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CALHOUN COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015

CALHOUN COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun 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, 40- 44, 45 and 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calhoun 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 November 10, 2015, on our consideration of the Calhoun 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 Calhoun County School District's internal control over financial reporting and compliance.



Cunningham CPAs, PLLC

Belzoni, Mississippi

November 10, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

- Total net position for 2015 decreased \$22,588,663, including a prior period adjustment of (\$23,195,274), which represents a 197% decrease from fiscal year 2014. Total net position for 2014 decreased \$681,171, including a prior period adjustment of (\$81,329), which represents a 6% decrease from fiscal year 2013.
- General revenues amounted to \$16,530,152 and \$15,504,967, or 78% and 76% 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 \$4,658,977, or 22% of total revenues for 2015, and \$4,896,589, or 24% of total revenues for 2014.
- The District had \$20,582,518 and \$21,001,398 in expenses for fiscal years 2015 and 2014; only \$4,658,977 for 2015 and \$4,896,589 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$16,530,152 for 2015 were adequate to provide for these programs and \$15,504,967 for 2014 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$16,962,175 in revenues and \$17,175,510 in expenditures for 2015, and \$15,885,680 in revenues and \$16,852,254 in expenditures in 2014. The General Fund's fund balance increased by \$155,962, including a fund reclassification of the Sixteenth Section Interest Funds of \$316,961, from 2014 to 2015, and decreased by \$816,865 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$103,257 for 2015 and decreased by \$396,970 for 2014. The decrease for 2015 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$504,618 for 2015 and decreased by \$480,000 for 2014. This decrease for 2015 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$9,618 for 2015 and decreased by \$608 for 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities,

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

with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial

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

statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,140,899 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.

CALHOUN 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

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 3,023,963	\$ 3,699,337	-18.26 %
Restricted assets	676,676	172,122	293.14 %
Capital assets, net	11,871,331	11,974,588	-0.86 %
Total assets	15,571,970	15,846,047	-1.73 %
Deferred outflows of resources	2,178,341	-	N/A %
Current liabilities	105,790	124,080	-14.74 %
Long-term debt outstanding	3,769,585	4,274,203	-11.81 %
Net pension liability	21,848,705	-	N/A %
Total liabilities	25,724,080	4,398,283	484.87 %
Deferred inflows of resources	3,167,130	-	N/A %
Net position:			
Net investment in capital assets	10,483,331	10,256,588	2.21 %
Restricted	1,597,188	1,717,355	-7.00 %
Unrestricted	(23,221,418)	(526,179)	-4313.22 %
Total net position	\$ (11,140,899)	\$ 11,447,764	-197.32 %

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)	\$ (23,221,418)
Less unrestricted deficit in net position resulting from implementation of GASB No. 68 and 71.	<u>22,837,494</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ (383,924)</u>

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

- Decrease in net capital assets in the amount of \$103,257.
- The principal retirement of \$495,000 of long-term debt.
- Implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.

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

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$21,189,129 and \$20,401,556, respectively. The total cost of all programs and services was \$20,582,518 for 2015 and \$21,001,398 for 2014.

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

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

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 681,926	\$ 860,566	(20.76) %
Operating grants and contributions	3,977,051	4,036,023	(1.46) %
General revenues:			
Property taxes	3,137,470	3,046,177	3.00 %
Grants and contributions not restricted	13,046,209	12,206,884	6.88 %
Investment earnings	1,823	4,559	(60.01) %
Sixteenth section sources	28,989	47,721	(39.25) %
Other	315,661	199,626	58.13 %
Total revenues	<u>21,189,129</u>	<u>20,401,556</u>	3.86 %
Expenses:			
Instruction	10,754,116	11,578,968	(7.12) %
Support services	6,615,986	7,571,971	(12.63) %
Non-instructional	1,585,703	1,677,055	(5.45) %
Sixteenth section	8,600	16,600	(48.19) %
Pension expense	1,479,728	-	N/A %
Interest on long-term liabilities	138,385	156,804	(11.75) %
Total expenses	<u>20,582,518</u>	<u>21,001,398</u>	(1.99) %
Increase (Decrease) in net position	<u>606,611</u>	<u>(599,842)</u>	201.13 %
Net Position, July 1, as previously reported	<u>11,447,764</u>	<u>12,128,935</u>	(5.62) %
Prior period adjustment	<u>(23,195,274)</u>	<u>(81,329)</u>	(28,420.30) %
Net Position, July 1, as restated	<u>(11,747,510)</u>	<u>12,047,606</u>	(197.51) %
Net Position, June 30	<u>\$ (11,140,899)</u>	<u>\$ 11,447,764</u>	(197.32) %

