



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

LAUDERDALE COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015

LAUDERDALE COUNTY SCHOOL DISTRICT

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Net Position	21
Exhibit F – Statement of Changes in Fiduciary Net Position	22
Notes to Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	45
Budgetary Comparison Schedule – General Fund	46
Budgetary Comparison Schedule – EEF Building and Buses Fund	47
Budgetary Comparison Schedule – EHA, Part B Grant Fund	48
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of District Contributions	50
Notes to the Required Supplementary Information	51
SUPPLEMENTARY INFORMATION	52
Schedule of Expenditures of Federal Awards	53
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	54
OTHER INFORMATION	55
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	56
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	57
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	58
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	61
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	63
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	66
AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS	70

INDEPENDENT AUDITORS' REPORT



WATKINS, WARD and STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
 Lauderdale County School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider 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 Lauderdale County School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 5-13, 46-48, 49 and 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lauderdale County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the Lauderdale County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lauderdale County School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Philadelphia, Mississippi
December 22, 2015

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Lauderdale County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2015 decreased \$65,885,744, including a prior period adjustment of (\$65,681,614), which represents a 189% decrease from fiscal year 2014. Total net position for 2014 decreased \$2,007,899, including a prior period adjustment of \$246,301, which represents a 5% decrease from fiscal year 2013.
- General revenues amounted to \$47,371,110 and \$46,036,552, or 84% and 84% 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 \$8,754,742, or 16% of total revenues for 2015, and \$8,655,126, or 16% of total revenues for 2014.
- The District had \$56,329,982 and \$56,945,878 in expenses for fiscal years 2015 and 2014; only \$8,754,742 for 2015 and \$8,655,126 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$47,371,110 for 2015 and \$46,036,552 for 2014 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$47,559,819 in revenues and \$47,062,572 in expenditures for 2015, and \$46,064,741 in revenues and \$46,833,206 in expenditures in 2014. The General Fund's fund balance increased by \$951,635 from 2014 to 2015, including a fund reclassification of \$2,034,620, and decreased by \$2,653,531, which includes a prior period adjustment of (\$16,696), from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$125,872 for 2015 and decreased by \$830,615 for 2014. The decrease for 2015 was due primarily to the increase in accumulated depreciation.
- Long-term debt increased by \$450,094 for 2015 and decreased by \$1,116,658 for 2014. This increase for 2015 was due primarily to the issuance of qualified school construction bonds. The liability for compensated absences decreased by \$37,106 for 2015 and increased by \$44,110 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 financial statements. This report also contains required supplementary information, supplementary information, and other information.

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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 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 financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

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

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by OMB Circular A-133 and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

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

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 \$30,895,784 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.

LAUDERDALE COUNTY 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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Current assets	\$ 15,852,511	\$ 15,924,272	-0.45 %
Restricted assets	339,309	550,752	-38.39 %
Capital assets, net	26,217,147	26,343,019	-0.48 %
Total assets	<u>42,408,967</u>	<u>42,818,043</u>	-0.96 %
Deferred outflows of resources	<u>6,688,308</u>		N/A %
Current liabilities	401,071	291,514	37.58 %
Long-term debt outstanding	7,986,663	7,536,569	5.97 %
Net pension liability	62,539,731		N/A %
Total liabilities	<u>70,927,465</u>	<u>7,828,083</u>	806.06 %
Deferred inflows of resources	<u>9,065,594</u>		N/A %
Net position:			
Net investment in capital assets	19,257,147	20,048,019	-3.94 %
Restricted	4,399,434	5,743,830	-23.41 %
Unrestricted	(54,552,365)	9,198,111	-693.08 %
Total net position (deficit)	<u>\$ (30,895,784)</u>	<u>\$ 34,989,960</u>	-188.30 %

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)	\$ (54,552,365)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	64,917,017
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 10,364,652</u>

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

- Increase/Decrease in net capital assets in the amount of \$125,872.
- The principal retirement of \$827,800 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$56,125,852 and \$54,691,678, respectively. The total cost of all programs and services was \$56,329,982 for 2015 and \$56,945,878 for 2014.

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

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</u> <u>June 30, 2015</u>	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,354,152	\$ 1,393,484	(2.82) %
Operating grants and contributions	7,400,590	7,261,642	1.91 %
General revenues:			
Property taxes	13,206,084	13,176,698	0.22 %
Grants and contributions not restricted	33,177,519	31,928,715	3.91 %
Investment earnings	73,478	330,039	(77.74) %
Sixteenth section sources	784,902	457,062	71.73 %
Other	129,127	144,038	(10.35) %
Total revenues	<u>56,125,852</u>	<u>54,691,678</u>	2.62 %
Expenses:			
Instruction	30,440,617	32,835,450	(7.29) %
Support services	18,298,258	20,649,727	(11.39) %
Non-instructional	2,728,479	2,889,825	(5.58) %
Sixteenth section	301,459	199,063	51.44 %
Pension expense	4,424,075		N/A %
Interest on long-term liabilities	137,094	371,813	(63.13) %
Total expenses	<u>56,329,982</u>	<u>56,945,878</u>	(1.08) %
Increase (Decrease) in net position	<u>(204,130)</u>	<u>(2,254,200)</u>	90.94 %
Net Position, July 1, as previously reported	34,989,960	36,997,859	(5.43) %
Prior Period Adjustment	<u>(65,681,614)</u>	246,301	(26,767.21) %
Net Position (Deficit), July 1, as restated	<u>(30,691,654)</u>	37,244,160	(182.41) %
Net Position (Deficit), June 30	<u>\$ (30,895,784)</u>	<u>\$ 34,989,960</u>	(188.30) %

