				169,002	252,617
Operating transfers out	(60,679)	(121,359)	(14,401)		(56,178)	(252,617)
Other financing uses						0
Total Other Financing Sources (Uses)	22,936	(121,359)	(14,401)	0	112,824	0
Net Change in Fund Balances	1,076,537	0	0	18,472	260,427	1,355,436
Fund Balances:						
July 1, 2014, as previously reported	5,970,894	0	0	199,965	8,658,217	14,829,076
Fund reclassification	7,124,831				(7,124,831)	0
Prior period adjustments	(186)					(186)
July 1, 2014, as restated *	13,095,539	0	0	199,965	1,533,386	14,828,890
Increase (Decrease) in reserve for inventory					(7,666)	(7,666)
June 30, 2015	\$ 14,172,076	\$ 0	\$ 0	\$ 218,437	\$ 1,786,147	\$ 16,176,660

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes In Fund Balances to the Statement of Activities
For the Year Ended June 30, 2015**

Exhibit D-1

Net change in fund balances - total governmental funds \$ 1,355,436

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

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

Capital outlay	\$ 517,919	
Depreciation expense	<u>(434,781)</u>	83,138

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

(5,202)

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

Payments of debt principal	475,708	
Accrued interest payable	<u>3,957</u>	479,665

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

Recording of pension expense for the current period	(1,430,165)	
Recording of contributions made subsequent to the measurement date	<u>1,825,835</u>	395,670

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

Change in compensated absences	7,856	
Change in inventory	<u>(7,666)</u>	190

Change in Net Position of governmental activities	\$	<u>2,308,897</u>
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The notes to the financial statements are an integral part of this statement.

COPIAH COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2015

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	\$ 872,008
Total Assets	<u>\$ 872,008</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 824,250
Due to other funds	438
Due to student clubs	47,320
Total Liabilities	<u>\$ 872,008</u>

COPIAH COUNTY SCHOOL DISTRICT

Notes to the Financial Statements
For 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. 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 is elected by the citizens of each defined county district.

For financial reporting purposes, Copiah 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.

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
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

COPIAH COUNTY SCHOOL DISTRICT

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

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.

Title I Fund - This fund accounts for the federal revenues and expenditures associated with federal funding for Title I programs.

IDEA Part B Fund - This fund accounts for the federal revenues and expenditures associated with federal funding for Special Education programs.

Forestry Escrow Fund - This fund accounts for the revenues and expenditures associated with sixteenth section lands.

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

The District's fiduciary funds include the following:

Agency funds include accounts payable and payroll clearing accounts and student club accounts.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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.

COPIAH COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

COPIAH COUNTY SCHOOL DISTRICT

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

COPIAH COUNTY SCHOOL DISTRICT

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

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

COPIAH COUNTY SCHOOL DISTRICT

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

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. A deferred inflow associated with pensions is reported.

See Note 9 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/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

COPIAH COUNTY SCHOOL DISTRICT

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

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 board policy.

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

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

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 7% of actual 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, Cash with Fiscal Agents

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

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

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 deposit or interest

COPIAH COUNTY SCHOOL DISTRICT

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

bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$15,781,851 and \$872,008, 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 \$ 19,793,889 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$3,000.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I fund	\$ 35,894
	IDEA Part B fund	19,238
	Other governmental funds	28,029
	Fiduciary funds	438
Total		<u>\$ 83,599</u>

The primary purpose of the interfund receivables and payables is to close out federal program funds at the year end. All interfund receivables and payables are expected to be repaid within one year.

COPIAH COUNTY SCHOOL DISTRICT

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

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth section principal fund	General Fund	\$ <u>37,617</u>
Total		\$ <u>37,617</u>

Sixteenth section principal loans payable

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

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 12,710	\$ 7,406	\$ 20,116
2017	13,229	7,406	20,635
2018	5,839	2,653	8,492
2019	5,839	2,653	8,492
Total	\$ <u>37,617</u>	\$ <u>20,118</u>	\$ <u>57,735</u>

COPIAH COUNTY SCHOOL DISTRICT

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

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 60,679
Title I Fund	General Fund	17,430
	Other governmental funds	103,929
IDEA Part B Fund	General Fund	14,401
Other governmental funds	General Fund	51,784
	Other governmental funds	4,394
Total		<u>\$ 252,617</u>

The primary purpose of the interfund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. These transfers were consistent with the activities of the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$ 521,445 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance totaling \$ 3,000 of the MAEP Limited Obligation Bond/Note Fund.

