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QUITMAN SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2015**

Quitman School District

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INDEPENDENT AUDITOR'S REPORT

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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail:stephenmyrickcpa@bellsouth.net

*Member
American Institute of
Certified Public Accountants
Accountants*

*Member
Mississippi Society of
Certified Public*

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Quitman 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 Quitman School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Quitman 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 Quitman 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 5-11, 45-48, 49, and 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Quitman School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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* 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2015, on our consideration of the Quitman 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 Quitman School District's internal control over financial reporting and compliance.



Stephen D. Myrick
Certified Public Accountants

November 11, 2015
Quitman, Mississippi

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Quitman 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 \$19,145,852, including a prior period adjustment of \$(20,116,033), which represents a 100% decrease from fiscal year 2014. Total net position for 2014 increased \$1,501,298, including a prior period adjustment of \$(44,964), which represents a 9% increase from fiscal year 2013.
- General revenues amounted to \$15,286,290 and \$15,873,371, or 76% and 80% 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 \$4,780,594 or 24% of total revenues for 2015, and \$3,947,188, or 20% of total revenues for 2014.
- The District had \$19,096,703 and \$18,274,297 in expenses for fiscal years 2015 and 2014, respectively; only \$4,780,594 for 2015 and \$3,947,188 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,286,290 for 2015 and \$15,873,371 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$13,816,409 in revenues and \$14,056,068 in expenditures for 2015, and \$13,314,351 in revenues and \$13,973,250 in expenditures in 2014. The General Fund's fund balance decreased by \$1,009,430, and decreased by \$717,138 from 2014 to 2015.
- Capital assets, net of accumulated depreciation, increased by \$1,310,715 for 2015 and decreased by \$280,954 for 2014. The increase for 2015 was due to the net increase produced from current year additions and deletions coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$1,205,000 for 2015 and decreased by \$190,000 for 2014. This increase for 2015 was due primarily to the addition of new long-term debt. The liability for compensated absences increased by \$1,492 for 2015 and increased by \$6,478 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, with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions 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.

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 \$70,709 as of June 30, 2015.

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

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

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

Table 1
Condensed Statement of Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Current assets	\$ 5,496,457	\$ 6,722,474	-18%
Restricted assets	5,852,189	3,996,051	46%
Capital assets, net	14,187,299	12,876,584	10%
Total assets	<u>25,535,945</u>	<u>23,595,109</u>	8%
Deferred outflows of resources	<u>2,232,258</u>	<u>-</u>	
Current liabilities	295,634	233,109	27%
Long-term debt outstanding	5,493,349	4,286,857	28%
Net pension liability	19,258,297	-	
Total liabilities	<u>25,047,280</u>	<u>4,519,966</u>	454%
Deferred inflows of resources	<u>2,791,632</u>	<u>-</u>	
Net position:			
Net investment in capital assets	8,915,774	8,726,584	2%
Restricted	6,689,681	7,933,667	-16%
Unrestricted	(15,676,164)	2,414,892	-749%
Total net position (deficit)	<u>\$ (70,709)</u>	<u>\$ 19,075,143</u>	-100%

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (15,676,164)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	19,901,146
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 4,224,982</u>

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

- Increase in restricted assets in the amount of \$1,856,138.
- Increase in net capital assets in the amount of \$1,310,715.
- Increase in long-term debt due to principal retirement of \$2,770,000 coupled with the issuance of new long-term debt and advance refunding of \$3,975,000.
- 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.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$20,066,884 and \$19,820,559, respectively. The total cost of all programs and services was \$19,096,703 for 2015 and \$18,274,297 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.

Table 2
Changes in Net Position

	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 551,801	\$ 555,886	-1%
Operating grants and contributions	3,867,744	3,344,059	16%
Capital grants and contributions	361,049	47,243	664%
General revenues:			
Property taxes	4,683,700	4,817,797	-3%
Grants and contributions not restricted	8,458,582	8,363,142	1%
Investment earnings	88,925	120,036	-26%
Sixteenth section sources	2,022,690	2,531,365	-20%
Other	32,393	41,031	-21%
Total revenues	<u>20,066,884</u>	<u>19,820,559</u>	1%
Expenses:			
Instruction	9,719,443	9,693,854	0%
Support services	6,261,643	6,996,770	-11%
Non-instructional	1,279,761	1,342,576	-5%
Sixteenth section	100,424	50,868	97%
Pension expense	1,391,375	-	
Interest on long-term liabilities	344,057	190,229	81%
Total expenses	<u>19,096,703</u>	<u>18,274,297</u>	5%
Increase (Decrease) in net position	<u>970,181</u>	<u>1,546,262</u>	-37%
Net Position, July 1, as previously reported	<u>19,075,143</u>	<u>17,573,845</u>	9%
Prior Period Adjustment	<u>(20,116,033)</u>	<u>(44,964)</u>	-44638%
Net Position, July 1, as restated	<u>(1,040,890)</u>	<u>17,528,881</u>	-106%
Net Position, June 30	<u><u>\$ (70,709)</u></u>	<u><u>\$ 19,075,143</u></u>	-100%

