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GREENWOOD PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015

GREENWOOD PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Greenwood Public 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 Greenwood Public School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Greenwood Public School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 Greenwood Public 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 5-13, 42, 43 and 44, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood Public 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 February 26, 2016, on our consideration of the Greenwood Public 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 Greenwood Public School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Greenwood Public 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 \$30,407,107, including a prior period adjustment of (\$29,132,804), which represents a 212% decrease from fiscal year 2014. Total net position for 2014 decreased \$1,992,791, including a prior period adjustment of (\$3,204), which represents a 12% decrease from fiscal year 2013.
- General revenues amounted to \$18,352,057 and \$17,243,282, or 73% and 71% 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 \$6,636,737, or 27% of total revenues for 2015, and \$6,956,942, or 29% of total revenues for 2014.
- The District had \$26,263,097 and \$26,189,811 in expenses for fiscal years 2015 and 2014; only \$6,636,737 for 2015 and \$6,956,942 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$18,352,057 for 2015 were not adequate to provide for these programs and \$17,243,282 for 2014 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$17,885,721 in revenues and \$18,548,878 in expenditures for 2015, and \$16,527,850 in revenues and \$18,351,942 in expenditures in 2014. The General Fund's fund balance decreased by \$924,775, which includes a prior period adjustment of \$285,345, and including a fund reclassification of the Sixteenth Section Interest Funds of \$131,360, from 2014 to 2015, and decreased by \$2,086,725, including a prior period adjustment of \$25,910 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$194,540, including a prior period adjustment of \$62,066, for 2015 and decreased by \$329,644, including a prior period adjustment of (\$37,214) for 2014. The decrease for 2015 was due primarily to capital additions net of the increase in accumulated depreciation.
- Long-term debt decreased by \$526,302 for 2015 and decreased by \$408,025 for 2014. This decrease for 2015 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$46,640 for 2015 and increased by \$51,637 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.

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.

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

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.

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

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

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 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 the 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,095,643 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.

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

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

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 6,927,900	\$ 6,865,784	0.90 %
Restricted assets	393,815	382,969	2.83 %
Capital assets, net	10,078,638	10,273,178	-1.89 %
Total assets	17,400,353	17,521,931	-0.69 %
Deferred outflows of resources	4,840,093	18,342	26288.03 %
Current liabilities	1,331,384	442,017	201.21 %
Long-term debt outstanding	2,260,490	2,786,792	-18.89 %
Net pension liability	30,345,423	-	N/A %
Total liabilities	33,937,297	3,228,809	951.08 %
Deferred inflows of resources	4,398,792	-	N/A %
Net position:			
Net investment in capital assets	8,008,407	7,727,871	3.63 %
Restricted	1,021,933	895,406	14.13 %
Unrestricted	(25,125,983)	5,688,187	-541.72 %
Total net position	\$ (16,095,643)	\$ 14,311,464	-212.47 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (25,125,983)
Less unrestricted deficit in net position resulting from implementation of GASB No. 68 and 71.	<u>29,917,878</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 4,791,895</u>

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

- Decrease in net capital assets in the amount of \$194,540.
- The principal retirement of \$485,000 of long-term debt.
- 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.

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

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$24,988,794 and \$24,200,224, respectively. The total cost of all programs and services was \$26,263,097 for 2015 and \$26,189,811 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**

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 384,806	\$ 383,315	0.39 %
Operating grants and contributions	6,251,931	6,573,627	(4.89) %
General revenues:			
Property taxes	5,180,341	5,039,597	2.79 %
Grants and contributions not restricted	12,876,811	11,904,916	8.16 %
Investment earnings	12,899	18,923	(31.83) %
Sixteenth section sources	14,850	14,850	0.00 %
Other	267,156	264,996	0.82 %
Total revenues	<u>24,988,794</u>	<u>24,200,224</u>	3.26 %
Expenses:			
Instruction	12,307,188	13,931,541	(11.66) %
Support services	9,031,924	9,920,934	(8.96) %
Non-instructional	2,053,336	2,227,763	(7.83) %
Pension expense	2,778,840	-	N/A %
Interest on long-term liabilities and other debt service costs	91,809	109,573	(16.21) %
Total expenses	<u>26,263,097</u>	<u>26,189,811</u>	0.28 %
Increase (Decrease) in net position	<u>(1,274,303)</u>	<u>(1,989,587)</u>	35.95 %
Net Position, July 1, as previously reported	<u>14,311,464</u>	<u>16,304,255</u>	(12.22) %
Prior period adjustment	<u>(29,132,804)</u>	<u>(3,204)</u>	(909,163.55) %
Net Position, July 1, as restated	<u>(14,821,340)</u>	<u>16,301,051</u>	(190.92) %
Net Position, June 30	<u>\$ (16,095,643)</u>	<u>\$ 14,311,464</u>	(212.47) %

Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, 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.