Governmental activities

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

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

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ 30,440,617	\$ 32,835,450	(7.29) %
Support services	18,298,258	20,649,727	(11.39) %
Non-instructional	2,728,479	2,889,825	(5.58) %
Sixteenth section	301,459	199,063	51.44 %
Pension Expense	4,424,075		N/A %
Interest on long-term liabilities	137,094	371,813	(63.13) %
Total expenses	<u>\$ 56,329,982</u>	<u>\$ 56,945,878</u>	(1.08) %
	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ (26,495,730)	\$ (28,884,886)	(8.27) %
Support services	(16,569,297)	(18,988,166)	(12.74) %
Non-instructional	281,435	126,282	122.86 %
Sixteenth section	(230,479)	(172,169)	33.87 %
Pension Expense	(4,424,075)		N/A %
Interest on long-term liabilities	(137,094)	(371,813)	(63.13) %
Total net (expense) revenue	<u>\$ (47,575,240)</u>	<u>\$ (48,290,752)</u>	(1.48) %

- Net cost of governmental activities (\$47,575,240 for 2015 and \$48,290,752 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$13,206,084 for 2015 and \$13,176,698 for 2014) and state and federal revenues (\$33,177,519 for 2015 and \$31,928,715 for 2014). In addition, there was \$784,902 and \$457,062 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$73,478 for 2015 and \$330,039 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 \$15,820,352, a decrease of \$396,299, which includes a decrease in inventory of \$5,476. \$11,073,679 or 70% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,746,673 or 30% 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.

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

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$951,635, which includes a fund reclassification of \$2,034,620. The fund balance of Other Governmental Funds showed a decrease in the amount of \$1,124,466, which includes a fund reclassification of (\$2,034,620), and a decrease in reserve for inventory of \$5,476. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
EEF Building and Buses Fund	\$ (223,468)
EHA, Part B Grant Fund	no increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$45,102,501, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$958,948 from 2014. Total accumulated depreciation as of June 30, 2015, was \$18,885,354, and total depreciation expense for the year was \$1,126,608, resulting in total net capital assets of \$26,217,147.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 482,482	\$ 482,482	0.00 %
Buildings	22,525,140	22,313,101	0.95 %
Improvements other than buildings	1,596,670	1,712,263	(6.75) %
Mobile equipment	1,324,871	1,586,286	(16.48) %
Furniture and equipment	287,984	248,887	15.71 %
Total	<u>\$ 26,217,147</u>	<u>\$ 26,343,019</u>	(0.48) %

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

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

Debt Administration. At June 30, 2015, the District had \$7,986,663 in outstanding long-term debt, of which \$856,801 is due within one year. The liability for compensated absences decreased \$37,106 from the prior year.

The District maintains an AA bond rating.

**Table 5
Outstanding Long-Term Debt**

	June 30, 2015	June 30, 2014	Percentage Change
Three mill notes payable	\$ 4,145,000	\$ 4,795,000	(13.56) %
Obligations under energy efficiency leases	526,889	704,689	(25.23) %
Qualified school construction bonds payable	2,815,000	1,500,000	87.67 %
Compensated absences payable	499,774	536,880	(6.91) %
Total	\$ 7,986,663	\$ 7,536,569	5.97 %

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

CURRENT ISSUES

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

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

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

Enrollment for the 2014-2015 year decreased 2% to 5,924 students.

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 Lauderdale County School District, P.O. Box 5498, Meridian, MS 39301.

FINANCIAL STATEMENTS

LAUDERDALE COUNTY SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 14,414,033
Due from other governments	1,295,628
Other receivables, net	79,548
Inventories	63,302
Restricted assets	339,309
Capital assets, non-depreciable:	
Land	482,482
Capital assets, net of accumulated depreciation:	
Buildings	22,525,140
Improvements other than buildings	1,596,670
Mobile equipment	1,324,871
Furniture and equipment	287,984
Total Assets	42,408,967
Deferred Outflows of Resources	
Deferred outflows - Pensions	6,688,308
Total deferred outflows of resources	6,688,308
Liabilities	
Accounts payable and accrued liabilities	366,154
Unearned revenue	5,314
Interest payable on long-term liabilities	29,603
Long-term liabilities, due within one year:	
Capital related liabilities	665,000
Non-capital related liabilities	191,801
Long-term liabilities, due beyond one year:	
Capital related liabilities	6,295,000
Non-capital related liabilities	834,862
Net pension liability	62,539,731
Total Liabilities	70,927,465
Deferred Inflows of Resources	
Deferred inflows - Pensions	9,065,594
Total deferred inflows of resources	9,065,594
Net Position	
Invested in capital assets, net of related debt	19,257,147
Restricted for:	
Expendable:	
School-based activities	1,304,942
Debt service	1,689,555
Capital improvements	429,985
Forestry improvements	457,263
Unemployment benefits	126,494
Non-expendable:	
Sixteenth section	391,195
Unrestricted	(54,552,365)
Total Net Position (Deficit)	\$ (30,895,784)

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Statement of Activities

Exhibit B

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 30,440,617	\$ 519,647	\$ 3,425,240		\$ (26,495,730)
Support services	18,298,258	56,665	1,672,296		(16,569,297)
Non-instructional	2,728,479	706,860	2,303,054		281,435
Sixteenth section	301,459	70,980			(230,479)
Pension expense	4,424,075				(4,424,075)
Interest on long-term liabilities	137,094				(137,094)
Total Governmental Activities	\$ 56,329,982	\$ 1,354,152	\$ 7,400,590		\$ (47,575,240)

General Revenues:

Taxes:

General purpose levies

12,438,269

Debt purpose levies

767,815

Unrestricted grants and contributions:

State

33,113,535

Federal

63,984

Unrestricted investment earnings

73,478

Sixteenth section sources

784,902

Other

129,127

Total General Revenues

47,371,110

Change in Net Position

(204,130)

Net Position - Beginning, as previously reported

34,989,960

Prior Period Adjustments

(65,681,614)

Net Position (Deficit) - Beginning, as restated

(30,691,654)

Net Position (Deficit) - Ending

\$ (30,895,784)