Governmental activities

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

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2015	2014	Change
Instruction	\$ 9,719,443	\$ 9,693,854	0%
Support services	6,261,643	6,996,770	-11%
Non-instructional	1,279,761	1,342,576	-5%
Sixteenth section	100,424	50,868	97%
Pension expense	1,391,375	-	
Interest on long-term liabilities	344,057	190,229	81%
Total expenses	\$ 19,096,703	\$ 18,274,297	5%
	Net (Expense) Revenue		Percentage
	2015	2014	Change
Instruction	\$ (6,974,332)	\$ (7,960,157)	-12%
Support services	(5,610,064)	(6,206,572)	-10%
Non-instructional	62,740	5,816	979%
Sixteenth section	(59,021)	24,033	-346%
Pension expense	(1,391,375)	-	
Interest on long-term liabilities	(344,057)	(190,229)	81%
Total net (expense) revenue	\$ (14,316,109)	\$ (14,327,109)	0%

- Net cost of governmental activities (\$14,316,109 for 2015 and \$14,327,109 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$4,683,700 for 2015 and \$4,817,797 for 2014) and state and federal revenues (\$8,458,582 for 2015 and \$8,363,142 for 2014). In addition, there was \$2,022,690 and \$2,531,365 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$88,925 for 2015 and \$120,036 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 \$11,141,120, an increase of \$560,520, which includes an increase in inventory of \$3,969. \$3,105,105 or 28% 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 \$8,036,015 or 72% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted 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 \$1,751,387, which includes a fund reclassification of \$2,760,817. The fund balance of Other Governmental Funds showed a decrease in the amount of \$142,912 which includes an increase in reserve for inventory of \$3,969. The change in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
16th Section Principal	\$ 1,708,893
21st Century Grant	\$ -
Trane Energy Project	\$ -

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 significant revision was made to the budget to record the proceeds from general obligation bonds during the year.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each 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 \$27,615,273, including land, construction in progress, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$1,912,871 from 2014. Total accumulated depreciation as of June 30, 2015, was \$13,427,974, and total depreciation expense for the year was \$673,074, resulting in total net capital assets of \$14,187,299.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 174,918	\$ 174,918	0%
Construction in Progress	4,800	95,985	-95%
Buildings	6,817,105	7,005,568	-3%
Building improvements	4,601,741	3,120,832	47%
Improvements other than buildings	1,219,798	1,293,232	-6%
Mobile equipment	1,030,120	876,532	18%
Furniture and equipment	338,817	309,517	9%
Total	<u>\$ 14,187,299</u>	<u>\$ 12,876,584</u>	10%

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

Debt Administration. At June 30, 2015, the District had \$5,493,349 in outstanding long-term debt, of which \$310,000 is due within one year. The liability for compensated absences increased \$1,492 from the prior year.

The District currently does not have a bond rating.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Three mill notes payable	\$ -	\$ 2,650,000	-100%
Limited tax refunding notes	2,590,000	-	
General obligation certificate of participation	1,265,000	-	
Qualified school construction bonds payable	1,500,000	1,500,000	0%
Compensated absences payable	138,349	136,857	1%
Total	<u><u>\$ 5,493,349</u></u>	<u><u>\$ 4,286,857</u></u>	28%

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

CURRENT ISSUES

The District is currently financially stable. The District is proud of its community support of the public schools.

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

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

Enrollment for the 2014-2015 year decreased by 3% to 1,941 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Quitman School District, 104 East Franklin Street, Quitman, MS 39355.