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

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

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 12,307,188	\$ 13,931,541	(11.66) %
Support services	9,031,924	9,920,934	(8.96) %
Non-instructional	2,053,336	2,227,763	(7.83) %
Pension Expense	2,778,840	-	N/A %
Interest on long-term liabilities and other debt service costs	91,809	109,573	(16.21) %
Total expenses	\$ 26,263,097	\$ 26,189,811	0.28 %
	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	\$ (9,511,066)	\$ (10,656,032)	(10.74) %
Support services	(7,553,374)	(8,469,063)	(10.81) %
Non-instructional	308,729	1,799	17,061.15 %
Pension Expense	(2,778,840)	-	N/A %
Interest on long-term liabilities and other debt service costs	(91,809)	(109,573)	(16.21) %
Total net (expense) revenue	\$ (19,626,360)	\$ (19,232,869)	2.05 %

- Net cost of governmental activities (\$19,626,360 for 2015 and \$19,232,869 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$5,180,341 for 2015 and \$5,039,597 for 2014) and state and federal revenues (\$12,876,811 for 2015 and \$11,904,916 for 2014). In addition, there was \$14,850 and \$14,850 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$12,899 for 2015 and \$18,923 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 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 \$5,719,555, a decrease of \$950,064, including a prior period adjustment of \$285,345, and which includes an increase in inventory of \$5,124. \$4,664,689 or 82% 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

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

fund balance of \$1,054,866 or 18% 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 decrease in fund balance in the General Fund for the fiscal year was \$924,775, including a prior period adjustment of \$285,345, and including a fund reclassification of \$131,360. The fund balance of Other Governmental Funds showed a decrease in the amount of \$25,289, which includes a fund reclassification of (\$131,360) and an increase in reserve for inventory of \$5,124, due primarily to normal operations.

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund 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 \$21,257,901, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$178,287 from 2014. Total accumulated depreciation as of June 30, 2015, was \$11,179,263, and total depreciation expense for the year was \$453,246, resulting in total net capital assets of \$10,078,638.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2015	June 30, 2014	Percentage Change
Land	\$ 496,738	\$ 496,738	0.00 %
Buildings	8,464,374	8,615,884	(1.76) %
Improvements other than buildings	81,649	178,929	(54.37) %
Mobile equipment	446,734	516,498	(13.51) %
Furniture and equipment	589,143	465,129	26.66 %
Total	\$ 10,078,638	\$ 10,273,178	(1.89) %

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

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

Debt Administration. At June 30, 2015, the District had \$2,260,490 in outstanding long-term debt, of which \$494,662 is due within one year. The liability for compensated absences decreased \$46,640 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	\$ 2,100,000	\$ 2,585,000	(18.76) %
Discount on debt issuance	(16,013)	(21,351)	(25.00) %
Compensated absences payable	176,503	223,143	(20.90) %
Total	<u>\$ 2,260,490</u>	<u>\$ 2,786,792</u>	(18.89) %

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

CURRENT ISSUES

The Greenwood Public School District is financially stable. The District is proud of its community support of the public schools.

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

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

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 Greenwood Public School District, 401 Howard Street, Greenwood, Mississippi 38935.

FINANCIAL STATEMENTS

GREENWOOD PUBLIC SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,418,207
Investments	3,313
Due from other governments	1,478,883
Inventories	27,497
Restricted assets	393,815
Capital assets, non-depreciable:	
Land	496,738
Capital assets, net of accumulated depreciation:	
Buildings	8,464,374
Improvements other than buildings	81,649
Mobile equipment	446,734
Furniture and equipment	589,143
Total Assets	<u>17,400,353</u>
Deferred Outflows of Resources	
Deferred outflows - debt refunding	13,756
Deferred outflows - pensions	4,826,337
Total deferred outflows of resources	<u>4,840,093</u>
Liabilities	
Accounts payable and accrued liabilities	1,286,926
Unearned income	11,525
Interest payable on long-term liabilities	32,933
Long-term liabilities, due within one year:	
Capital related liabilities	494,662
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,589,325
Non-capital related liabilities	176,503
Net pension liability	30,345,423
Total Liabilities	<u>33,937,297</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	4,398,792
Total deferred inflows of resources	<u>4,398,792</u>
Net Position	
Invested in capital assets, net of related debt	8,008,407
Restricted for:	
Expendable:	
School-based activities	326,890
Debt service	534,359
Unemployment benefits	41,664
Non-expendable:	
Permanent fund	119,020
Unrestricted	(25,125,983)
Total Net Position	<u>\$ (16,095,643)</u>