COPIAH COUNTY SCHOOL DISTRICT

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

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 156,772	\$	\$	\$ 156,772
Total non-depreciable capital assets	<u>156,772</u>	-	-	<u>156,772</u>
<u>Depreciable capital assets:</u>				
Buildings	9,277,574			9,277,574
Building improvements	148,476			148,476
Improvements other than buildings	112,900			112,900
Mobile equipment	3,119,578	421,050	8,469	3,532,159
Furniture and equipment	766,877	96,869		863,746
Total depreciable capital assets	<u>13,425,405</u>	<u>517,919</u>	<u>8,469</u>	<u>13,934,855</u>
<u>Less accumulated depreciation for:</u>				
Buildings	5,045,156	144,444		5,189,600
Building improvements	17,817	5,939		23,756
Improvements other than buildings	65,260	4,517		69,777
Mobile equipment	1,955,233	232,255	3,267	2,184,221
Furniture and equipment	700,010	47,626		747,636
Total accumulated depreciation	<u>7,783,476</u>	<u>434,781</u>	<u>3,267</u>	<u>8,214,990</u>
Total depreciable capital assets, net	<u>5,641,929</u>	<u>83,138</u>	<u>5,202</u>	<u>5,719,865</u>
Governmental activities capital assets, net	<u>\$ 5,798,701</u>	<u>\$ 83,138</u>	<u>\$ 5,202</u>	<u>\$ 5,876,637</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 156,049
Support services	256,453
Non-instructional	22,279
Total depreciation expense - Governmental activities	<u>\$ 434,781</u>

COPIAH COUNTY SCHOOL DISTRICT

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

Note 6 – Long-term Liabilities

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. Limited obligation bonds payable	\$ 1,625,000	\$	\$ 390,000	\$ 1,235,000	\$ 400,000
B. Three mill notes payable	636,077		85,708	550,369	89,383
C. Compensated absences payable	98,735		7,856	90,879	4,544
Total	\$ 2,359,812	\$ -	\$ 483,564	\$ 1,876,248	\$ 493,927

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds Series 2011	2-3%	3/30/2011	2/1/2018	\$ 2,755,000	\$ 1,235,000
Total				\$ 2,755,000	\$ 1,235,000

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

Limited obligation bond issue of 3/30/11:

Year Ending June 30	Principal	Interest	Total
2016	\$ 400,000	\$ 37,050	\$ 437,050
2017	410,000	25,050	435,050
2018	425,000	12,750	437,750
Total	\$ 1,235,000	\$ 74,850	\$ 1,309,850

This debt will be retired from the MAEP Debt Service Fund.

COPIAH COUNTY SCHOOL DISTRICT

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax refunding Note, Series 2011	3.40%	5/6/2011	10/1/2020	\$ 869,634	\$ 550,369
Total				\$ 869,634	\$ 550,369

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

Three mill notes payable issue of 5/6/11:

Year Ending June 30	Principal	Interest	Total
2016	\$ 89,383	\$ 17,193	\$ 106,576
2017	92,853	14,095	106,948
2018	91,180	10,967	102,147
2019	89,299	7,899	97,198
2020	92,385	4,811	97,196
2021 – 2025	95,269	1,620	96,889
Total	\$ 550,369	\$ 56,585	\$ 606,954

This debt will be retired from the Debt Service Fund.

C. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Copiah School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2015, \$1,285,000 of bonds outstanding are defeased.

COPIAH COUNTY SCHOOL DISTRICT

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

Note 8 – Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Fourteen copiers, \$3,795 monthly lease payment.
2. Three copiers, \$1,125 monthly lease payment.
3. Two copiers, \$362 monthly lease payment.