Governmental activities

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

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

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 10,754,116	\$ 11,578,968	(7.12) %
Support services	6,615,986	7,571,971	(12.63) %
Non-instructional	1,585,703	1,677,055	(5.45) %
Sixteenth section	8,600	16,600	(48.19) %
Pension Expense	1,479,728	-	N/A %
Interest on long-term liabilities	138,385	156,804	(11.75) %
Total expenses	\$ 20,582,518	\$ 21,001,398	(1.99) %

	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	\$ (8,924,388)	\$ (9,447,597)	(5.54) %
Support services	(5,361,107)	(6,494,513)	(17.45) %
Non-instructional	(11,333)	7,344	(254.32) %
Sixteenth section	(8,600)	(13,239)	(35.04) %
Pension Expense	(1,479,728)	-	N/A %
Interest on long-term liabilities	(138,385)	(156,804)	(11.75) %
Total net (expense) revenue	\$ (15,923,541)	\$ (16,104,809)	(1.13) %

- Net cost of governmental activities (\$15,923,541 for 2015 and \$16,104,809 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$3,137,470 for 2015 and \$3,046,177 for 2014) and state and federal revenues (\$13,046,209 for 2015 and \$12,206,884 for 2014). In addition, there was \$28,989 and \$47,721 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$1,823 for 2015 and \$4,559 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 \$3,694,756, a decrease of \$163,418, which includes an increase in inventory of \$7,121. \$1,636,787 or 44% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$2,057,969 or 56% is either

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

nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$155,962, including a fund reclassification of \$316,961. The fund balance of Other Governmental Funds showed a decrease in the amount of \$317,710, which includes a fund reclassification of (\$316,961). The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
School Lunch Fund	\$ (46,705)
Title I Fund	No increase or decrease
IDEA Part B Fund	No increase or decrease
Three Mill Notes Retirement Fund	\$ 45,035

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 each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$22,713,798, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$262,143 from 2014. Total accumulated depreciation as of June 30, 2015, was \$10,842,467, and total depreciation expense for the year was \$632,029, resulting in total net capital assets of \$11,871,331.

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	\$ 86,020	\$ 86,020	0.00 %
Buildings	9,802,265	10,017,719	(2.15) %
Improvements other than buildings	148,479	153,419	(3.22) %
Mobile equipment	1,547,873	1,467,809	5.45 %
Furniture and equipment	286,694	249,621	14.85 %
Total	\$ 11,871,331	\$ 11,974,588	(0.86) %

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

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

Debt Administration. At June 30, 2015, the District had \$3,769,585 in outstanding long-term debt, of which \$510,000 is due within one year. The liability for compensated absences decreased \$9,618 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 1,388,000	\$ 1,718,000	(19.21) %
Three mill notes payable	2,200,000	2,365,000	(6.98) %
Compensated absences payable	181,585	191,203	(5.03) %
Total	<u>\$ 3,769,585</u>	<u>\$ 4,274,203</u>	(11.81) %