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 12,307,188	\$ 195,123	\$ 2,600,999	\$ -	\$ (9,511,066)
Support services	9,031,924	-	1,478,550	-	(7,553,374)
Non-instructional	2,053,336	189,683	2,172,382	-	308,729
Pension expense	2,778,840	-	-	-	(2,778,840)
Interest on long-term liabilities and other debt service costs	91,809	-	-	-	(91,809)
Total Governmental Activities	\$ 26,263,097	\$ 384,806	\$ 6,251,931	\$ -	\$ (19,626,360)

General Revenues:

Taxes:

General purpose levies 5,180,341

Unrestricted grants and contributions:

State 12,746,293

Federal 130,518

Unrestricted investment earnings 12,899

Sixteenth section sources 14,850

Other 267,156

Total General Revenues 18,352,057

Change in Net Position (1,274,303)

Net Position - Beginning, as previously reported 14,311,464

Prior Period Adjustments (29,132,804)

Net Position - Beginning, as restated (14,821,340)

Net Position - Ending \$ (16,095,643)

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2015

Exhibit C

	Major Funds		Total Governmental Funds
	General Fund	Other Governmental Funds	
Assets			
Cash and cash equivalents	\$ 4,739,849	\$ 797,378	\$ 5,537,227
Cash with fiscal agents	-	274,795	274,795
Investments	3,313	-	3,313
Due from other governments	380,347	773,336	1,153,683
Due from other funds	313,660	-	313,660
Advances	325,200	-	325,200
Inventories	-	27,497	27,497
Total assets	5,762,369	1,873,006	7,635,375
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 932,496	\$ 354,430	\$ 1,286,926
Due to other funds	-	313,660	313,660
Unearned income	-	11,525	11,525
Total Liabilities	932,496	679,615	1,612,111
Deferred Inflows of Resources			
Deferred revenue	63,786	239,923	303,709
Nonspendable:			
Inventory	-	27,497	27,497
Permanent fund purposes	-	119,020	119,020
Restricted:			
Debt service	-	567,292	567,292
Grant activities	-	197,995	197,995
Unemployment benefits	-	41,664	41,664
Assigned:			
Activity funds and other school activities	101,398	-	101,398
Unassigned	4,664,689	-	4,664,689
Total Fund Balances	4,766,087	953,468	5,719,555
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,762,369	\$ 1,873,006	\$ 7,635,375

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

GREENWOOD PUBLIC 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 \$ 5,719,555

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	\$ 496,738	
Buildings	16,341,433	
Improvements other than buildings	408,244	
Mobile equipment	2,046,939	
Furniture and equipment	1,964,547	
Accumulated depreciation	<u>(11,179,263)</u>	10,078,638

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 (30,345,423)

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

Deferred outflows of resources related to pensions	4,826,337	
Deferred inflows of resources related to pensions	<u>(4,398,792)</u>	(29,917,878)

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

Limited obligation bonds	(2,100,000)	
Discount on debt issuance	16,013	
Compensated absences payable	(176,503)	
Accrued interest payable	<u>(32,933)</u>	(2,293,423)

4. In situations where current and advance refunding result in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources.

13,756

5. Revenues that are not available within 60 days are deferred in the governmental funds. However, those revenues are recognized when earned in the government-wide financial statements.

303,709

Net position of governmental activities \$ (16,095,643)

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D

For the Year Ended June 30, 2015

	Major Funds		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues:			
Local sources	\$ 5,409,520	\$ 294,966	\$ 5,704,486
Intermediate sources	149,999	-	149,999
State sources	12,189,936	1,225,426	13,415,362
Federal sources	121,416	5,459,090	5,580,506
Sixteenth section sources	14,850	-	14,850
Total Revenues	17,885,721	6,979,482	24,865,203
Expenditures:			
Instruction	10,719,263	3,090,369	13,809,632
Support services	7,821,763	1,756,357	9,578,120
Noninstructional services	7,852	2,133,179	2,141,031
Debt service:			
Principal	-	485,000	485,000
Interest	-	88,013	88,013
Other	-	1,350	1,350
Total Expenditures	18,548,878	7,554,268	26,103,146
Excess (Deficiency) of Revenues over (under) Expenditures	(663,157)	(574,786)	(1,237,943)
Other Financing Sources (Uses):			
Operating transfers in	60,758	736,491	797,249
Operating transfers out	(736,491)	(60,758)	(797,249)
Other financial uses	(2,590)	-	(2,590)
Total Other Financing Sources (Uses)	(678,323)	675,733	(2,590)
Net Change in Fund Balances	(1,341,480)	100,947	(1,240,533)
Fund Balances:			
July 1, 2014, as previously reported	5,690,862	978,757	6,669,619
Prior period adjustments	285,345	-	285,345
Fund reclassification	131,360	(131,360)	-
July 1, 2014, as restated	6,107,567	847,397	6,954,964
Increase (Decrease) in reserve for inventory	-	5,124	5,124
June 30, 2015	\$ 4,766,087	\$ 953,468	\$ 5,719,555