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FINANCIAL STATEMENTS

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QUITMAN SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,007,908
Investments	587,809
Due from other governments	484,458
Other receivables, net	298,067
Inventories	22,905
Prepaid items	95,310
Restricted assets	5,852,189
Capital assets, non-depreciable:	
Land	174,918
Construction in progress	4,800
Capital assets, net of accumulated depreciation:	
Buildings	6,817,105
Building improvements	4,601,741
Improvements other than buildings	1,219,798
Mobile equipment	1,030,120
Furniture and equipment	338,817
	25,535,945
Total Assets	25,535,945
Deferred Outflows of Resources	
Pension related	2,148,783
Deferred charges on refunding	83,475
Total Deferred Outflows of Resources	2,232,258
Liabilities	
Accounts payable and accrued liabilities	207,525
Interest payable on long-term liabilities	88,109
Long-term liabilities, due within one year:	
Capital related liabilities	310,000
Long-term liabilities, due beyond one year:	
Capital related liabilities	5,045,000
Non-capital related liabilities	138,349
Net pension liability	19,258,297
	25,047,280
Total Liabilities	25,047,280
Deferred Inflows of Resources	
Pension related	2,791,632
	2,791,632
Net Position	
Net investment in capital assets	8,915,774
Restricted for:	
Expendable:	
School-based activities	260,019
Debt service	326,213
Forestry improvements	101,764
Unemployment benefits	42,541
Ad valorem	31,933
Prepaid items	95,310
Non-expendable:	
Sixteenth section	5,831,901
Unrestricted	(15,676,164)
	(70,709)
Total Net Position (Deficit)	\$ (70,709)

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:						
Instruction	\$ 9,719,443	\$ 255,193	\$ 2,269,477	\$ 220,441	\$ (6,974,332)	
Support services	6,261,643	-	640,565	11,014	(5,610,064)	
Non-instructional	1,279,761	255,205	957,702	129,594	62,740	
Sixteenth section	100,424	41,403	-	-	(59,021)	
Pension expense	1,391,375	-	-	-	(1,391,375)	
Interest on long-term liabilities	344,057	-	-	-	(344,057)	
Total Governmental Activities	<u>\$ 19,096,703</u>	<u>\$ 551,801</u>	<u>\$ 3,867,744</u>	<u>\$ 361,049</u>	<u>(14,316,109)</u>	
General Revenues:						
Taxes:						
General purpose levies						4,683,700
Unrestricted grants and contributions:						
State						8,361,331
Federal						97,251
Unrestricted investment earnings						88,925
Sixteenth section sources						2,022,690
Other						32,393
Total General Revenues						<u>15,286,290</u>
Change in Net Position						<u>970,181</u>
Net Position - Beginning, as previously reported						19,075,143
Prior period adjustment						(20,116,033)
Net Position (Deficit) - Beginning, as restated						<u>(1,040,890)</u>
Net Position (Deficit) - Ending						<u>\$ (70,709)</u>

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

QUITMAN SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2015

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Principal	21st Century Grant	Trane Energy Project		
ASSETS						
Cash and cash equivalents	\$ 3,277,463	\$ 3,956,406	\$ -	\$ 164,789	\$ 565,656	\$ 7,964,314
Cash with fiscal agent	-	-	-	-	297,767	297,767
Investments	587,809	1,598,016	-	-	-	2,185,825
Due from other governments	211,699	-	97,426	-	175,333	484,458
Other receivables, net	14,137	282,990	-	-	274	297,401
Due from other funds	342,697	-	-	-	-	342,697
Inventories	-	-	-	-	22,905	22,905
Prepaid items	95,310	-	-	-	-	95,310
Total Assets	<u>\$ 4,529,115</u>	<u>\$ 5,837,412</u>	<u>\$ 97,426</u>	<u>\$ 164,789</u>	<u>\$ 1,061,935</u>	<u>\$ 11,690,677</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 38,542	\$ 3,915	\$ 118	\$ 164,789	\$ 162	\$ 207,526
Due to other funds	-	1,597	97,308	-	243,126	342,031
Total Liabilities	<u>38,542</u>	<u>5,512</u>	<u>97,426</u>	<u>164,789</u>	<u>243,288</u>	<u>549,557</u>
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	22,905	22,905
Prepaid items	95,310	-	-	-	-	95,310
Permanent fund principal	-	5,831,900	-	-	-	5,831,900
Restricted:						
Debt service	-	-	-	-	414,322	414,322
Forestry improvement purposes	-	-	-	-	101,764	101,764
Grant activities	-	-	-	-	6,867	6,867
Unemployment benefits	-	-	-	-	42,541	42,541
Ad valorem	31,933	-	-	-	-	31,933
Food service	-	-	-	-	230,248	230,248
Committed:						
Sinking fund payments QSCB	1,177,114	-	-	-	-	1,177,114
Assigned:						
Activities	75,700	-	-	-	-	75,700
Athletics	5,411	-	-	-	-	5,411
Unassigned	<u>3,105,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,105,105</u>
Total Fund Balances	<u>4,490,573</u>	<u>5,831,900</u>	<u>-</u>	<u>-</u>	<u>818,647</u>	<u>11,141,120</u>
Total Liabilities and Fund Balances	<u>\$ 4,529,115</u>	<u>\$ 5,837,412</u>	<u>\$ 97,426</u>	<u>\$ 164,789</u>	<u>\$ 1,061,935</u>	<u>\$ 11,690,677</u>