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

CURRENT ISSUES

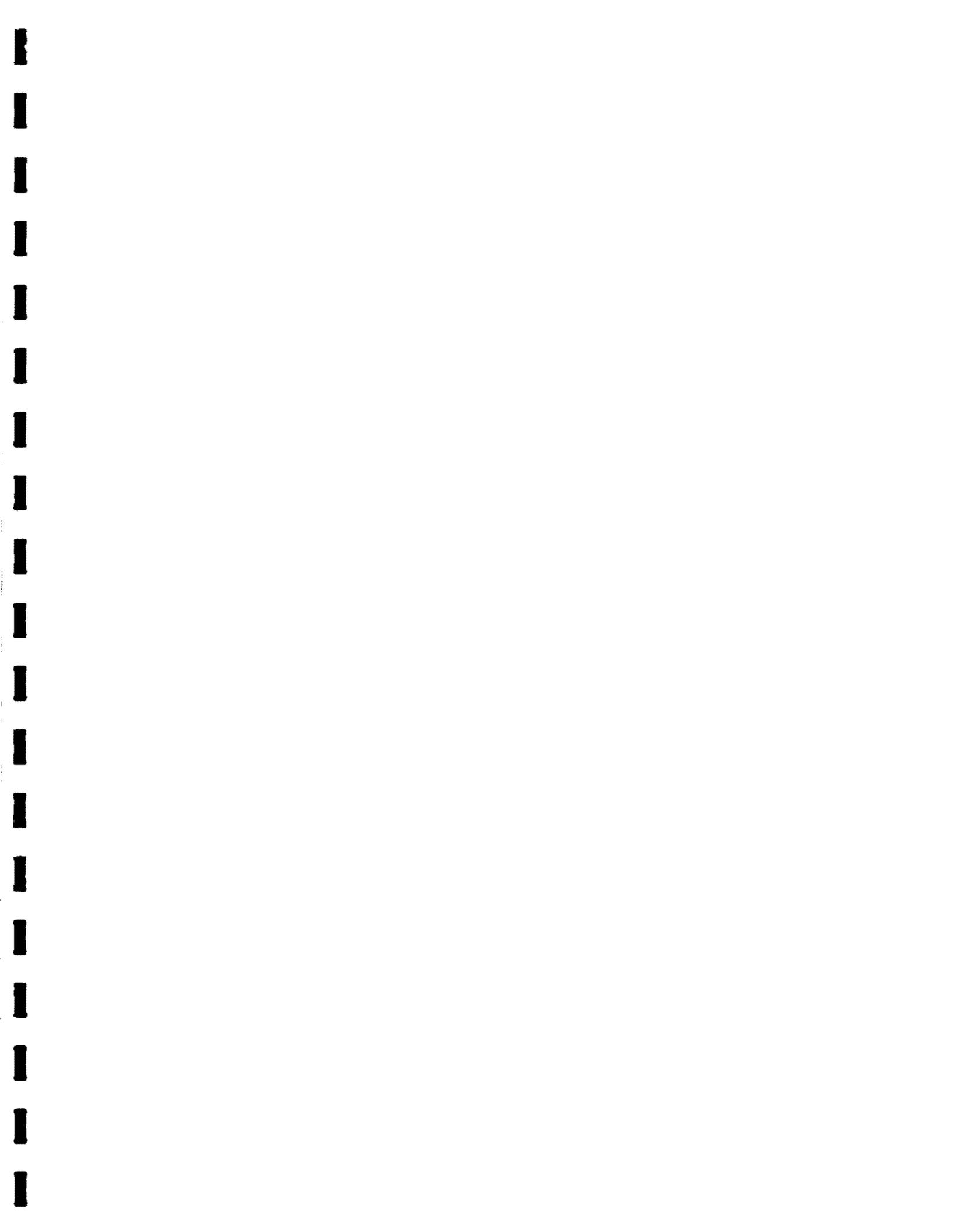
The Calhoun County School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Calhoun County School District, 119 West Main Street, Pittsboro, MS 38951.



FINANCIAL STATEMENTS

CALHOUN COUNTY SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,330,475
Due from other governments	635,502
Inventories	43,255
Prepaid items	14,731
Restricted assets	676,676
Capital assets, non-depreciable:	
Land	86,020
Capital assets, net of accumulated depreciation:	
Buildings	9,802,265
Improvements other than buildings	148,479
Mobile equipment	1,547,873
Furniture and equipment	286,694
Total Assets	<u>15,571,970</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	2,178,341
Total deferred outflows of resources	<u>2,178,341</u>
Liabilities	
Accounts payable and accrued liabilities	5,883
Interest payable on long-term liabilities	99,907
Long-term liabilities, due within one year:	
Capital related liabilities	340,000
Non-capital related liabilities	170,000
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,048,000
Non-capital related liabilities	2,211,585
Net pension liability	21,848,705
Total Liabilities	<u>25,724,080</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	3,167,130
Total deferred inflows of resources	<u>3,167,130</u>
Net Position	
Invested in capital assets, net of related debt	10,483,331
Restricted for:	
Expendable:	
School-based activities	693,759
Debt service	781,329
Forestry improvements	20,719
Unemployment benefits	101,381
Unrestricted	(23,221,418)
Total Net Position	<u>\$ (11,140,899)</u>

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

CALHOUN COUNTY SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2015**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 10,754,116	\$ 373,730	\$ 1,455,998	\$ -	\$ (8,924,388)
Support services	6,615,986	-	1,254,879	-	(5,361,107)
Non-instructional	1,585,703	308,196	1,266,174	-	(11,333)
Sixteenth section	8,600	-	-	-	(8,600)
Pension expense	1,479,728	-	-	-	(1,479,728)
Interest on long-term liabilities and other debt service costs	138,385	-	-	-	(138,385)
Total Governmental Activities	\$ 20,582,518	\$ 681,926	\$ 3,977,051	\$ -	\$ (15,923,541)

General Revenues:

Taxes:

General purpose levies	2,909,435
Debt purpose levies	228,035

Unrestricted grants and contributions:

State	12,818,101
Federal	228,108
Unrestricted investment earnings	1,823
Sixteenth section sources	28,989
Other	315,661
Total General Revenues	16,530,152

Change in Net Position 606,611

Net Position - Beginning, as previously reported 11,447,764
 Prior Period Adjustments (23,195,274)