Lease expenditures for the year ended June 30, 2015, amounted to \$69,979.

Future lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2016	\$ 63,384
2017	52,134
2018	3,258
Total	<u>\$ 118,776</u>

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's

COPIAH COUNTY SCHOOL DISTRICT

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

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 \$1,825,835, \$1,750,455 and \$1,599,855, 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 \$22,077,266 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 0.181883 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,430,165. 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	\$ 344,399	\$
Net difference between projected and actual earnings on pension plan investments		3,200,262
Change in proportionate share		180,816
District contributions subsequent to the measurement date	1,825,835	
Total	\$ <u>2,170,234</u>	\$ <u>3,381,078</u>

\$1,825,835 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	\$ (741,223)
2017	(741,223)
2018	(754,168)
2019	(800,065)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined

COPIAH COUNTY SCHOOL DISTRICT

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

using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 – 19.50 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:

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

Discount rate. The discount rate used to measure the total pension liability was 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 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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 30,097,897	\$ 22,077,266	\$ 15,386,867

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is

COPIAH COUNTY SCHOOL DISTRICT

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

available in the separately issued PERS financial report.

Note 10 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2016	\$ 83,128
2017	55,614
2018	36,454
2019	16,244
2020	16,244
2021 – 2025	42,288
2026 – 2030	28,579
2031 – 2035	23,893
2036 – 2040	19,882
Total	<u>\$ 322,326</u>

Note 11 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (25,434,235)
Deferred outflows - contributions made during fiscal year 2014	<u>1,750,455</u>
Total prior period adjustment related to GASB 68 and 71	(23,683,780)
2. To restate beginning fund balance for prior period amount at the governmental fund level	(186)
Total	<u>\$ (23,683,966)</u>

COPIAH COUNTY SCHOOL DISTRICT

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

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

Fund	Explanation	Amount
General Fund	To restate beginning fund balance for prior period amount	\$ (186)
Total		<u>\$ (186)</u>

Note 12 – Contingencies

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

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

Note 13 – 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. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of \$(9,072,530) includes the effect of deferred outflows/inflows/ of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,825,835 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the new pension liability in the year ended June 20, 2016. The \$344,399 balance of the deferred outflow of resources at June 30, 2015 will be recognized as pension expense

COPIAH COUNTY SCHOOL DISTRICT

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

over the next 3 years. The \$3,381,078 balance of the deferred inflow of resources related to pensions at June 30, 2015 will be recognized in pension expense over the next 4 years.

Note 15 – Fund Reclassification

A fund reclassification in the amount of \$7,124,831 was needed to report Sixteenth Section Interest Funds, previously reported as Special Revenue Funds in prior years, as General Funds for fiscal year ended June 30, 2015.

Note 16 - 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 Copiah County School District evaluated the activity of the district through January 25, 2016, (the date the financial statements were available to be issued), and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

**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	\$ 3,924,355	\$ 3,859,590	\$ 3,962,173	\$ (64,765)	\$ 102,583
State sources	12,280,024	12,262,399	12,270,534	(17,625)	8,135
Federal sources	60,000	110,759	110,759	50,759	0
Sixteenth section sources		760,867	760,860	760,867	(7)
Total Revenues	16,264,379	16,993,615	17,104,326	729,236	110,711
Expenditures:					
Instruction	10,484,627	9,889,178	9,530,910	595,449	358,268
Support services	8,876,880	6,806,811	6,384,638	2,070,069	422,173
Noninstructional services	168,810	132,236	114,031	36,574	18,205
Sixteenth section	7,500	26,381	16,376	(18,881)	10,005
Facilities acquisition and construction	50,000			50,000	0
Debt service:					
Interest		4,770	4,770	(4,770)	0
Total Expenditures	19,587,817	16,859,376	16,050,725	2,728,441	808,651
Excess (Deficiency) of Revenues over (under) Expenditures	(3,323,438)	134,239	1,053,601	3,457,677	919,362
Other Financing Sources (Uses):					
Operating transfers in	792,788	805,828	83,615	13,040	(722,213)
Other financing sources	35,000	32,787		(2,213)	(32,787)
Operating transfers out	(913,315)	(825,679)	(60,679)	87,636	765,000
Total Other Financing Sources (Uses)	(85,527)	12,936	22,936	98,463	10,000
Net Change in Fund Balances	(3,408,965)	147,175	1,076,537	3,556,140	929,362
Fund Balances:					
July 1, 2014, as previously reported *	4,621,716	13,095,725	5,970,894	8,474,009	(7,124,831)
Fund reclassification			7,124,831		7,124,831
Prior period adjustments		(186)	(186)	(186)	0
July 1, 2014, as restated *	4,621,716	13,095,539	13,095,539	8,473,823	0
June 30, 2015	\$ 1,212,751	\$ 13,242,714	\$ 14,172,076	\$ 12,029,963	\$ 929,362