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ (1,240,533)

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:	<table border="0"> <tr> <td style="padding-left: 20px;">Capital outlay</td> <td style="text-align: right;">\$ 204,963</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Depreciation expense</td> <td style="text-align: right;">(453,246)</td> <td style="text-align: right;">(248,283)</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> </table>	Capital outlay	\$ 204,963		Depreciation expense	(453,246)	(248,283)						
Capital outlay	\$ 204,963												
Depreciation expense	(453,246)	(248,283)											
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.	(8,323)												
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:	<table border="0"> <tr> <td style="padding-left: 20px;">Payments of debt principal</td> <td style="text-align: right;">485,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amortization of the deferred amount on refunding</td> <td style="text-align: right;">(4,586)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Accrued interest payable</td> <td style="text-align: right;">7,478</td> <td style="text-align: right;">487,892</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> </table>	Payments of debt principal	485,000		Amortization of the deferred amount on refunding	(4,586)		Accrued interest payable	7,478	487,892			
Payments of debt principal	485,000												
Amortization of the deferred amount on refunding	(4,586)												
Accrued interest payable	7,478	487,892											
4. The statement of activities reports pension expense and other activity related to net pension liability:	<table border="0"> <tr> <td style="padding-left: 20px;">Pension expense</td> <td style="text-align: right;">(2,778,840)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Contributions made after the measurement date</td> <td style="text-align: right;">2,341,177</td> <td style="text-align: right;">(437,663)</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> </table>	Pension expense	(2,778,840)		Contributions made after the measurement date	2,341,177	(437,663)						
Pension expense	(2,778,840)												
Contributions made after the measurement date	2,341,177	(437,663)											
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:	<table border="0"> <tr> <td style="padding-left: 20px;">Change in compensated absences</td> <td style="text-align: right;">46,640</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Amortization of discount</td> <td style="text-align: right;">(5,338)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Change in inventory reserve</td> <td style="text-align: right;">5,124</td> <td style="text-align: right;">46,426</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;"></td> <td></td> </tr> </table>	Change in compensated absences	46,640		Amortization of discount	(5,338)		Change in inventory reserve	5,124	46,426			
Change in compensated absences	46,640												
Amortization of discount	(5,338)												
Change in inventory reserve	5,124	46,426											
6. Revenues that are not available within 60 days are deferred in the governmental funds. However, those revenues are recognized when earned in the government-wide financial statements.	126,181												
Change in net position of governmental activities	\$ (1,274,303)												

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position

Exhibit E

June 30, 2015

	Private-Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 10,419	\$ 351,474
Investments	11,000	-
Total Assets	<u>21,419</u>	<u>\$ 351,474</u>
 Liabilities		
Accounts payable and accrued liabilities	-	\$ 15,095
Advances	-	325,200
Due to student clubs	-	11,179
Total Liabilities	<u>-</u>	<u>\$ 351,474</u>
 Net Position		
Reserved for endowments	21,419	
Total Net Position	<u>\$ 21,419</u>	

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

GREENWOOD PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

Exhibit F

	Private-Purpose Trust Funds
Additions	
Interest earned	\$ 21
Total Additions	<u>21</u>
Deductions	
Scholarships awarded	<u>1,500</u>
Total Deductions	<u>1,500</u>
Change in Net Position	<u>(1,479)</u>
Net Position	
July 1, 2014	<u>22,898</u>
June 30, 2015	<u>\$ 21,419</u>

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

GREENWOOD PUBLIC 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. Basis of Presentation

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

B. Financial Reporting Entity

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

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

C. Government-wide and Fund Financial Statements

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

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:

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.

1. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling

GREENWOOD PUBLIC SCHOOL DISTRICT

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

legislation.

2. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

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

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

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

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

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

Scholarship Funds – These funds are used to account for the contributions to and scholarships awarded from the district's scholarship funds.

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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district,

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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.

E. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in 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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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.

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond 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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports 4,826,337 of deferred outflows related to its pension plan and \$13,756 related to a bond refunding.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$4,398,792 of deferred inflows related to its pension plan.

See Note 8 and Note 13 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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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 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.

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 by the policy adopted by the school district.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to 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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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.

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

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

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

Investments. 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 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 \$5,537,227 and \$361,893, 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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$274,795.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Certificate of deposit - Governmental funds		1 to 5	\$ 3,313
Certificate of deposit - Fiduciary funds		1 to 5	11,000
Total			<u>\$ 14,313</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2015, the district did not have any investments to which this would apply.