Net Position - Beginning, as restated (11,747,510)

Net Position - Ending \$ (11,140,899)

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

CALHOUN COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2015

Exhibit C

	Major Funds						Total Governmental Funds
	General Fund	School Lunch Fund	Title I Fund	IDEA Part B Fund	Three Mill Notes Retirement Fund	Other Governmental Funds	
Assets							
Cash and cash equivalents	\$ 1,746,055	\$ 456,633	\$ -	\$ -	\$ 498,878	\$ 127,787	\$ 2,829,353
Cash with fiscal agents	-	-	-	-	-	177,798	177,798
Due from other governments	202,583	-	88,392	77,813	7,826	258,888	635,502
Due from other funds	228,422	-	-	-	-	-	228,422
Inventories	-	43,255	-	-	-	-	43,255
Prepaid items	14,731	-	-	-	-	-	14,731
Total assets	2,191,791	499,888	88,392	77,813	506,704	564,473	3,929,061
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 5,805	\$ -	\$ -	\$ -	\$ -	\$ 78	\$ 5,883
Due to other funds	-	-	88,392	77,813	-	62,217	228,422
Total Liabilities	5,805	-	88,392	77,813	-	62,295	234,305
Nonspendable:							
Inventory	-	43,255	-	-	-	-	43,255
Prepaid items	14,731	-	-	-	-	-	14,731
Restricted:							
Debt service	-	-	-	-	506,704	374,532	881,236
Grant activities	-	456,633	-	-	-	5,546	462,179
Forestry improvements	-	-	-	-	-	20,719	20,719
Unemployment benefits	-	-	-	-	-	101,381	101,381
Assigned:							
Activity funds and other school activities	188,325	-	-	-	-	-	188,325
Sixteenth section	346,143	-	-	-	-	-	346,143
Unassigned	1,636,787	-	-	-	-	-	1,636,787
Total Fund Balances	2,185,986	499,888	-	-	506,704	502,178	3,694,756
Total Liabilities and Fund Balances	\$ 2,191,791	\$ 499,888	\$ 88,392	\$ 77,813	\$ 506,704	\$ 564,473	\$ 3,929,061

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

CALHOUN 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 \$ 3,694,756

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	\$ 86,020	
Buildings	17,267,445	
Improvements other than buildings	402,507	
Mobile equipment	3,571,618	
Furniture and equipment	1,386,208	
Accumulated depreciation	<u>(10,842,467)</u>	11,871,331

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 (21,848,705)

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

Deferred outflows of resources related to pensions	2,178,341	
Deferred inflows of resources related to pensions	<u>(3,167,130)</u>	(22,837,494)

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	(1,388,000)	
Three mill notes payable	(2,200,000)	
Compensated absences payable	(181,585)	
Accrued interest payable	<u>(99,907)</u>	(3,869,492)

Net position of governmental activities \$ (11,140,899)

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

CALHOUN 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 \$ (170,539)

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	\$ 559,495	
Depreciation expense	<u>(632,029)</u>	(72,534)
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.		(30,723)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	495,000	
Accrued interest payable	<u>10,888</u>	505,888
4. The statement of activities reports pension expense and other activity related to net pension liability:		
Pension expense	(1,479,728)	
Contributions made after the measurement date	<u>1,837,508</u>	357,780
5. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	9,618	
Change in inventory reserve	<u>7,121</u>	16,739
Change in net position of governmental activities		<u><u>\$ 606,611</u></u>

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

CALHOUN COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities

Exhibit E

June 30, 2015

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 904,065
Total Assets	<u>\$ 904,065</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 826,878
Due to student clubs	77,187
Total Liabilities	<u>\$ 904,065</u>

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

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 1 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

B. Financial Reporting Entity

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

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

C. Government-wide and Fund Financial Statements

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

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

CALHOUN COUNTY SCHOOL DISTRICT

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

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

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

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

The school district reports the following major governmental funds:

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

School Lunch Fund - This fund accounts for the federal and state revenue received and expenditures incurred related to the food service operation.

Title I Fund - This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

IDEA Part B Fund - This fund accounts for the resources from the grants to states to assist them in providing a free appropriate public education to all children with disabilities.

Three Mill Notes Retirement Fund - This is a debt service fund that accounts for the payment of three mill notes.

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

The District's fiduciary funds include the following:

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

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

susceptible to accrual.

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

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

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

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

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

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

E. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

CALHOUN COUNTY SCHOOL DISTRICT

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

that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district reports \$2,178,341 of deferred outflows related to its pension plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports \$3,167,130 of deferred inflows related to its pension plan.

See Note 7 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).