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

COPIAH COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I 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:				
Federal sources	1,103,270	1,017,793	1,002,793	(85,477)	(15,000)
Total Revenues	1,103,270	1,017,793	1,002,793	(85,477)	(15,000)
Expenditures:					
Instruction	393,940	370,257	367,257	23,683	3,000
Support services	501,733	472,771	461,882	28,962	10,889
Noninstructional services	71,500	53,406	52,295	18,094	1,111
Total Expenditures	967,173	896,434	881,434	70,739	15,000
Excess (Deficiency) of Revenues over (under) Expenditures	136,097	121,359	121,359	(14,738)	0
Other Financing Sources (Uses):					
Operating transfers out	(126,953)	(121,359)	(121,359)	5,594	0
Total Other Financing Sources (Uses)	(126,953)	(121,359)	(121,359)	5,594	0
Net Change in Fund Balances	9,144	0	0	(9,144)	0
Fund Balances:					
July 1, 2014	0	0	0	0	0
June 30, 2015	\$ 9,144	\$ 0	\$ 0	\$ (9,144)	\$ 0

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

COPIAH COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B 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:					
Federal sources	1,343,257	1,070,547	1,024,344	(272,710)	(46,203)
Total Revenues	1,343,257	1,070,547	1,024,344	(272,710)	(46,203)
Expenditures:					
Instruction	821,803	659,880	633,130	161,923	26,750
Support services	478,810	382,248	376,717	96,562	5,531
Noninstructional services	10,000	500	96	9,500	404
Total Expenditures	1,310,613	1,042,628	1,009,943	267,985	32,685
Excess (Deficiency) of Revenues over (under) Expenditures	32,644	27,919	14,401	(4,725)	(13,518)
Other Financing Sources (Uses):					
Operating transfers out	(24,400)	(14,401)	(14,401)	9,999	0
Total Other Financing Sources (Uses)	(24,400)	(14,401)	(14,401)	9,999	0
Net Change in Fund Balances	8,244	13,518	0	5,274	(13,518)
Fund Balances:					
July 1, 2014	0	1,741	0	1,741	(1,741)
June 30, 2015	\$ 8,244	\$ 15,259	\$ 0	\$ 7,015	\$ (15,259)

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

**COPIAH COUNTY SCHOOL DISTRICT
Required Supplementary Information**

**Budgetary Comparison Schedule
Forestry Escrow 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	3,000	2,950	2,950	(50)	0
Sixteenth section sources	58,000	93,050	93,050	35,050	0
Total Revenues	61,000	96,000	96,000	35,000	0
Expenditures:					
Sixteenth section	73,590	98,823	77,528	(25,233)	21,295
Total Expenditures	73,590	98,823	77,528	(25,233)	21,295
Excess (Deficiency) of Revenues over (under) Expenditures	(12,590)	(2,823)	18,472	9,767	21,295
Other Financing Sources (Uses):					
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(12,590)	(2,823)	18,472	9,767	21,295
Fund Balances:					
July 1, 2014	199,965	199,965	199,965	0	0
June 30, 2015	\$ 187,375	\$ 197,142	\$ 218,437	\$ 9,767	\$ 21,295

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

COPIAH COUNTY SCHOOL DISTRICT

Required Supplementary Information

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)	0.181883%
District's proportionate share of the net pension liability (asset) \$	22,077,266
District's covered-employee payroll	11,114,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.6437466%
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.