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2015

Exhibit C

	Major Funds				Total Governmental Funds
	General Fund	EEF Building and Buses Fund	EHA, Part B Grant Fund	Other Governmental Funds	
Assets					
Cash and cash equivalents	\$ 10,596,230	\$ 471,636		\$ 3,462,510	\$ 14,530,376
Cash with fiscal agents				4,989	4,989
Investments				217,977	217,977
Due from other governments	693,050	18,715	194,802	389,061	1,295,628
Other receivables, net	79,548				79,548
Due from other funds	640,136			449,160	1,089,296
Advance to other funds				274,852	274,852
Inventories				63,302	63,302
Total assets	12,008,964	490,351	194,802	4,861,851	17,555,968
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 342,797			\$ 23,357	\$ 366,154
Due to other funds		449,160	194,802	445,334	1,089,296
Advances from other funds	274,852				274,852
Unearned revenue				5,314	5,314
Total Liabilities	617,649	449,160	194,802	474,005	1,735,616
Fund Balances:					
Nonspendable:					
Inventory				63,302	63,302
Permanent fund principal				116,343	116,343
Advances				274,852	274,852
Restricted:					
Debt service				1,719,158	1,719,158
Capital projects				429,985	429,985
Forestry improvement purposes				457,263	457,263
Grant activities		41,191		1,200,449	1,241,640
Unemployment benefits				126,494	126,494
Assigned:					
Activity funds	317,636				317,636
Unassigned	11,073,679				11,073,679
Total Fund Balances	11,391,315	41,191		4,387,846	15,820,352
Total Liabilities and Fund Balances	\$ 12,008,964	\$ 490,351	\$ 194,802	\$ 4,861,851	\$ 17,555,968

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds **\$ 15,820,352**

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	\$ 482,482	
Buildings	33,236,871	
Improvements other than buildings	3,109,620	
Mobile equipment	7,008,743	
Furniture and equipment	1,264,785	
Accumulated depreciation	<u>(18,885,354)</u>	26,217,147

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 (62,539,731)

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	6,688,308	
Deferred inflows of resources related to pensions	<u>(9,065,594)</u>	(64,917,017)

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	(2,815,000)	
Notes payable	(4,145,000)	
Obligations under energy efficiency lease	(526,889)	
Compensated absences	(499,774)	
Accrued interest payable	<u>(29,603)</u>	(8,016,266)

Net position (deficit) of governmental activities **\$ (30,895,784)**

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	EEF Building and Buses Fund	EHA, Part B Grant Fund		
Revenues:					
Local sources	\$ 13,161,067	\$ 1,112		\$ 1,519,876	\$ 14,682,055
State sources	33,607,759	224,580		1,115,239	34,947,578
Federal sources			1,398,945	4,231,586	5,630,531
Sixteenth section sources	790,993			74,695	865,688
Total Revenues	47,559,819	225,692	1,398,945	6,941,396	56,125,852
Expenditures:					
Instruction	28,858,850		590,027	3,844,694	33,293,571
Support services	17,431,558		772,960	1,326,593	19,531,111
Noninstructional services				2,859,689	2,859,689
Sixteenth section	289,368			15,602	304,970
Facilities acquisition and construction	275,852			606,610	882,462
Debt service:					
Principal	177,800			650,000	827,800
Interest	29,144			108,988	138,132
Other				2,500	2,500
Total Expenditures	47,062,572		1,362,987	9,414,676	57,840,235
Excess (Deficiency) of Revenues over (under) Expenditures	497,247	225,692	35,958	(2,473,280)	(1,714,383)
Other Financing Sources (Uses):					
Bonds and notes issued				1,315,000	1,315,000
Insurance recovery	8,195				8,195
Payment held by QSCB escrow agent				60,000	60,000
Payment to QSCB escrow agent				(60,000)	(60,000)
Sale of other property	365				365
Operating transfers in	154,308			2,192,260	2,346,568
Operating transfers out	(1,743,100)	(449,160)	(35,958)	(118,350)	(2,346,568)
Total Other Financing Sources (Uses)	(1,580,232)	(449,160)	(35,958)	3,388,910	1,323,560
Net Change in Fund Balances	(1,082,985)	(223,468)		915,630	(390,823)
Fund Balances:					
July 1, 2014, as previously reported	10,439,680	264,659		5,512,312	16,216,651
Fund Reclassification	2,034,620			(2,034,620)	
July 1, 2014, as restated	12,474,300	264,659		3,477,692	16,216,651
Increase (Decrease) in reserve for inventory				(5,476)	(5,476)
June 30, 2015	\$ 11,391,315	\$ 41,191		\$ 4,387,846	\$ 15,820,352

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ (390,823)

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

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

Capital outlay	\$ 1,001,166	
Depreciation expense	<u>(1,126,608)</u>	(125,442)

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. (430)

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:

Bonds and notes issued	(1,315,000)	
Payments of debt principal	827,800	
Accrued interest payable	<u>3,538</u>	(483,662)

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

Change in compensated absences	37,106	
Change in inventory reserve	(5,476)	
District pension contributions subsequent to measurement date	5,188,672	
Pension expense	<u>(4,424,075)</u>	796,227

Change in net position of governmental activities \$ (204,130)

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position
June 30, 2015

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,186	\$ 2,444,578
Total Assets	<u>1,186</u>	<u>\$ 2,444,578</u>
Liabilities		
Accounts payable and accrued liabilities		\$ 2,093,663
Due to student clubs		350,915
Total Liabilities		<u>\$ 2,444,578</u>
Net Position		
Reserved for endowments	<u>1,186</u>	
Total Net Position	<u>\$ 1,186</u>	

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Fiduciary Funds

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

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on investments	\$ 5
Total Additions	<u>5</u>
Deductions	
Scholarships awarded	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	<u>(495)</u>
Net Position	
July 1, 2014	<u>1,681</u>
June 30, 2015	<u>\$ 1,186</u>

The accompanying notes to financial statements are an integral part of these financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

EEF Building and Buses Fund – This special revenue fund is used to account for educational enhancement funds designated for use in acquiring and/or paying debt issues related to purchases of buildings and improvements and buses.

EHA, Part B Grant Fund – A special revenue fund, this fund accounts for expenditures and related revenues associated with a Federal award that provides supplemental services for special needs students.