CALHOUN COUNTY SCHOOL DISTRICT

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

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

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

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

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

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 and Cash with Fiscal Agents

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

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

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 \$2,829,353 and \$904,065, respectively.

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$177,798.

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General fund	Title I fund	\$ 88,392
	IDEA Part B Fund	77,813
	Other governmental funds	62,217
Total		<u>\$ 228,422</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	\$ 8,715
School Food fund	General fund	40,000
Title I fund	Other governmental funds	151,871
Other governmental funds	General fund	2,994
	Title I fund	106,927
Total		<u>\$ 310,507</u>

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

Note 4 – Restricted Assets

In addition, the restricted assets represents the cash with fiscal agents balance, totaling \$177,798, of the MAEP limited obligation bonds debt service fund.

In addition, the restricted assets represent the cash balance, totaling \$498,878, of the three mill notes retirement fund.

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 86,020	\$ -	\$ -	\$ 86,020
Total non-depreciable capital assets	86,020	-	-	86,020
<u>Depreciable capital assets:</u>				
Buildings	17,187,445	80,000	-	17,267,445
Improvements other than buildings	402,507	-	-	402,507
Mobile equipment	3,539,423	314,317	(282,122)	3,571,618
Furniture and equipment	1,236,260	165,178	(15,230)	1,386,208
Total depreciable capital assets	22,365,635	559,495	(297,352)	22,627,778
<u>Less accumulated depreciation for:</u>				
Buildings	7,169,726	295,454	-	7,465,180
Improvements other than buildings	249,088	4,940	-	254,028
Mobile equipment	2,071,614	218,608	(266,477)	2,023,745
Furniture and equipment	986,639	113,027	(152)	1,099,514
Total accumulated depreciation	10,477,067	632,029	(266,629)	10,842,467
Total depreciable capital assets, net	11,888,568	(72,534)	(30,723)	11,785,311
Governmental activities capital assets, net	\$ 11,974,588	\$ (72,534)	\$ (30,723)	\$ 11,871,331

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 314,227
Support services	295,761
Non-instructional	22,041
Total depreciation expense - Governmental activities	\$ 632,029

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 6 – Long-term Liabilities

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. Limited obligation bonds payable	\$ 1,718,000	\$ -	\$ (330,000)	\$ 1,388,000	\$ 340,000
B. Three mill notes payable	2,365,000	-	(165,000)	2,200,000	170,000
C. Compensated absences payable	191,203	-	(9,618)	181,585	-
Total	\$ 4,274,203	\$ -	\$ (504,618)	\$ 3,769,585	\$ 510,000

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
MAEP Refunding Bonds	3.44%	7/31/2008	5/1/2018	\$ 3,083,000	\$ 1,388,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 340,000	\$ 41,900	\$ 381,900
2017	355,000	29,946	384,946
2018	693,000	29,482	722,482
Total	\$ 1,388,000	\$ 101,328	\$ 1,489,328

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note	4.00%	8/13/2008	8/1/2025	\$ 3,100,000	\$ 2,200,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 170,000	\$ 88,000	\$ 258,000
2017	180,000	81,200	261,200
2018	185,000	74,000	259,000
2019	195,000	66,600	261,600
2020	200,000	58,800	258,800
2021-2025	1,075,000	166,600	1,241,600
2026	195,000	7,800	202,800
Total	\$ 2,200,000	\$ 543,000	\$ 2,743,000

This debt will be retired from the Three Mill Debt Service Fund.

C. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

CALHOUN COUNTY SCHOOL DISTRICT

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$1,837,508, \$1,744,518 and \$1,534,312, 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 \$21,848,705 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 .18 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,479,728. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CALHOUN COUNTY SCHOOL DISTRICT

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 340,833	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,167,130
Changes of assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	1,837,508	-
Total	<u>\$ 2,178,341</u>	<u>\$ 3,167,130</u>

\$1,837,508 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	\$ (669,181)
2017	(669,181)
2018	(696,153)
2019	(791,782)
Total	<u>\$ (2,826,297)</u>

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

Inflation	3.5 percent
Salary increases	4.25 – 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

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

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

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are

CALHOUN COUNTY SCHOOL DISTRICT

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

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 29,786,299	\$ 21,848,705	\$ 15,227,570

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

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 8 – Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (24,939,792)
Deferred outflows - contributions made during fiscal year 2014	1,744,518
Total prior period adjustment related to GASB 68 and 71	<u>(23,195,274)</u>
Total	<u>\$ (23,195,274)</u>

Note 9 – Contingencies

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

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

Note 10 – Risk Management

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

Participation in Public Entity Risk Pool

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

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 11 – Fund Reclassification

The Sixteenth Section Interest Fund's beginning fund balance of \$316,961 was reclassified from Special Revenue Funds to the General Fund, effective July 1, 2014. This change was necessary to meet the requirements of GASB 54 and to stay in compliance with the reporting requirements based on Sections 29-3-115 and 29-3-117, Miss. Code of 1972.