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2015, the district had the following investments:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Certificates of deposit - Governmental funds	\$ 3,313	23%
Certificates of deposit - Fiduciary funds	11,000	77%
Total	<u>\$ 14,313</u>	<u>100%</u>

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General fund	Other governmental funds	\$ 313,660
Total		<u>\$ 313,660</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end and amounts due from and amounts due to agency funds.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General fund	Fiduciary funds	\$ 325,200
Total		<u>\$ 325,200</u>

Advances were for cash flow purposes.

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	\$ 736,491
Other governmental funds	General fund	60,758
Total		<u>\$ 797,249</u>

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

Note 4 – Restricted Assets

The restricted assets represents the cash balance, totaling \$119,020, 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 with fiscal agents balance, totaling \$274,795, of the MAEP limited obligation bonds debt service fund

GREENWOOD PUBLIC 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	Adjustments	Balance 6/30/2015
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 496,738	\$ -	\$ -	\$ -	\$ 496,738
Total non-depreciable capital assets	496,738	-	-	-	496,738
<u>Depreciable capital assets:</u>					
Buildings	16,341,433	-	-	-	16,341,433
Improvements other than buildings	408,244	-	-	-	408,244
Mobile equipment	2,076,321	-	-	(29,382)	2,046,939
Furniture and equipment	1,756,878	204,963	(43,397)	46,103	1,964,547
Total depreciable capital assets	20,582,876	204,963	(43,397)	16,721	20,761,163
<u>Less accumulated depreciation for:</u>					
Buildings	7,725,549	238,032	-	(86,522)	7,877,059
Improvements other than buildings	229,315	-	-	97,280	326,595
Mobile equipment	1,559,823	73,277	-	(32,895)	1,600,205
Furniture and equipment	1,291,749	141,937	(35,074)	(23,208)	1,375,404
Total accumulated depreciation	10,806,436	453,246	(35,074)	(45,345)	11,179,263
Total depreciable capital assets, net	9,776,440	(248,283)	(8,323)	62,066	9,581,900
Governmental activities capital assets, net	\$ 10,273,178	\$ (248,283)	\$ (8,323)	\$ 62,066	\$ 10,078,638

Adjustments were made in order to balance to the subsidiary ledger for items not correctly recorded in prior periods.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 235,587
Support services	217,160
Non-instructional	499
Total depreciation expense - Governmental activities	\$ 453,246

GREENWOOD PUBLIC 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	\$ 2,585,000	\$ -	\$ (485,000)	\$ 2,100,000	\$ 500,000
Discount on debt issuance	(21,351)	-	5,338	(16,013)	(5,338)
C. Compensated absences payable	223,143	-	(46,640)	176,503	-
Total	\$ 2,786,792	\$ -	\$ (526,302)	\$ 2,260,490	\$ 494,662

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
1. State aid capital improvement refunding bonds, Series 2007	3.6-3.85%	4/30/2007	2/1/2018	\$ 4,760,000	\$ 2,100,000
Total				\$ 4,760,000	\$ 2,100,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 500,000	\$ 69,790	\$ 569,790
2017	520,000	50,790	570,790
2018	1,080,000	30,912	1,110,912
Total	\$ 2,100,000	\$ 151,492	\$ 2,251,492

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

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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

B. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Greenwood Public School District defeased certain limited obligation bonds payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds and notes are not included in the district's financial statements. On June 30, 2015, \$1,590,000 of limited obligation bonds payable is defeased.

Note 8 – 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 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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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 \$2,341,177, \$2,388,440 and \$2,031,842, 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 \$30,345,423 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 .25 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$2,778,840. 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	\$ 473,380	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,398,792
Changes of assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,011,780	-
District contributions subsequent to the measurement date	2,341,177	-
Total	\$ <u>4,826,337</u>	\$ <u>4,398,792</u>

\$2,341,177 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:

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Year ended June 30:	
2016	\$ (205,755)
2017	(205,755)
2018	(402,423)
2019	(1,099,699)
Total	<u>\$ (1,913,632)</u>

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

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>	<u>%</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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 41,369,860	\$ 30,345,423	\$ 21,149,403

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

Note 9— Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (31,868,655)
Deferred outflows - contributions made during fiscal year 2014	2,388,440
Total prior period adjustment related to GASB 68 and 71	<u>(29,480,215)</u>
2. To balance capital assets to subsidiary ledger	62,066
3. To correct prior period over accrual of insurance expense.	285,345
Total	<u>\$ (29,132,804)</u>

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

Fund	Explanations	Amount
General Fund	To correct prior period over accrual of insurance expense	\$ 285,345
	Total	<u>\$ 285,345</u>

Note 10 – 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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 11 – Risk Management

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

Note 12 – Fund Reclassification

The Sixteenth Section Interest Fund's beginning fund balance of \$131,360 was reclassified from Special Revenue Funds to the General Fund, effective July 1, 2014. This change was necessary to meet the requirements of GASB 54 and to stay in compliance with the reporting requirements based on Sections 29-3-115 and 29-3-117, Miss. Code of 1972.