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

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

Total fund balances for governmental funds \$ 11,141,120

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	174,918	
	Construction in progress	4,800	
	Buildings	11,936,996	
	Building improvements	8,561,195	
	Improvements other than buildings	1,840,230	
	Mobile equipment	3,348,957	
	Furniture and equipment	1,748,177	
	Accumulated depreciation	<u>(13,427,974)</u>	14,187,299
2.	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	(5,355,000)	
	Compensated absences	<u>(138,349)</u>	(5,493,349)
3.	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		(19,258,297)
4.	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	2,148,783	
	Deferred inflows of resources related to pensions	<u>(2,791,632)</u>	(642,849)
5.	Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds:		(88,109)
6.	Deferred outflows of resources related to related to advance refunding are applicable to future periods and, therefore, are not reported in the funds:		
	Deferred charges on refunding		83,475
7.	Rounding		1
	Net position (deficit) of governmental activities		<u><u>\$ (70,709)</u></u>

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

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

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	16th Section Interest	16th Section Principal	21st Century Grant	Trane Energy Project		
Revenues:							
Local sources	\$ 4,900,748	\$ -	\$ 39,571	\$ -	\$ -	\$ 371,263	\$ 5,311,582
State sources	8,490,904	-	-	-	-	631,623	9,122,527
Federal sources	78,902	-	-	663,199	-	2,808,129	3,550,230
Sixteenth section sources	345,855	-	1,687,104	-	-	42,686	2,075,645
Total Revenues	<u>13,816,409</u>	<u>-</u>	<u>1,726,675</u>	<u>663,199</u>	<u>-</u>	<u>3,853,701</u>	<u>20,059,984</u>
Expenditures:							
Instruction	8,097,353	-	-	654,089	-	1,831,871	10,583,313
Support services	5,946,612	-	-	-	-	824,808	6,771,420
Noninstructional services	56	-	-	-	-	1,261,707	1,261,763
Sixteenth section	12,047	-	4,034	-	-	84,344	100,425
Facilities acquisition and construction	-	-	-	-	1,551,901	4,800	1,556,701
Debt service:							
Principal	-	-	-	-	-	315,000	315,000
Interest	-	-	-	-	-	159,742	159,742
Other	-	-	-	-	-	191,390	191,390
Total Expenditures	<u>14,056,068</u>	<u>-</u>	<u>4,034</u>	<u>654,089</u>	<u>1,551,901</u>	<u>4,673,662</u>	<u>20,939,754</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(239,659)</u>	<u>-</u>	<u>1,722,641</u>	<u>9,110</u>	<u>(1,551,901)</u>	<u>(819,961)</u>	<u>(879,770)</u>
Other Financing Sources (Uses):							
Bonds and notes issued	-	-	-	-	-	1,340,000	1,340,000
Refunding bonds issued	-	-	-	-	-	2,635,000	2,635,000
Payment to refunded bond escrow agent	-	-	-	-	-	(2,545,579)	(2,545,579)
Other financing sources	-	-	-	-	-	6,900	6,900
Operating transfers in	160,922	-	-	-	1,647,886	613,410	2,422,218
Operating transfers out	(930,693)	-	(13,748)	(9,110)	(95,985)	(1,372,682)	(2,422,218)
Total Other Financing Sources (Uses)	<u>(769,771)</u>	<u>-</u>	<u>(13,748)</u>	<u>(9,110)</u>	<u>1,551,901</u>	<u>677,049</u>	<u>1,436,321</u>
Net Change in Fund Balances	(1,009,430)	-	1,708,893	-	-	(142,912)	556,551
Fund Balances:							
July 1, 2014, as previously reported	2,739,186	2,760,817	4,123,007	-	-	957,590	10,580,600
Fund reclassification	2,760,817	(2,760,817)	-	-	-	-	-
July 1, 2014, as restated	<u>5,500,003</u>	<u>-</u>	<u>4,123,007</u>	<u>-</u>	<u>-</u>	<u>957,590</u>	<u>10,580,600</u>
Increase (decrease) in reserve for inventory	-	-	-	-	-	3,969	3,969
June 30, 2015	<u>\$ 4,490,573</u>	<u>\$ -</u>	<u>\$ 5,831,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818,647</u>	<u>\$ 11,141,120</u>