Note 12 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$23,221,418) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$2,178,341 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 (\$23,221,418) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$3,167,130 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 13 – 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	\$ 13,266
2017	13,266
2018	13,266
2019	6,663
2020	5,663
2021-2025	26,440
Thereafter	39,049
Total	<u>\$ 117,613</u>

CALHOUN COUNTY SCHOOL DISTRICT

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

Note 14 - 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 Calhoun County School District evaluated the activity of the district through November 10, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CALHOUN 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	\$ 3,787,325	\$ 3,900,733	\$ 3,518,522	\$ 113,408	\$ (382,211)
State sources	12,929,554	13,155,868	13,163,538	226,314	7,670
Federal sources	212,923	260,824	250,933	47,901	(9,891)
Sixteenth section sources	-	34,607	29,182	34,607	(5,425)
Total Revenues	16,929,802	17,352,032	16,962,175	422,230	(389,857)
Expenditures:					
Instruction	11,006,447	11,280,131	11,009,180	(273,684)	270,951
Support services	7,009,153	6,832,229	6,069,388	176,924	762,841
Noninstructional	141,169	156,603	96,942	(15,434)	59,661
Sixteenth section	-	2,000	-	(2,000)	2,000
Total Expenditures	18,156,769	18,270,963	17,175,510	(114,194)	1,095,453
Excess (Deficiency) of Revenues over (under) Expenditures	(1,226,967)	(918,931)	(213,335)	308,036	705,596
Other Financing Sources (Uses):					
Insurance recovery	-	430	430	430	-
Sale of transportation equipment	20,000	20,000	17,627	-	(2,373)
Operating transfers in	339,720	333,596	42,994	(6,124)	(290,602)
Other financing uses	(1,500)	-	-	1,500	-
Operating transfers out	(133,001)	(360,595)	(8,715)	(227,594)	351,880
Total Other Financing Sources (Uses)	225,219	(6,569)	52,336	(231,788)	58,905
Net Change in Fund Balances	(1,001,748)	(925,500)	(160,999)	76,248	764,501
Fund Balances:					
July 1, 2014, as previously reported	2,030,024	2,346,979	2,030,024	316,955	(316,955)
Fund reclassification	-	-	316,961	-	316,961
July 1, 2014, as restated	2,030,024	2,346,979	2,346,985	316,955	6
June 30, 2015	\$ 1,028,276	\$ 1,421,479	\$ 2,185,986	\$ 393,203	\$ 764,507

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

CALHOUN COUNTY SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

School Lunch 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	\$ 304,450	\$ 304,950	\$ 299,438	\$ 500	(5,512)
State sources	16,125	16,125	16,339	-	214
Federal sources	1,342,000	1,342,000	1,396,171	-	54,171
Total Revenues	1,662,575	1,663,075	1,711,948	500	48,873
Expenditures:					
Support services	211,843	216,552	185,639	(4,709)	30,913
Non instructional	1,820,135	1,815,427	1,540,135	4,708	275,292
Total Expenditures	2,031,978	2,031,979	1,725,774	(1)	306,205
Excess (Deficiency) of Revenues over (under) Expenditures	(369,403)	(368,904)	(13,826)	499	355,078
Other Financing Sources (Uses):					
Operating transfers out	(40,750)	(40,000)	(40,000)	750	-
Total Other Financing Sources (Uses)	(40,750)	(40,000)	(40,000)	750	-
Net Change in Fund Balances	(410,153)	(408,904)	(53,826)	1,249	355,078
Fund Balances:					
July 1, 2014	546,593	546,593	546,593	-	-
Increase in reserve for inventory	-	7,205	7,121	7,205	(84)
June 30, 2015	\$ 136,440	\$ 144,894	\$ 499,888	\$ 8,454	\$ 354,994

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

CALHOUN COUNTY SCHOOL DISTRICT
 Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 745,857	\$ 745,857	\$ 638,166	\$ -	(107,691)
Total Revenues	745,857	745,857	638,166	-	(107,691)
Expenditures:					
Instruction	555,608	565,965	534,246	(10,357)	31,719
Support services	49,200	57,925	53,709	(8,725)	4,216
Noninstructional	7,459	9,589	5,267	(2,130)	4,322
Total Expenditures	612,267	633,479	593,222	(21,212)	40,257
Excess (Deficiency) of Revenues over (under) Expenditures	133,590	112,378	44,944	(21,212)	(67,434)
Other Financing Sources (Uses):					
Operating transfers in	115,100	115,100	106,927	-	(8,173)
Operating transfers out	(149,171)	(175,396)	(151,871)	(26,225)	23,525
Total Other Financing Sources (Uses)	(34,071)	(60,296)	(44,944)	(26,225)	15,352
Net Change in Fund Balances	99,519	52,082	-	(47,437)	(52,082)
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ 99,519	\$ 52,082	\$ -	\$ (47,437)	\$ (52,082)