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$25,125,983) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$4,826,337 balance of the deferred outflow of resources at June 30, 2015 will be recognized as expenses and decrease unrestricted net position over the next 3 years. Additionally, the net investment in capital assets component of net position includes the effect of deferring the recognition of expenses resulting from a deferred outflow of resources from bond refunding. The \$13,756 balance of deferred outflows of resources related to bond refunding will be recognized as expenses and decrease net position over the remaining years of the debt service requirements.

The unrestricted net position amount of (\$25,125,983) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$4,398,792 balance of the deferred inflow of resources at June 30, 2015 will be recognized as revenue and increase unrestricted net position over the next 4 years.

Note 14 – 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	\$ 6,750
2017	6,750
2018	6,750
Total	<u>\$ 20,250</u>

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Greenwood Public School District evaluated the activity of the district through February 26, 2016, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GREENWOOD PUBLIC SCHOOL DISTRICT

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	\$ 5,602,700	\$ 5,399,731	\$ 5,409,520	\$ (202,969)	\$ 9,789
Intermediate sources	-	-	149,999	-	149,999
State sources	12,170,396	12,203,644	12,189,936	33,248	(13,708)
Federal sources	54,684	101,834	121,416	47,150	19,582
Sixteenth section sources	6,750	13,950	14,850	7,200	900
Total Revenues	17,834,530	17,719,159	17,885,721	(115,371)	166,562
Expenditures:					
Instruction	10,440,032	10,708,720	10,719,263	(268,688)	(10,543)
Support services	7,491,584	7,256,298	7,821,763	235,286	(565,465)
Noninstructional	18,950	7,852	7,852	11,098	-
Total Expenditures	17,950,566	17,972,870	18,548,878	(22,304)	(576,008)
Excess (Deficiency) of Revenues over (under) Expenditures	(116,036)	(253,711)	(663,157)	(137,675)	(409,446)
Other Financing Sources (Uses):					
Operating transfers in	2,007,065	1,595,772	60,758	(411,293)	(1,535,014)
Other financing uses	(2,572,194)	(1,837,312)	(736,491)	734,382	1,101,321
Operating transfers out	-	(3,900)	(2,590)	(3,900)	1,310
Total Other Financing Sources (Uses)	(565,129)	(245,940)	(678,323)	319,189	(432,383)
Net Change in Fund Balances	(681,165)	(499,651)	(1,341,480)	181,514	(841,829)
Fund Balances:					
July 1, 2014, as previously reported	5,690,862	5,690,862	5,690,862	-	-
Prior period adjustments	-	-	285,345	-	285,345
Fund reclassification	-	115,160	131,360	115,160	16,200
July 1, 2014, as restated	5,690,862	5,806,022	6,107,567	115,160	301,545
June 30, 2015	\$ 5,009,697	\$ 5,306,371	\$ 4,766,087	\$ 296,674	\$ (540,284)

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

GREENWOOD PUBLIC 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	\$ 30,345,423
District's proportionate share of the net pension liability	0.25%
District's covered-employee payroll	\$ 15,164,698
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	200.11%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 2,341,177
Contributions in relation to the contractually required contribution	2,341,177
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 14,864,616
Contributions as a percentage of covered-employee payroll	15.75%

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

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

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

None.

SUPPLEMENTARY INFORMATION

GREENWOOD PUBLIC 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	\$ 567,723
National school lunch program	10.555	1,502,012
Summer food service program for children	10.559	45,682
Total child nutrition cluster		<u>2,115,417</u>
Total passed-through Mississippi Department of Education		<u>2,115,417</u>
Fresh fruits and vegetables program	10.582	90,884
Total U.S. Department of Agriculture		<u><u>2,206,301</u></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	119,582
Total Federal Communications Commission		<u>119,582</u>
<u>U.S. Department of Defense</u>		
Direct program:		
Reserve officers' training corps	12.xxx	35,944
Total U.S. Department of Defense		<u>35,944</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,921,292
Career and technical education - basic grants to states	84.048	13,385
Fund for improvement of education	84.215G	276,275
Twenty first century community learning centers	84.287	118,246
Rural education	84.358	32,295
Improving teacher quality-State Grants	84.367	319,665
Subtotal		<u>2,681,158</u>
Special education cluster:		
Special education - grants to states	84.027	691,962
Special education - preschool grants	84.173	10,484
Total special education cluster		<u>702,446</u>
Total passed-through Mississippi Department of Education		<u>3,383,604</u>
Total U.S. Department of Education		<u>3,383,604</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	1,834
Total passed-through Mississippi Department of Education		<u>1,834</u>
Total U.S. Department of Health and Human Services		<u>1,834</u>
 Total for All Federal Awards		 <u><u>\$ 5,747,265</u></u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. Donated commodities of \$119,531 are included in the National School Lunch Program.