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

**QUITMAN SCHOOL DISTRICT
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**

Net change in fund balances - total governmental funds \$ 556,551

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	\$ 2,028,179	
	Depreciation expense	<u>(673,074)</u>	1,355,105
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.		(44,390)
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.		
	Bonds and notes issued	(1,340,000)	
	Refunding bonds issued	(2,635,000)	
	Payments of debt principal	315,000	
	Payments to refunded bond escrow agent	2,545,579	
	Accrued interest payable	<u>7,075</u>	(1,107,346)
4.	Governmental funds report the amount of employer contributions to the retirement system as expenditures. However, in the statement of activities, the actual pension expense is included in expenditures. Thus, the change in net position differs from the change in fund balance by the difference in the calculated pension expense and the actual employer contributions to the retirement plan.		214,888
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	(1,492)	
	Change in inventory reserve	3,969	
	Amortization of deferred charges, premiums & discounts	<u>(7,104)</u>	(4,627)
Change in net position of governmental activities			<u><u>\$ 970,181</u></u>

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

**QUITMAN SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2015**

	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 7,060	\$ 617,813
Total Assets	<u>7,060</u>	<u><u>617,813</u></u>
Liabilities		
Accounts payable and accrued liabilities	-	\$ 587,226
Due to other funds	-	666
Due to student clubs	-	29,921
Total Liabilities	<u>-</u>	<u><u>617,813</u></u>
Net Position		
Reserved for endowments	7,060	
Total Net Position	<u><u>\$ 7,060</u></u>	

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

**QUITMAN SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015**

	<u>Private-Purpose Trust Fund</u>
Additions	
Contributions and donations from private sources	\$ 6,685
Total Additions	<u>6,685</u>
Deductions	
Scholarships awarded	5,400
Total Deductions	<u>5,400</u>
Change in Net Position	1,285
Net Position	
July 1, 2014	5,775
June 30, 2015	<u>\$ 7,060</u>

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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

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.

Sixteenth Section Principal Fund – This fund is used to account for sixteenth section resources that are legally restricted; only earnings, and not the principal, may be used for purposes that support the district's programs.

21st Century Grant Fund – This fund is used to account for grant funds received under the federal grant, Twenty-first Century Community Learning Centers Grant, and the related expenditures associated with this grant.

Trane Energy Project Fund – This fund is used to account for the revenues and expenditures associated with the Trane Energy Project.

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

E. Assets, liabilities, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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.

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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.

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.

See Notes 7 and 13 for further details.

8. Compensated Absences

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

Quitman School District

Notes to the Financial Statement For the 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.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority.

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 finance director pursuant to authorization established by school board policy.

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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

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

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer ; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,964,314 and \$624,873, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2015, none of the district's bank balance of \$9,065,429 was exposed to custodial credit risk.

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agent held by the financial institution was \$297,767.

As of June 30, 2015, the District had the following investments included in cash with fiscal agent:

Investment Type	Rating	Maturity (in years)	Fair Value	% of Total Investments
U.S. Government securities	Not Rated	9-10 years	\$ 74,744	25.10%
U.S. Government securities	Not Rated	9-10 years	75,744	25.44%
U.S. Government securities	Not Rated	9-10 years	71,744	24.09%
U.S. Government securities	Not Rated	9-10 years	71,742	24.09%
Money Market Mutual Funds	Not Rated	N/A	3,793	1.27%
Total			\$ 297,767	100.00%

Investments

As of June 30, 2015, the District had the following investments:

Investment Type	Rating	Maturity (in years)	Fair Value	% of Total Investments
U.S. Government securities	AA+	7-8 years	\$ 225,165	10.30%
U.S. Government securities	AA+	8-9 years	140,352	6.42%
Mississippi Government securities	Not Rated	1-2 years	35,000	1.60%
Mississippi Government securities	AA	1-2 years	100,611	4.60%
Mississippi Government securities	A	2-3 years	55,920	2.56%
Mississippi Government securities	AA	3-4 years	100,621	4.60%
Mississippi Government securities	AA	4-5 years	52,042	2.38%
Mississippi Government securities	AA	5-6 years	21,787	1.00%
Mississippi Government securities	AA	6-7 years	100,981	4.62%
Mississippi Government securities	Not Rated	17-18 years	49,122	2.25%
Federal National Mortgage Association	AA+	3-4 years	100,120	4.58%
Federal National Mortgage Association	AA+	2-3 years	150,014	6.86%
Federal National Mortgage Association	AA+	3-4 years	98,859	4.52%
Federal National Mortgage Association	AA+	3-4 years	96,100	4.40%
Federal National Mortgage Association	AA+	9-10 years	46,370	2.12%
Federal Home Loan Mortgage Corporation	AA+	4-5 years	99,808	4.57%
Federal Home Loan Mortgage Corporation	AA+	7-8 years	94,611	4.33%
Federal Home Loan Bank	AA+	1-2 years	99,905	4.57%
First Federal Credit Bank	AA+	3-4 years	148,728	6.80%
Money Market Mutual Funds	Not Rated	N/A	44,828	2.05%
Collateralized Mortgage Obligation Investments	AA+	9-10 years	40,849	1.87%
Collateralized Mortgage Obligation Investments	AA+	17-18 years	85,371	3.91%
Wells Fargo	A+	3-4 years	100,393	4.59%
JP Morgan	A	4-5 years	98,268	4.50%
Total			\$ 2,185,825	100.00%

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

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

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	21st Century Grant	\$ 97,308
	Other Governmental Funds	243,126
	Fiduciary Funds	666
	16th Section Principal	1,597
Total		<u>\$ 342,697</u>

The purpose of the above loans represent the recording of indirect costs from federal grants, loans for working capital, reimbursement of utilities paid by general fund and interest earned in agency funds that will be transferred to the General Fund.

B. Inter-Fund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Trane Energy Project	\$ 399,921
	Other Governmental Funds	530,772
16th Section Principal	General Fund	13,748
21st Century Grant Fund	General Fund	9,110
Trane Energy Project	General Fund	95,985
Other Governmental Funds	General Fund	42,079
	Trane Energy Project	1,247,965
	Other Governmental Funds	82,638
Total		<u>\$ 2,422,218</u>

The principal purpose of inter-fund transfers was to provide operating funds to other governmental funds from the General Fund, to pay indirect costs of federal grants to the General Fund, transfer unrestricted earnings from the 16th Section Interest Fund to the General Fund for operating purposes and to transfer unrestricted investment earnings on 16th Section Principal funds to the 16th Section Interest Fund.

Note 4 – Restricted Assets

The restricted assets represent the cash balance and investment balance, totaling \$3,956,406 and \$1,598,016, respectively of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

In addition, the restricted assets also represent the cash with fiscal agents, totaling \$297,767 of the QSCB Bond Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Construction in progress completed	Balance 6/30/2015
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 174,918	\$ -	\$ -	\$ -	\$ 174,918
Construction-in-progress	95,985	1,556,701	-	(1,647,886)	4,800
Total non-depreciable capital assets	<u>270,903</u>	<u>1,556,701</u>	<u>-</u>	<u>(1,647,886)</u>	<u>179,718</u>
Depreciable capital assets:					
Buildings	11,936,996	-	-	-	11,936,996
Building improvements	6,913,309	-	-	1,647,886	8,561,195
Improvements other than buildings	1,840,230	-	-	-	1,840,230
Mobile equipment	3,090,001	339,022	80,066	-	3,348,957
Furniture and equipment	1,650,963	132,456	35,242	-	1,748,177
Total depreciable capital assets	<u>25,431,499</u>	<u>471,478</u>	<u>115,308</u>	<u>1,647,886</u>	<u>27,435,555</u>
Less accumulated depreciation for:					
Buildings	4,931,428	188,463	-	-	5,119,891
Building improvements	3,792,477	166,977	-	-	3,959,454
Improvements other than buildings	546,998	73,434	-	-	620,432
Mobile equipment	2,213,469	141,397	36,029	-	2,318,837
Furniture and equipment	1,341,446	102,803	34,889	-	1,409,360
Total accumulated depreciation	<u>12,825,818</u>	<u>673,074</u>	<u>70,918</u>	<u>-</u>	<u>13,427,974</u>
Total depreciable capital assets, net	<u>12,605,681</u>	<u>(201,596)</u>	<u>44,390</u>	<u>1,647,886</u>	<u>14,007,581</u>
Governmental activities capital assets, net	<u>\$ 12,876,584</u>	<u>\$ 1,355,105</u>	<u>\$ 44,390</u>	<u>\$ -</u>	<u>\$ 14,187,299</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 246,157
Support services	321,522
Non-instructional	105,395
Total depreciation expense	<u>\$ 673,074</u>

The capital assets above include significant amounts of buildings which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

Construction in progress is composed of:

	<u>Spent to 6/30/2015</u>	<u>Remaining Commitment</u>
Governmental Activities:		
High School Basketball Gymnasium	\$4,800	\$0
Total governmental activities	<u>\$4,800</u>	<u>\$0</u>

The \$4,800 included in construction in progress represents fees paid by the District for utility location expenses related to potential future construction of a high school basketball gymnasium. As of November 11, 2015, the District had not officially committed to building this gymnasium.