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

CALHOUN COUNTY SCHOOL DISTRICT
 Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 710,858	\$ 710,858	\$ 616,521	\$ -	\$ (94,337)
Total Revenues	710,858	710,858	616,521	-	(94,337)
Expenditures:					
Instruction	181,150	195,298	188,467	(14,148)	6,831
Support services	245,391	439,710	428,054	(194,319)	11,656
Total Expenditures	426,541	635,008	616,521	(208,467)	18,487
Excess (Deficiency) of Revenues over (under) Expenditures	284,317	75,850	-	(208,467)	(75,850)
Net Change in Fund Balances	284,317	75,850	-	(208,467)	(75,850)
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ 284,317	\$ 75,850	\$ -	\$ (208,467)	\$ (75,850)

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

CALHOUN COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

PERS

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability	\$ 21,848,705
District's proportionate share of the net pension liability	0.18%
District's covered-employee payroll	\$ 11,076,305
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.26%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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

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

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

CALHOUN COUNTY SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 1,837,508
Contributions in relation to the contractually required contribution	1,837,508
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 11,666,717
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.

CALHOUN COUNTY SCHOOL DISTRICT

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

None.

SUPPLEMENTARY INFORMATION

CALHOUN 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	\$ 358,924
National school lunch program	10.555	1,037,247
Total child nutrition cluster		<u>1,396,171</u>
Total passed-through Mississippi Department of Education		<u>1,396,171</u>
Total U.S. Department of Agriculture		<u><u>1,396,171</u></u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	143,901
Total Federal Communications Commission		<u>143,901</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Rehabilitation Services:		
Rehabilitation services - vocational rehabilitation grants to states	84.126	7,885
Total passed-through Mississippi Department of Rehabilitation Services		<u>7,885</u>
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	638,166
Career and technical education - basic grants to states	84.048	22,826
Rural education	84.358	52,354
English acquisition grants	84.365	42,613
Improving teacher quality-State Grants	84.367	145,083
Teacher incentive fund	84.374	166,888
Subtotal		<u>1,067,930</u>
Special education cluster:		
Special education - grants to states	84.027	616,521
Special education - preschool grants	84.173	23,833
Total special education cluster		<u>640,354</u>
Total passed-through Mississippi Department of Education		<u>1,708,284</u>
Total U.S. Department of Education		<u><u>1,716,169</u></u>
Total for All Federal Awards		<u><u>\$ 3,256,241</u></u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. Donated commodities of \$105,926 are included in the National School Lunch Program.

CALHOUN 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	\$ 16,133,287	12,177,006	857,590	1,061,669	2,037,022
Other	5,164,008	1,360,087	208,062	42,564	3,553,295
Total	\$ 21,297,295	13,537,093	1,065,652	1,104,233	5,590,317
 Total number of students *	 2,493				
 Cost per student	 \$ 8,543	 5,430	 427	 443	 2,242

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

CALHOUN COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 3,518,522	\$ 3,421,624	\$ 3,309,176	\$ 3,276,483
Intermediate sources	-	25,715	9,050	-
State sources	13,163,538	12,220,499	12,005,026	12,089,547
Federal sources	250,933	217,842	230,767	247,830
Sixteenth section sources	29,182	-	-	-
Total Revenues	16,962,175	15,885,680	15,554,019	15,613,860
Expenditures:				
Instruction	11,009,180	10,356,619	9,948,404	9,350,709
Support services	6,069,388	6,396,705	5,904,931	6,044,916
Noninstructional services	96,942	98,930	92,604	91,617
Sixteenth section	-	-	-	-
Total Expenditures	17,175,510	16,852,254	15,945,939	15,487,242
Excess (Deficiency) of Revenues over (under) Expenditures	(213,335)	(966,574)	(391,920)	126,618
Other Financing Sources (Uses):				
Insurance loss recoveries	430	-	-	-
Sale of land	-	8,352	-	-
Sale of transportation equipment	17,627	5,000	19,868	3,101
Operating transfers in	42,994	191,017	30,060	81,244
Other financing sources	-	35,704	25,937	32,842
Operating transfers out	(8,715)	(54,660)	(7,950)	(54,205)
Other financing uses	-	(35,704)	(25,937)	(32,882)
Total Other Financing Sources (Uses)	52,336	149,709	41,978	30,100
Net Change in Fund Balances	(160,999)	(816,865)	(349,942)	156,718
Fund Balances:				
Beginning of period, as previously reported	2,030,024	2,846,889	3,233,552	3,076,834
Fund reclassification	316,961	-	-	-
Prior period adjustment	-	-	(36,721)	-
Beginning of period, as restated	2,346,985	2,846,889	3,196,831	3,076,834
End of Period	\$ 2,185,986	\$ 2,030,024	\$ 2,846,889	\$ 3,233,552