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:

President Freedom Fund – This is the District's private purpose trust fund to account for endowments.

Payroll Clearing Fund – This is the District's clearing fund used for payments of payroll and benefits.

Club Fund – This is the District's activity fund to record assets and liabilities of the District's various student clubs.

Cafeteria Plan Fund – This is the District's fund to record assets and liabilities of the District's cafeteria plan.

Accounts Payable Clearing Fund – This is the District's clearing fund used to pay claims of the District.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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 Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has a deferred outflow related to pensions in accordance with GASB 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has a deferred inflow related to pensions in accordance with GASB 68.

See Note 8 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.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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 \$14,530,376 and \$2,445,764, respectively.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

**Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments
(Continued)**

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$4,989.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury securities	AAA	more than one year	\$ 217,977
Total			<u>\$ 217,977</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.

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:

Issuer	Fair Value	% of Total Investments
U.S. Treasury Securities	\$ 217,977	100%

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

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	EHA, Part B Grant Fund	\$ 194,802
	Other governmental funds	445,334
Other governmental funds	EEF Building and Buses Fund	449,160
Total		<u>\$ 1,089,296</u>

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

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Other governmental funds	General Fund	\$ 274,852
Total		<u>\$ 274,852</u>

Sixteenth section principal loans payable

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

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 22,893	\$ 10,994	\$ 33,887
2017	23,809	10,078	33,887
2018	24,761	9,126	33,887
2019	25,751	8,136	33,887
2020	26,781	7,106	33,887
2021 - 2025	150,857	18,576	169,433
Total	<u>\$ 274,852</u>	<u>\$ 64,016</u>	<u>\$ 338,868</u>

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 3 – Inter-fund Receivables, Payables and Transfers (Continued)

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 1,743,100
EEF Building and Buses Fund	Other governmental funds	449,160
EHA, Part B Grant Fund	General Fund	35,958
Other governmental funds	General Fund	118,350
Total		<u>\$ 2,346,568</u>

The purpose of the interfund transfers is to transfer federal program indirect cost to the General Fund and to close out federal program funds at year end.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$116,343, 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 agent and investment balance, totaling \$4,989 and \$217,977, respectively, of the QSCB Bond Retirement Fund.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Adjustment	Balance 6/30/2015
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 482,482				\$ 482,482
Construction-in-progress		606,610		(606,610)	
Total non-depreciable capital assets	482,482	606,610		(606,610)	482,482
<u>Depreciable capital assets:</u>					
Buildings	32,354,409	275,852		606,610	33,236,871
Improvements other than buildings	3,109,620				3,109,620
Mobile equipment	7,008,743				7,008,743
Furniture and equipment	1,188,299	118,704	42,218		1,264,785
Total depreciable capital assets	43,661,071	394,556	42,218	606,610	44,620,019
<u>Less accumulated depreciation for:</u>					
Buildings	10,041,308	670,423			10,711,731
Improvements other than buildings	1,397,357	115,593			1,512,950
Mobile equipment	5,422,457	261,415			5,683,872
Furniture and equipment	939,412	79,177	41,788		976,801
Total accumulated depreciation	17,800,534	1,126,608	41,788		18,885,354
Total depreciable capital assets, net	25,860,537	(732,052)	430	606,610	25,734,665
Governmental activities capital assets, net	\$ 26,343,019	\$ (125,442)	\$ 430		\$ 26,217,147

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 804,176
Support services	291,246
Non-instructional	31,186
Total depreciation expense - Governmental activities	<u>\$ 1,126,608</u>

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

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. Three mill notes payable	\$ 4,795,000		\$ 650,000	\$ 4,145,000	\$ 665,000
B. Obligations under energy efficiency leases	704,689		177,800	526,889	191,801
C. Qualified school construction bonds payable	1,500,000	1,315,000		2,815,000	
D. Compensated absences payable	536,880		37,106	499,774	
Total	\$ 7,536,569	\$ 1,315,000	\$ 864,906	\$ 7,986,663	\$ 856,801

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill ten year note payable	2- 2.25%	4/1/2013	4/1/2022	\$ 4,855,000	\$ 4,145,000
Total				\$ 4,855,000	\$ 4,145,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 665,000	\$ 85,637	\$ 750,637
2017	605,000	72,337	677,337
2018	620,000	60,237	680,237
2019	585,000	47,838	632,838
2020	575,000	36,138	611,138
2021 – 2022	1,095,000	36,563	1,131,563
Total	\$ 4,145,000	\$ 338,750	\$ 4,483,750

This debt will be retired from the Three Mill Note (debt service) fund. The three mill note payable, Series 2013 is secured by an irrevocable pledge of certain revenues the District receives from the State of Mississippi pursuant to the Mississippi Education Enhancement Funds ("EEF Funds"), Section 37-61-33, Miss. Code Ann. (1972). The EEF funds pledge is to secure the 2016-2024 maturities of the note. The note proceeds were used for building additions and renovations.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

B. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
GE Capital Solutions Energy Efficiency Lease	4.67%	2/7/2003	2/7/2018	\$ 1,881,885	\$ 526,889
Total				<u>\$ 1,881,885</u>	<u>\$ 526,889</u>

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 191,801	\$ 20,545	\$ 212,346
2017	206,704	11,272	217,976
2018	128,384	2,008	130,392
Total	<u>\$ 526,889</u>	<u>\$ 33,825</u>	<u>\$ 560,714</u>

This debt will be retired from the District Maintenance (General) Fund.

An energy efficiency lease agreement dated February 7, 2003, was executed by and between the District, the lessee, and Transamerica Public Finance, LLC, the lessor.