COPIAH COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 1,825,835									
Contributions in relation to the contractually required contribution	\$ 1,825,835									
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0	0	0
District's covered-employee payroll	11,592,603									
Contributions as a percentage of covered-employee payroll	15.75%									

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

COPIAH 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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

SUPPLEMENTARY INFORMATION

COPIAH COUNTY SCHOOL DISTRICT

Supplementary Information

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 492,061
National school lunch program	10.555	1,359,929
Summer food service program for children	10.559	16,366
Total child nutrition cluster		<u>1,868,356</u>
Total passed-through Mississippi Department of Education		<u>1,868,356</u>
Total U.S. Department of Agriculture		<u>1,868,356</u>
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	45,099
Total U.S. Department of Defense		<u>45,099</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	97,956
Total Federal Communications Commission		<u>97,956</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,048,204
Career and technical education - basic grants to states	84.048	34,137
Improving teacher quality-State Grants	84.367	238,664
Subtotal		<u>1,321,005</u>
Special education cluster:		
Special education - grants to states	84.027	1,023,447
Special education - preschool grants	84.173	15,981
Total special education cluster		<u>1,039,428</u>
Total U. S. Department of Education		<u>2,360,433</u>
Total for All Federal Awards		<u>\$ 4,371,844</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.

COPIAH COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2015

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 15,874,877	11,950,224	577,809	1,182,832	2,163,812
Other	5,473,862	1,413,144	458,741	125,045	3,476,932
Total	\$ 21,348,539	13,363,368	1,036,550	1,307,877	5,640,744
Total number of students *	2,474				
Cost per student	\$ 8,629	5,402	419	529	2,280

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

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

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

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

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

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

OTHER INFORMATION

COPIAH COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

**General Fund
Last Four Years
UNAUDITED**

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 3,962,173	\$ 3,802,552	\$ 3,725,325	\$ 3,808,035
State sources	12,270,534	12,027,359	11,691,660	11,749,052
Federal sources	110,759	96,123	169,686	170,850
Sixteenth section sources	760,860			
Total Revenues	17,104,326	15,926,034	15,586,671	15,727,937
Expenditures:				
Instruction	9,530,910	9,070,351	9,126,427	8,802,457
Support services	6,384,638	6,492,059	6,680,894	6,092,486
Noninstructional services	114,031	114,803	89,042	90,110
Sixteenth section	16,376		2,050	5,100
Facilities acquisition and construction				2,000
Debt service:				
Interest	4,770	4,770	4,770	4,770
Total Expenditures	16,050,725	15,681,983	15,903,183	14,996,923
Excess (Deficiency) of Revenues over (under) Expenditures	1,053,601	244,051	(316,512)	731,014
Other Financing Sources (Uses):				
Insurance recovery		11,997	201	
Operating transfers in	83,615	57,955	188,754	26,701
Operating transfers out	(60,679)	(73,433)	(69,900)	(166,995)
Total Other Financing Sources (Uses)	22,936	(3,481)	119,055	(140,294)
Net Change in Fund Balances	1,076,537	240,570	(197,457)	590,720
Fund Balances:				
Beginning of period, as previously reported	5,970,894	5,856,926	6,054,383	5,475,493
Fund reclassification	7,124,831			
Prior period adjustments	(186)	(126,602)		(11,830)
Beginning of period, as restated	13,095,539	5,730,324	6,054,383	5,463,663
End of Period	\$ 14,172,076	\$ 5,970,894	\$ 5,856,926	\$ 6,054,383