Note 6 – Long-term Liabilities

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

	<u>Balance 7/1/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2015</u>	<u>Amounts due within one year</u>
A. Three mill notes payable	2,650,000	-	2,650,000	-	\$ -
B. Limited tax refunding notes	-	2,635,000	45,000	2,590,000	230,000
C. General obligation certificate of participation	-	1,340,000	75,000	1,265,000	80,000
D. Qualified school construction bonds payable	1,500,000	-	-	1,500,000	-
E. Compensated absences payable	136,857	1,492	-	138,349	-
Total	<u>\$ 4,286,857</u>	<u>\$ 3,976,492</u>	<u>\$ 2,770,000</u>	<u>\$ 5,493,349</u>	<u>\$ 310,000</u>

A. Three Mill Notes Payable

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Three mill notes payable	1.73% - 2.9%	4/15/2007	4/15/2027	\$ 3,800,000	\$ -
Total				<u>\$ 3,800,000</u>	<u>\$ -</u>

B. Limited Tax Refunding Notes

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Limited tax refunding notes, series 2014	1.6% - 2.6%	7/15/2014	4/15/2027	\$ 2,635,000	\$ 2,590,000
Total				<u>\$ 2,635,000</u>	<u>\$ 2,590,000</u>

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

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

Year Ending June 30	Principal	Interest	Total
2016	230,000	54,470	284,470
2017	220,000	49,870	269,870
2018	225,000	45,470	270,470
2019	230,000	40,970	270,970
2020	235,000	36,370	271,370
2021-2025	1,045,000	118,700	1,163,700
2026-2030	405,000	15,660	420,660
	<u>\$ 2,590,000</u>	<u>\$ 361,510</u>	<u>\$ 2,951,510</u>

This debt will be retired from the Three Mill Note fund.

Advance Refunding

On July 15, 2014, the district issued \$2,635,000 in limited tax refunding notes plus OID interest of \$6,901 with an average interest rate of 2.11% to advance refund \$2,455,000 of outstanding 2007 three mill limited tax notes with an average interest rate of 4.185%. The net proceeds of \$2,545,579 after payments of \$96,322 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the 2007 three mill limited tax notes.

As a result, the 2007 three mill limited tax notes are considered to be defeased and the liability for those notes has been removed from long-term liabilities.

The district advance refunded the 2007 three mill limited tax notes to reduce its total debt service payments over the remaining 13 years of the debt by approximately \$298,345 and to realize an economic gain of \$202,023.

Deferred Charges on Refunding

This item represents the difference between the reacquisition price and the net carrying amount of old debt. It is deferred and amortized as interest expense over the remaining life of the old debt or the new debt, whichever is shorter. The current amount of deferred charges on refunding as of June 30, 2015, net of accumulated amortization, is \$83,475.

C. General Obligation Certificate of Participation

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation certificates of participation, series 2014	1.5% - 3.0%	7/15/2014	6/1/2029	\$ 1,340,000	\$ 1,265,000
Total				<u>\$ 1,340,000</u>	<u>\$ 1,265,000</u>

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

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

Year Ending June 30	Principal	Interest	Total
2016	80,000	30,135	110,135
2017	80,000	28,935	108,935
2018	80,000	27,735	107,735
2019	85,000	26,535	111,535
2020	85,000	25,260	110,260
2021-2025	450,000	94,710	544,710
2026-2030	405,000	30,615	435,615
	<u>\$ 1,265,000</u>	<u>\$ 263,925</u>	<u>\$ 1,528,925</u>

This debt will be retired from the Certificate of Participation Fund.