The agreement authorized the borrowing of \$1,881,885 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

The District entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

C. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified School Construction Bond 2010	0.69%	12/21/2009	9/15/2024	\$ 1,500,000	\$ 1,500,000
2. Qualified School Construction Bond 2015	0.00%	8/20/2014	9/15/2028	1,315,000	1,315,000
Total				<u>\$ 2,815,000</u>	<u>\$ 2,815,000</u>

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 6 – Long-term Liabilities (Continued)

D. Compensated absences payable

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

Note 7 – Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Savin 8065 Digital Laser Copier
2. Toshiba E45 Digital Copier System
3. Kyocera 5501i Digital Copier
4. Ricoh Pro 907EX Digital Printing System
5. Ricoh 6002 Digital Copier
6. (2) Toshiba E-453 CPM Digital Copiers
7. Toshiba Digital Plain Color Copier Model E-Studio 2500c
8. Toshiba Digital Copier e-Studio 857

Lease expenditures for the year ended June 30, 2015, amounted to \$47,036.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2016	\$ 42,852
2017	40,398
2018	40,171
2019	15,151
2020	1,814
Total	<u>\$ 140,386</u>

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

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.

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 \$5,188,672, \$4,956,369 and \$4,443,244, 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 \$62,539,731 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the school district's proportion was 0.515232 percent.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 8 – Defined Benefit Pension Plan (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$4,424,075. 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	\$ 975,601	
Net difference between projected and actual earnings on pension plan investments		9,065,594
Change in proportionate share	524,035	
District contributions subsequent to the measurement date	5,188,672	
Total	\$ 6,688,308	\$ 9,065,594

\$5,188,672 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,726,961)
2017	(1,726,961)
2018	(1,845,638)
2019	(2,266,398)
Total	\$ (7,565,958)

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:

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 8 – Defined Benefit Pension Plan (Continued)

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 85,260,303	\$ 62,539,731	\$ 43,587,396

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 9 – 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	\$ 255,700
2017	257,285
2018	254,229
2019	256,039
2020	259,214
2021 – 2025	1,366,442
2026 – 2030	1,405,844
2031 – 2035	1,351,972
2036 – 2040	155,289
Thereafter	26,267
Total	\$ 5,588,281

Note 10 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (70,637,983)
Deferred outflows - contributions made during fiscal year 2014	<u>4,956,369</u>
Total prior period adjustment related to GASB 68 and 71	<u>(65,681,614)</u>
Total	<u>\$ (65,681,614)</u>

Note 11 – 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.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 11 – Contingencies (Continued)

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 77 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 13 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs.

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

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was \$222,966. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 13 – Qualified School Construction Bonds (Continued)

1. Qualified School Construction Bond 2010

Year Ending June 30	Amount
2016	\$ 80,000
2017	80,000
2018	140,000
2019	140,000
2020	140,000
2021 – 2025	700,000
Total	<u>\$ 1,280,000</u>

2. Qualified School Construction Bond 2015

Year Ending June 30	Amount
2016	\$ 25,000
2017	25,000
2018	35,000
2019	35,000
2020	20,000
2021 – 2025	495,000
2026 – 2039	680,000
Total	<u>\$ 1,315,000</u>

Total Qualified School Construction Bonds:

Year Ending June 30	Amount
2016	\$ 105,000
2017	105,000
2018	175,000
2019	175,000
2020	160,000
2021 – 2025	1,195,000
2026 – 2030	680,000
Total	<u>\$ 2,595,000</u>

LAUDERDALE COUNTY SCHOOL DISTRICT

Notes to Financial Statements

Note 14 - Insurance loss recoveries

The Lauderdale County School District received \$719 in insurance loss recoveries related to stolen property and \$7,476 in insurance loss recoveries related to property damage during the 2014-2015 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as a reduction in expenditures and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
\$ 8,195	100%	Support services
\$ 8,195	100%	

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$54,552,365) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$6,688,308 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.

The unrestricted net position amount of (\$54,552,365) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$9,065,594 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 16 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Lauderdale County School District evaluated the activity of the district through December 22, 2015 (the date the financial statements were available to be issued), and determined that there have not been any subsequent events requiring disclosure in the notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY 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	\$ 12,129,689	\$ 13,161,069	\$ 13,161,067	\$ 1,031,380	\$ (2)
State sources	33,509,473	33,607,759	33,607,759	98,286	
Federal sources	175,000			(175,000)	
Sixteenth section sources		790,993	790,993	790,993	
Total Revenues	45,814,162	47,559,821	47,559,819	1,745,659	(2)
Expenditures:					
Instruction	28,893,700	28,858,850	28,858,850	34,850	
Support services	18,663,121	17,707,410	17,431,558	955,711	275,852
Sixteenth section		289,368	289,368	(289,368)	
Facilities acquisition and construction			275,852		(275,852)
Debt service:					
Principal	174,319	177,800	177,800	(3,481)	
Interest	32,177	29,145	29,144	3,032	1
Total Expenditures	47,763,317	47,062,573	47,062,572	700,744	1
Excess (Deficiency) of Revenues over (under) Expenditures	(1,949,155)	497,248	497,247	2,446,403	(1)
Other Financing Sources (Uses):					
Insurance recovery	5,000	8,195	8,195	3,195	
Sale of transportation equipment	500			(500)	
Sale of other property	500	365	365	(135)	
Operating transfers in	6,463,567	6,488,465	154,308	24,898	(6,334,157)
Operating transfers out	(8,239,689)	(8,077,258)	(1,743,100)	162,431	6,334,158
Total Other Financing Sources (Uses)	(1,770,122)	(1,580,233)	(1,580,232)	189,889	1
Net Change in Fund Balances	(3,719,277)	(1,082,985)	(1,082,985)	2,636,292	
Fund Balances:					
July 1, 2014, as previously reported	17,197,540	12,474,300	10,439,680	(4,723,240)	(2,034,620)
Fund Reclassification			2,034,620		2,034,620
July 1, 2014, as restated	17,197,540	12,474,300	12,474,300	(4,723,240)	
June 30, 2015	\$ 13,478,263	\$ 11,391,315	\$ 11,391,315	\$ (2,086,948)	