GREENWOOD PUBLIC 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	\$ 20,255,061	14,828,264	1,263,079	1,733,468	2,430,250
Other	5,848,085	1,909,158	395,014	8,130	3,535,783
Total	<u>\$ 26,103,146</u>	<u>16,737,422</u>	<u>1,658,093</u>	<u>1,741,598</u>	<u>5,966,033</u>
Total number of students *	<u>2,605</u>				
Cost per student	<u>\$ 10,020</u>	<u>6,424</u>	<u>637</u>	<u>669</u>	<u>2,290</u>

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

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

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

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

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

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

OTHER INFORMATION

GREENWOOD PUBLIC 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	\$ 5,409,520	\$ 5,261,498	\$ 5,264,158	\$ 5,322,738
Intermediate sources	149,999	206,378	207,640	187,474
State sources	12,189,936	10,906,074	11,260,469	10,702,933
Federal sources	121,416	153,900	126,900	662,176
Sixteenth section sources	14,850	-	-	-
Total Revenues	17,885,721	16,527,850	16,859,167	16,875,321
Expenditures:				
Instruction	10,719,263	10,256,486	9,123,417	8,270,799
Support services	7,821,763	7,995,537	7,782,836	7,623,895
Noninstructional services	7,852	99,919	67,913	17,515
Total Expenditures	18,548,878	18,351,942	16,974,166	15,912,209
Excess (Deficiency) of Revenues over (under) Expenditures	(663,157)	(1,824,092)	(114,999)	963,112
Other Financing Sources (Uses):				
Insurance loss recoveries	-	3,501	-	23,123
Sale of transportation equipment	-	-	-	1,000
Sale of other property	-	-	1,375	3,000
Operating transfers in	60,758	177,502	127,190	189,492
Operating transfers out	(736,491)	(468,336)	(833,938)	(449,088)
Other financing uses	(2,590)	(1,210)	(15,407)	(7,000)
Total Other Financing Sources (Uses)	(678,323)	(288,543)	(720,780)	(239,473)
Net Change in Fund Balances	(1,341,480)	(2,112,635)	(835,779)	723,639
Fund Balances:				
Beginning of period, as previously reported	5,690,862	7,777,587	8,613,366	7,889,727
Fund reclassification	131,360	-	-	-
Prior period adjustment	285,345	25,910	-	-
Beginning of period, as restated	6,107,567	7,803,497	8,613,366	7,889,727
End of Period	\$ 4,766,087	\$ 5,690,862	\$ 7,777,587	\$ 8,613,366

*SOURCE - PRIOR YEAR AUDIT REPORTS

GREENWOOD PUBLIC 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	\$ 5,704,486	\$ 5,562,449	\$ 5,559,472	\$ 5,657,676
Intermediate sources	149,999	218,001	219,085	200,003
State sources	13,415,362	12,309,612	12,263,896	12,104,991
Federal sources	5,580,506	6,137,240	6,707,100	7,585,239
Sixteenth section sources	14,850	14,850	7,200	13,951
Total Revenues	24,865,203	24,242,152	24,756,753	25,561,860
Expenditures:				
Instruction	13,809,632	13,735,471	13,247,516	12,752,363
Support services	9,578,120	9,774,120	9,721,645	9,534,893
Noninstructional services	2,141,031	2,212,706	2,081,927	1,993,102
Facilities acquisition and construction	-	-	121,600	8,000
Debt service:				
Principal	485,000	465,000	450,000	435,000
Interest	88,013	105,471	122,058	137,987
Other	1,350	1,250	1,250	1,000
Total Expenditures	26,103,146	26,294,018	25,745,996	24,862,345
Excess (Deficiency) of Revenues over (under) Expenditures	(1,237,943)	(2,051,866)	(989,243)	699,515
Other Financing Sources (Uses):				
Insurance loss recoveries	-	3,501	-	23,123
Sale of transportation equipment	-	-	-	1,000
Sale of other property	-	-	1,375	3,000
Operating transfers in	797,249	653,355	961,442	647,183
Operating transfers out	(797,249)	(653,355)	(961,442)	(647,183)
Other financing uses	(2,590)	(2,195)	(15,407)	(7,000)
Total Other Financing Sources (Uses)	(2,590)	1,306	(14,032)	20,123
Net Change in Fund Balances	(1,240,533)	(2,050,560)	(1,003,275)	719,638
Fund Balances:				
Beginning of period, as originally reported	6,669,619	8,700,697	9,679,237	8,970,682
Prior period adjustment	285,345	34,010	-	-
Beginning of period, as restated	<u>6,954,964</u>	<u>8,734,707</u>	<u>9,679,237</u>	<u>8,970,682</u>
Increase (Decrease) in reserve for inventory	5,124	(14,528)	24,735	(11,083)
End of Period	\$ 5,719,555	\$ 6,669,619	\$ 8,700,697	\$ 9,679,237