*SOURCE - PRIOR YEAR AUDIT REPORTS

COPIAH COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 4,295,629	\$ 4,361,386	\$ 4,265,027	\$ 4,442,334
State sources	13,164,115	12,834,543	12,451,672	12,550,489
Federal sources	4,385,544	3,961,967	3,590,300	4,469,372
Sixteenth section sources	858,687	740,594	646,779	563,667
Total Revenues	22,703,975	21,898,490	20,953,778	22,025,862
Expenditures:				
Instruction	11,198,139	10,588,713	10,301,632	10,883,384
Support services	7,604,694	7,749,098	7,772,731	7,255,489
Noninstructional services	1,906,304	1,967,319	1,897,378	1,864,889
Sixteenth section	93,904	125,409	89,799	191,932
Facilities acquisition and construction				2,000
Debt service:				
Principal	475,708	461,863	452,856	448,838
Interest	69,790	80,238	90,453	86,603
Total Expenditures	21,348,539	20,972,640	20,604,849	20,733,135
Excess (Deficiency) of Revenues over (under) Expenditures	1,355,436	925,850	348,929	1,292,727
Other Financing Sources (Uses):				
Insurance recovery		11,997	201	
Operating transfers in	252,617	249,359	372,241	209,009
Operating transfers out	(252,617)	(249,359)	(372,241)	(209,009)
Total Other Financing Sources (Uses)	0	11,997	201	0
Net Change in Fund Balances	1,355,436	937,847	349,130	1,292,727
Fund Balances:				
Beginning of period, as previously reported	14,829,076	14,035,700	13,684,982	12,399,011
Prior period adjustments	(186)	(126,602)		(11,830)
Beginning of period, as restated	14,828,890	13,909,098	13,684,982	12,387,181
Increase (Decrease) in reserve for inventory	(7,666)	(17,869)	1,588	5,074
End of Period	\$ 16,176,660	\$ 14,829,076	\$ 14,035,700	\$ 13,684,982

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

LOWERY, PAYN AND LEGGETT

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

Superintendent and School Board
Copiah 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 the Copiah 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 Copiah County School District's basic financial statements, and have issued our report thereon dated January 25, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Copiah County 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 Copiah County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Copiah County 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Copiah 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.



Lowery, Payn and Leggett

Brookhaven, Mississippi

January 25, 2016

LOWERY, PAYN AND LEGGETT

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

Superintendent and School Board
Copiah County School District

Report on Compliance for Each Major Federal Program

We have audited the Copiah County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Copiah County School District's major federal programs for the year ended June 30, 2015. Copiah County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Copiah County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Copiah County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Copiah 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 programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Copiah 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 the Copiah 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 Covich County 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 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.



Lowery, Payn and Leggett

Brookhaven, Mississippi

January 25, 2016

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

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

Superintendent and School Board
Copiah School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Copiah School District as of and for the year ended June 30, 2015, which collectively comprise Copiah School District's basic financial statements and have issued our report thereon dated January 25, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

Finding

Section 29-3-57, Miss. Code Ann. (1972) requires the superintendent of education to collect promptly all rentals due on sixteenth section leases. This section further stipulates that upon a 60 day default in payment of any rentals according to the terms of the lease, the lease shall be terminated unless the board finds extenuating circumstances were present.

During our test of sixteenth section leases, we observed several instances where sixteenth section leases were more than 60 days past due with no documentation that board action was taken as required by Section 29-3-57, Miss. Code Ann. (1972).

Noncompliance with Section 29-3-57, Miss. Code Ann. (1972), could result in the district not receiving rental income for the use of sixteenth section lands and forfeiture of the related interest income.

Recommendation

We recommend that the district comply with Section 29-3-57, Miss. Code Ann. (1972), when leases are in default for more than 60 days from the due date by declaring the lease terminated unless the board finds extenuating circumstances are present and documents those circumstances in the board minutes.

School District's Response

The school district will comply with Section 29-3-57, Miss. Code Ann. (1972) in regard to collecting rentals on sixteenth section leases and 60 day default in payments.

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

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

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



Lowery, Payn and Leggett

Brookhaven, Mississippi

January 25, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COPIAH 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: | Unqualified |
| 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: | Unqualified |
| 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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | No |

COPIAH COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

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 under *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.