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

LAUDERDALE COUNTY SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
EEF Building and Buses 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	\$ 1,000	\$ 1,112	\$ 1,112	\$ 112	
State sources	224,580	224,580	224,580		
Total Revenues	225,580	225,692	225,692	112	
Expenditures:					
Total Expenditures					
Excess (Deficiency) of Revenues over (under) Expenditures	225,580	225,692	225,692	112	
Other Financing Sources (Uses):					
Operating transfers out	(224,580)	(449,160)	(449,160)	(224,580)	
Total Other Financing Sources (Uses)	(224,580)	(449,160)	(449,160)	(224,580)	
Net Change in Fund Balances	1,000	(223,468)	(223,468)	(224,468)	
Fund Balances:					
July 1, 2014	4,395	264,659	264,659	260,264	
June 30, 2015	\$ 5,395	\$ 41,191	\$ 41,191	\$ 35,796	

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Required Supplementary Information

**Budgetary Comparison Schedule
EHA, Part B Grant Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	Revenues:				
Federal sources	\$ 1,447,717	\$ 1,398,945	\$ 1,398,945	\$ (48,772)	
Total Revenues	1,447,717	1,398,945	1,398,945	(48,772)	
Expenditures:					
Instruction	1,003,771	590,027	590,027	413,744	
Support services	628,173	772,960	772,960	(144,787)	
Total Expenditures	1,631,944	1,362,987	1,362,987	268,957	
Excess (Deficiency) of Revenues over (under) Expenditures	(184,227)	35,958	35,958	220,185	
Other Financing Sources (Uses):					
Operating transfers out	(48,601)	(35,958)	(35,958)	12,643	
Total Other Financing Sources (Uses)	(48,601)	(35,958)	(35,958)	12,643	
Net Change in Fund Balances	(232,828)			232,828	
Fund Balances:					
July 1, 2014	196,230			(196,230)	
June 30, 2015	\$ (36,598)			\$ 36,598	

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

LAUDERDALE COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

District's proportion of the net pension liability (asset)	<u>2015</u> 0.515232%
District's proportionate share of the net pension liability (asset)	\$ 62,539,731
District's covered-employee payroll	31,469,010
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199%
Plan fiduciary net position as a percentage of the total pension liability	67%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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.

LAUDERDALE COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2015</u>
Contractually required contribution	\$ 5,188,672
Contributions in relation to the contractually required contribution	5,188,672
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	32,943,949
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.

LAUDERDALE COUNTY SCHOOL DISTRICT

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

LAUDERDALE COUNTY SCHOOL DISTRICT

Supplementary Information

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 555,709
National school lunch program	10.555	1,854,577
Summer food service program for children	10.559	37,621
Total child nutrition cluster		<u>2,447,907</u>
Total passed-through Mississippi Department of Education		<u>2,447,907</u>
Total U.S. Department of Agriculture		<u>2,447,907</u>
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	81,197
Total U.S. Department of Defense		<u>81,197</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,172,799
Career and technical education - basic grants to states	84.048	77,698
English language acquisition grants	84.365	6,357
Improving teacher quality-State Grants	84.367	341,678
Subtotal		<u>1,598,532</u>
Special education cluster:		
Special education - grants to states	84.027	1,398,945
Special education - preschool grants	84.173	39,805
Total special education cluster		<u>1,438,750</u>
Total passed-through Mississippi Department of Education		<u>3,037,282</u>
Total U.S. Department of Education		<u>3,037,282</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	63,984
Total passed-through Mississippi Department of Education		<u>63,984</u>
Total U.S. Department of Health and Human Services		<u>63,984</u>
Total for All Federal Awards		<u>\$ 5,630,370</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.

LAUDERDALE COUNTY SCHOOL DISTRICT
Supplementary Information

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 44,421,205	34,379,788	1,417,931	3,222,205	5,401,281
Other	13,419,030	3,628,221	761,214	163,207	8,866,388
Total	<u>\$ 57,840,235</u>	<u>38,008,009</u>	<u>2,179,145</u>	<u>3,385,412</u>	<u>14,267,669</u>
Total number of students *	<u>5,924</u>				
Cost per student	<u>\$ 9,764</u>	<u>6,416</u>	<u>368</u>	<u>571</u>	<u>2,409</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

LAUDERDALE COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 13,161,067	\$ 13,359,576	\$ 12,399,233	\$ 11,781,892
State sources	33,607,759	32,592,862	30,925,863	30,735,443
Federal sources		112,303	318,570	239,160
Sixteenth section sources	790,993			586,433
Total Revenues	47,559,819	46,064,741	43,643,666	43,342,928
Expenditures:				
Instruction	28,858,850	27,649,128	26,867,847	24,837,331
Support services	17,431,558	18,982,108	17,717,875	14,525,675
Noninstructional services		200		1,058
Sixteenth section	289,368			189,033
Facilities acquisition and construction	275,852			
Debt service:				
Principal	177,800	164,657	149,015	137,075
Interest	29,144	37,113	47,808	55,033
Total Expenditures	47,062,572	46,833,206	44,782,545	39,745,205
Excess (Deficiency) of Revenues over (under) Expenditures	497,247	(768,465)	(1,138,879)	3,597,723
Other Financing Sources (Uses):				
Insurance recovery	8,195	12,192	21,734	22,156
Sale of transportation equipment				13,521
Sale of other property	365		200	1,638
Operating transfers in	154,308	86,173	83,225	1,123,165
Operating transfers out	(1,743,100)	(1,966,735)	(1,827,851)	(1,833,230)
Total Other Financing Sources (Uses)	(1,580,232)	(1,868,370)	(1,722,692)	(672,750)
Net Change in Fund Balances	(1,082,985)	(2,636,835)	(2,861,571)	2,924,973
Fund Balances:				
Beginning of period, as previously reported	10,439,680	13,093,211	17,271,246	14,355,909
Fund Reclassification	2,034,620			
Prior period adjustments		(16,696)	(1,316,464)	(9,636)
Beginning of period, as restated	12,474,300	13,076,515	15,954,782	14,346,273
End of Period	\$ 11,391,315	\$ 10,439,680	\$ 13,093,211	\$ 17,271,246