*SOURCE - PRIOR YEAR AUDIT REPORTS

CALHOUN COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 4,054,256	\$ 4,016,874	\$ 3,906,945	\$ 3,865,050
Intermediate sources	-	25,715	9,050	-
State sources	13,690,696	12,737,996	12,511,267	12,628,335
Federal sources	3,332,562	3,556,537	3,504,420	3,715,245
Sixteenth section sources	31,185	51,082	15,247	29,463
Total Revenues	21,108,699	20,388,204	19,946,929	20,238,093
Expenditures:				
Instruction	11,839,931	11,301,447	11,000,980	10,741,883
Support services	7,162,147	7,561,274	6,993,529	7,004,671
Noninstructional services	1,642,344	1,657,581	1,665,675	1,545,118
Sixteenth section	8,600	16,600	17,553	16,881
Debt service:				
Principal	495,000	480,000	498,886	477,664
Interest	148,023	165,603	183,913	201,427
Other	1,250	1,250	1,000	1,035
Total Expenditures	21,297,295	21,183,755	20,361,536	19,988,679
Excess (Deficiency) of Revenues over (under) Expenditures	(188,596)	(795,551)	(414,607)	249,414
Other Financing Sources (Uses):				
Insurance loss recoveries	430	-	-	-
Sale of land	-	8,352	-	-
Sale of transportation equipment	17,627	5,000	19,868	3,101
Sale of other property	-	-	-	670
Operating transfers in	310,507	550,883	220,887	256,136
Other financing sources	-	35,704	25,937	32,842
Operating transfers out	(310,507)	(550,883)	(220,887)	(256,136)
Other financing uses	-	(35,704)	(25,937)	(32,882)
Total Other Financing Sources (Uses)	18,057	13,352	19,868	3,731
Net Change in Fund Balances	(170,539)	(782,199)	(394,739)	253,145
Fund Balances:				
Beginning of period, as originally reported	3,858,174	4,633,032	5,036,221	4,789,860
Prior period adjustment	-	-	(2,016)	-
Beginning of period, as restated	3,858,174	4,633,032	5,034,205	4,789,860
Increase (Decrease) in reserve for inventory	7,121	7,341	(6,434)	(6,784)
End of Period	\$ 3,694,756	\$ 3,858,174	\$ 4,633,032	\$ 5,036,221

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

CUNNINGHAM CPAs, PLLC

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

Superintendent and School Board
Calhoun County School District
Pittsboro, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Calhoun County School District's basic financial statements, and have issued our report thereon dated November 10, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Cunningham CPAs, PLLC

Belzoni, Mississippi

November 10, 2015

CUNNINGHAM CPAs, PLLC

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

Superintendent and School Board
Calhoun County School District
Pittsboro, Mississippi

Report on Compliance for Each Major Federal Program

We have audited the Calhoun 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 Calhoun County School District's major federal programs for the year ended June 30, 2015. Calhoun County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Calhoun 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 Calhoun 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 Calhoun County School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Calhoun 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 Calhoun 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 Calhoun County School District's internal control over compliance.

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

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

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

November 10, 2015

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

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

Superintendent and School Board
Calhoun County School District
Pittsboro, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun County School District as of and for the year ended June 30, 2015, which collectively comprise Calhoun County School District's basic financial statements and have issued our report thereon dated November 10, 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 reported no classroom supply funds carried over from previous years.

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

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

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

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

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

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

Cunningham CPAs, PLLC

Belzoni, Mississippi

November 10, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CALHOUN COUNTY SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 7. | Identification of major programs: | |
| | A. Special Education Cluster: | |
| | Grants to states | CFDA # 84.027 |
| | Preschool grants | CFDA # 84.173 |
| | B. The school and libraries program of the Universal Fund | CFDA # 32.xxx |
| | C. Title I - grants to states | CFDA # 84.010 |
| | D. Improving teacher quality | CFDA # 84.367 |
| | E. Teacher incentive fund | CFDA # 84.374 |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

CALHOUN COUNTY SCHOOL DISTRICT

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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