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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
Greenwood Public School District
Greenwood, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Public School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Greenwood Public School District's basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control over Financial Reporting

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

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. [Finding 2015-001].

Compliance and Other Matters

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

The Greenwood Public School District's response to the finding identified in our audit is described in the accompanying Auditee Corrective Action Plan. We did not audit Greenwood Public School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

February 26, 2016

CUNNINGHAM CPAs, PLLC

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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
Greenwood Public School District
Greenwood, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Greenwood Public 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 Greenwood Public School District's major federal programs for the year ended June 30, 2015. Greenwood Public 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 Greenwood Public School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Greenwood Public 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 Greenwood Public School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Greenwood Public School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Greenwood Public School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Greenwood Public School District's internal control over compliance.

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

Our consideration of 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.



Cunningham CPAs, PLLC

Belzoni, Mississippi

February 26, 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
Greenwood Public School District
Greenwood, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenwood Public School District as of and for the year ended June 30, 2015, which collectively comprise Greenwood Public School District's basic financial statements and have issued our report thereon dated February 26, 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 no 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 did not disclose any instances of noncompliance with other state laws and regulations.

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

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 26, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

GREENWOOD PUBLIC SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 7. | Identification of major programs: | |
| | A. Child Nutrition Cluster: | |
| | School Breakfast Program | CFDA # 10.553 |
| | National School Lunch Program | CFDA # 10.555 |
| | Summer Food Service Program for Children | CFDA# 10.559 |
| | B. Special Education Cluster: | |
| | Grants to states | CFDA # 84.027 |
| | Preschool grants | CFDA # 84.173 |
| | C. The schools and libraries program of the universal fund | CFDA# 32.xxx |
| | D. Fund for the Improvement of Education | CFDA# 84.215G |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

GREENWOOD PUBLIC 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 disclosed the following finding related to the financial statements that is required to be reported under *Government Auditing Standards*:

Material Weakness:

Finding 2015-001:

Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. During the audit, we noted multiple severe discrepancies with the information provided on the accounting records:

- (1) During our testing of cash and the bank reconciliation process, we noted the District Maintenance bank account and the Literacy Grant bank account were not properly reconciled to the general ledger. Adjustments to the general ledger made after the reconciliation date and interfund transactions were not properly accounted for. Failure to prepare accurate bank reconciliations could lead to misappropriation of assets that go undetected by management.
- (2) A search for unrecorded liabilities revealed approximately \$92,000 that the district failed to include in accounts payable at June 30, 2015. This understatement of liabilities was corrected by audit adjustment. In addition, we noted approximately \$154,000 of expenditures that were accrued by the district in fiscal year 2014 were again expensed in fiscal year 2015. This caused expenditures and accounts payable to be overstated. This overstatement was corrected by audit adjustment.
- (3) During our testing of invoices, we noted several instances where the purchase order was dated after the invoice date. The overriding of internal controls related to the purchasing function could lead to misappropriation of assets and non-compliance with state and federal regulations. In addition, the district was unable to locate four invoices selected in our sample for testing, which points further to a general weakness in internal controls as it relates to the purchasing function.

Recommendation

We recommend management implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records. Greater care needs to be taken to ensure that all transactions of the district are captured, properly recorded, and that the account records agree to the subsidiary ledgers and reconciling schedules.

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.

GREENWOOD PUBLIC SCHOOL DISTRICT

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

As required by Section .315(c) of OMB Circular A-133, the Greenwood Public School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2015:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2015-001	<p>a. Name of Contact Person Responsible for Corrective Action: Madalyn Johnson, Business Manager, 662-453-4231</p> <p>b. Corrective Action Planned: We will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.</p> <p>c. Anticipated Completion Date: Immediately.</p>

As required by Section ____ .315(b) of OMB Circular A-133, the Greenwood Public School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2015:

<u>Finding</u>	<u>Status</u>
2014-01	Corrected