*SOURCE - PRIOR YEAR AUDIT REPORTS

LAUDERDALE COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 14,682,055	\$ 14,980,997	\$ 13,971,691	\$ 13,397,438
State sources	34,947,578	33,667,987	32,059,721	31,815,764
Federal sources	5,630,531	5,522,370	6,394,507	7,505,343
Sixteenth section sources	865,688	519,890	382,630	790,052
Total Revenues	56,125,852	54,691,244	52,808,549	53,508,597
Expenditures:				
Instruction	33,293,571	32,045,099	31,815,470	30,824,631
Support services	19,531,111	20,551,199	19,545,578	16,380,832
Noninstructional services	2,859,689	2,886,682	2,907,552	2,792,064
Sixteenth section	304,970	199,063	179,753	214,327
Facilities acquisition and construction	882,462			
Debt service:				
Principal	827,800	1,149,657	849,015	712,075
Interest	138,132	171,500	296,804	321,008
Other	2,500	3,714	102,902	2,748
Total Expenditures	57,840,235	57,006,914	55,697,074	51,247,685
Excess (Deficiency) of Revenues over (under) Expenditures	(1,714,383)	(2,315,670)	(2,888,525)	2,260,912
Other Financing Sources (Uses):				
Bonds and notes issued	1,315,000			
Insurance recovery	8,195	12,192	21,734	22,156
Refunding bonds issued			4,855,000	
Payment to refunded bond escrow agent			(4,850,672)	
Premiums on bonds and refunding bond issued			98,074	
Payment held by QSCB escrow agent	60,000	55,000	35,000	
Payment to QSCB escrow agent	(60,000)	(55,000)	(35,000)	
Sale of transportation equipment				13,521
Sale of other property	365		200	1,638
Operating transfers in	2,346,568	2,052,908	1,911,076	3,185,832
Operating transfers out	(2,346,568)	(2,052,908)	(1,911,076)	(3,185,832)
Total Other Financing Sources (Uses)	1,323,560	12,192	124,336	37,315
Net Change in Fund Balances	(390,823)	(2,303,478)	(2,764,189)	2,298,227
Fund Balances:				
Beginning of period, as previously reported	16,216,651	18,313,996	21,075,754	18,797,737
Prior period adjustments		217,859	(2,463)	(12,224)
Beginning of period, as restated	16,216,651	18,531,855	21,073,291	18,785,513
Increase (Decrease) in reserve for inventory	(5,476)	(11,726)	4,894	(7,986)
End of Period	\$ 15,820,352	\$ 16,216,651	\$ 18,313,996	\$ 21,075,754

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

**INDEPENDENT AUDITORS' 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**

To the Superintendent and School Board
 Lauderdale County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lauderdale County School District as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Lauderdale County School District's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding **2015-01**).

Compliance and Other Matters

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

However, we noted certain immaterial instances of noncompliance or other matters that we reported to management of the school district in a separate letter dated December 22, 2015, which is included in this report.

Lauderdale County School District's Response to Findings

Lauderdale County School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Lauderdale County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements 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.

Watkins, Ward and Stafford, PLLC
Philadelphia, Mississippi
December 22, 2015

Watkins Ward and Stafford, PLLC



WATKINS, WARD and STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Stagers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

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

To the Superintendent and School Board
 Lauderdale County School District

Report on Compliance for Each Major Federal Program

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Lauderdale County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lauderdale County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding **2015-02**, **2015-03**, and **2015-04**. Our opinion on each major federal program is not modified with respect to these matters.

Lauderdale County School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lauderdale County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Lauderdale County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lauderdale County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lauderdale County School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-02, 2015-03, and 2015-04, that we consider to be significant deficiencies.

Lauderdale County School District's response to the internal control over compliance findings and questioned costs as items identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Lauderdale County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Watkins, Ward and Stafford, PLLC
Philadelphia, Mississippi
December 22, 2015

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



WATKINS, WARD and STAFFORD
 Professional Limited Liability Company
 Certified Public Accountants

James L. Stafford, CPA	Kimberly S. Caskey, CPA
Harry W. Stevens, CPA	Susan M. Lummus, CPA
S. Keith Winfield, CPA	Thomas J. Browder, CPA
William B. Staggers, CPA	Stephen D. Flake, CPA
Michael W. McCully, CPA	John N. Russell, CPA
Mort Stroud, CPA	Thomas A. Davis, CPA
R. Steve Sinclair, CPA	Anita L. Goodrum, CPA
Marsha L. McDonald, CPA	Ricky D. Allen, CPA
Wanda S. Holley, CPA	Jason D. Brooks, CPA
Robin Y. McCormick, CPA/PFS	Robert E. Cordle, Jr., CPA
J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

**INDEPENDENT AUDITORS' REPORT
 ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Superintendent and School Board
 Lauderdale County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lauderdale County School District as of and for the year ended June 30, 2015, which collectively comprise Lauderdale County School District's basic financial statements and have issued our report thereon dated December 22, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to 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 had 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 disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

1. Proper form should be filed for all retirees

The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of Section 25-11-27, Miss Code Ann. (1972), school districts hiring PERS service retirees to file PERS Form 4B "Certification/Acknowledgment of Re-employment of Retiree" with the PERS office within five days from the date of employment of the retiree.

During our testing of internal controls related to payroll expenditures, we noted two instances where Form 4B's were not signed within five days of rehire, and two instances where rehired retirees received earnings in excess of the salary listed on the Form 4B.

Recommendation

We recommend the District implement procedures to ensure that the District follows the provisions of Section 25-11-27, Miss. Code Ann. (1972).

School District Response

The District concurs with the recommendation and no retiree will be rehired until a Form 4B has been completed. This will ensure that the District is in compliance with the five day requirement. The District will monitor the salary paid to rehires.

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

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

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

Watkins, Ward and Stafford, PLLC
Philadelphia, Mississippi
December 22, 2015

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAUDERDALE COUNTY SCHOOL DISTRICT

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

Section I: Summary of Auditors' Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|---|------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | Yes |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |

7. Identification of major programs:

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

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

LAUDERDALE COUNTY SCHOOL DISTRICT

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

Section II: Financial Statement Findings

Significant Deficiency Not Considered to be a Material Weakness

Finding 2015-01: Internal Controls Surrounding Payroll Expenditures and Related Liabilities Should Be Strengthened

Finding: The school district is charged with developing a control system that will provide safeguards over district assets that will ensure all transactions are properly authorized and that will ensure all transactions are properly classified and accounted for in the appropriate accounting period. Out of a sample size of 44 payroll transactions tested, the following deviations from identified controls were noted:

- We noted 1 instance where an employee was not approved for employment in the board minutes.
- We noted 1 instance where an employee's rate of pay was not approved in the board minutes.

Recommendation: We recommend that all personnel be approved for employment by the board. We also recommend that pay rates for all personnel be approved by the board.

Section III: Federal Award Findings and Questioned Costs

Significant Deficiencies Not Considered to Be Material Weaknesses

Finding 2015-02: Controls Should Be Strengthened For Cash Management

Program: Improving Teacher Quality, CFDA # 84.367

Compliance Requirement: Cash Management

Finding: The school district is responsible for establishing internal controls to provide reasonable assurance that the drawdown of federal cash is only for immediate cash needs.

Adequate controls were not in place to ensure that funds drawn down from federal programs were for the District's immediate cash needs. As a result, the District requested federal funds in excess of its immediate needs from the Mississippi Department of Education for three of the twelve months tested. These excess drawdowns represent a weakness over the internal controls and resulted in noncompliance with the federal programs' requirements.

Recommendation: We recommend that the school district implement policies and procedures to ensure compliance with the cash management requirement for federal program funds, which requires the District to minimize the amount of time program funds are held before disbursement.

Finding 2015-03: Controls Surrounding Improving Teacher Quality Allowable Activities and Allowable Cost/Cost Principles Should Be Strengthened

Program: Improving Teacher Quality, CFDA # 84.367

Compliance Requirement: Allowable Activities, Allowable Cost/Cost Principles

Management is responsible for complying with the requirements that Federal awards are expended only for allowable activities and that the cost of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. The applicable cost principles, set forth in 2CFR Part 225 (OMB Circular A-87), require that indirect costs be transferred on or after expenditures have been incurred. Federal award expenditures cannot exceed amounts budgeted in the program application.

LAUDERDALE COUNTY SCHOOL DISTRICT

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

During our test of Improving Teacher Quality allocations, we noted that indirect costs charged to the program exceeded the amount limited by the project application. The school district calculated the allowable indirect cost correctly; however, the actual amount of indirect cost transferred exceeded the amount budgeted in the program application. The excess amount of indirect cost transferred over the budgeted amount is considered an unallowable activity and an unallowable cost to the Federal program.

Improper internal controls resulted in the District not allocating indirect costs accurately.

Implementing requirements that more than one staff member review the indirect cost allocation would reduce the risk of fraud and errors occurring and not being detected within a timely period.

Recommendation: The District should comply with the requirements of the Federal award by implementing stronger controls to ensure that all indirect costs are accurately calculated in relation to the expenditures incurred, as set forth in 2CFR Part 225 (OMB Circular A-87), and that the indirect costs do not exceed the amount limited by the project application.

Finding 2015-04: Controls Surrounding Special Education Allowable Cost/Cost Principles Should Be Strengthened

Program: Special Education Cluster, CFDA # 84.027, 84.173

Compliance Requirement: Allowable Cost/Cost Principles

Management is responsible for complying with the requirements that Federal awards are expended only for allowable activities and that the cost of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles. The applicable cost principles, set forth in 2CFR Part 225 (OMB Circular A-87), require that indirect costs be transferred on or after expenditures have been incurred.

During our test of Special Education Cluster allocations, we noted that excess indirect cost was transferred, causing the District to claim funds in excess of the allowable amount for indirect cost.

Improper internal controls resulted in the District not allocating indirect costs accurately.

Implementing requirements that more than one staff member review the indirect cost allocation would reduce the risk of fraud and errors occurring and not being detected within a timely period.

Recommendation: The District should comply with the requirements of the Federal award by implementing stronger controls to ensure that all indirect costs are accurately calculated in relation to the expenditures incurred, as set forth in 2CFR Part 225 (OMB Circular A-87).

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



SUPERINTENDENT
RANDY HODGES

December 16, 2015

As required by Section 315 © of OMB Circular A-133, The Lauderdale County 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.

Finding	Corrective Action Plan Details
2015-01	<p>a. Charlotte Parker Director of Finance 601-693-1683</p> <p>b. We concur with the recommendation and the Personnel Director/Assistant Superintendent will ensure that all employees are recommended along with the rate of pay by the school board.</p> <p>c. This will be effective immediately</p>
2015-02	<p>a. Charlotte Parker Director of Finance 601-693-1683</p> <p>b. We concur with the finding and recommendation to comply with the cash management requirement for federal program funds.</p> <p>c. This will be effective immediately</p>
2015-03	<p>a. Charlotte Parker Director of Finance 601-693-1683</p> <p>b. We concur with the finding and recommendation to comply with the Federal Allowable Cost per project.</p>

P.O. Box 5498 • Meridian, MS 39302-5498 • Ph.601-693-1683 • Fax 601-485-1748

c. This will take effect immediately.

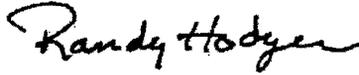
2015-04

a. Charlotte Parker
Director of Finance
601-693-1683

b. We concur with the finding and recommendation to comply with the indirect cost being accurately calculated in relation to the expenditures incurred.

c. This will take effect immediately.

Respectfully,



Randy Hodges
Superintendent of Education



SUPERINTENDENT
RANDY HODGES

December 15, 2015

Summary Schedule of Prior Audit Findings

Financial and Compliance Audit Division

As required by Section ____315(b) of OMB Circular A-133, the Lauderdale County 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>
2014-1	Corrected
2014-2	Corrected

Sincerely,

Randy Hodges
Superintendent of Education

P.O. Box 5498 • Meridian, MS 39302-5498 • Ph.601-693-1683 • Fax 601-485-1748