D. Qualified School Construction Bonds Payable

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, series 2010-A, B	5.40%	10/7/2010	8/1/2025	\$ 1,500,000	\$ 1,500,000
Total				<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

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

Year Ending June 30	Principal	Interest	Total
2016	-	81,000	81,000
2017	-	81,000	81,000
2018	-	81,000	81,000
2019	-	81,000	81,000
2020	-	81,000	81,000
2021-2025	1,500,000	405,000	1,905,000
	<u>\$ 1,500,000</u>	<u>\$ 810,000</u>	<u>\$ 2,310,000</u>

E. Compensated absences payable

As more fully explained in Note 1(E)(7), 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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$1,606,262, \$1,526,941, and \$1,361,554, 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 \$19,258,297 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, 2015, the school district's proportion was 0.158659% percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,391,375. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 300,424	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,791,632
Changes of assumptions	242,097	-
Changes in proportion and differences between District contributions subsequent to the measurement date	1,606,262	-
Total	\$ 2,148,783	\$ 2,791,632

\$1,606,262 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	(502,756)
2017	(502,756)
2018	(545,690)
2019	(697,908)
Total	(2,249,110)

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

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

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

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

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

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

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

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

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

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 26,254,802	\$ 19,258,297	\$ 13,422,172

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

Note 8 - Sixteenth Section Lands

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

Year Ending June 30	Amount
2016	\$ 65,738
2017	65,738
2018	65,961
2019	66,292
2020	66,092
2021-2025	23,806
2026-2030	23,806
2031-2035	19,343
2036-2040	5,890
Total	\$ 402,664

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

Note 9 – Prior Period Adjustments

A summary of the significant Net Position adjustment is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ 21,642,974
Deferred outflows - contributions made during fiscal year 2014	<u>(1,526,941)</u>
Total prior period adjustment related to GASB 68 and 71	<u>\$ 20,116,033</u>

Note 10 - Contingencies

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

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

Note 11 – Risk Management

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

Participation in Public Entity Risk Pool

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

Note 12 – Qualified School Construction Bonds

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

Quitman School District

Notes to the Financial Statement For the year ended June 30, 2015

While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2015, the subsidy payments amounted to \$71,410.

The District makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was \$297,767. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2016	92,000
2017	95,000
2018	89,000
2019	89,000
2020	89,000
Thereafter	685,000
	<u>\$ 1,139,000</u>

Note 13 – Effect of Deferred Amounts on Net Position

The unrestricted net position (deficit) amount of (\$15,592,689) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$2,148,783 balance of deferred outflows of resources, at June 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position (deficit) amount of (\$15,592,689) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$2,791,632 balance of deferred inflows of resources at June 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

Note 14 – 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 Quitman School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that there were no subsequent events that require disclosure in the notes to the financial statements.

Quitman School District

**Notes to the Financial Statement
For the year ended June 30, 2015**

Note 15 – Fund Reclassification

The Sixteenth Section Interest Fund beginning fund balance of \$2,760,817 was reclassified from the Special Revenue Fund 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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QUITMAN SCHOOL DISTRICT
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	\$ 4,909,066	\$ 4,920,032	\$ 4,900,748	\$ 10,966	\$ (19,284)
State sources	7,945,680	8,440,904	8,490,904	495,224	50,000
Federal sources	100,000	78,902	78,902	(21,098)	-
Sixteenth section sources	-	345,855	345,855	345,855	-
Total Revenues	<u>12,954,746</u>	<u>13,785,693</u>	<u>13,816,409</u>	<u>830,947</u>	<u>30,716</u>
Expenditures:					
Instruction	7,943,772	8,097,064	8,097,353	(153,292)	(289)
Support services	5,984,513	5,935,453	5,946,612	49,060	(11,159)
Noninstructional services	-	56	56	(56)	-
Sixteenth section	-	13,456	12,047	(13,456)	1,409
Total Expenditures	<u>13,928,285</u>	<u>14,046,029</u>	<u>14,056,068</u>	<u>(117,744)</u>	<u>(10,039)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(973,539)</u>	<u>(260,336)</u>	<u>(239,659)</u>	<u>713,203</u>	<u>20,677</u>
Other Financing Sources (Uses):					
Operating transfers in	2,476,356	2,085,502	160,922	(390,854)	(1,924,580)
Operating transfers out	<u>(2,424,667)</u>	<u>(2,752,834)</u>	<u>(930,693)</u>	<u>(328,167)</u>	<u>1,822,141</u>
Total Other Financing Sources (Uses)	<u>51,689</u>	<u>(667,332)</u>	<u>(769,771)</u>	<u>(719,021)</u>	<u>(102,439)</u>
Net Change in Fund Balances	<u>(921,850)</u>	<u>(927,668)</u>	<u>(1,009,430)</u>	<u>(5,818)</u>	<u>(81,762)</u>
Fund Balances:					
July 1, 2014, as previously reported	2,861,522	5,498,589	2,739,186	2,637,067	(2,759,403)
Fund reclassification	-	-	2,760,817	-	2,760,817
July 1, 2014, as restated	<u>2,861,522</u>	<u>5,498,589</u>	<u>5,500,003</u>	<u>2,637,067</u>	<u>1,414</u>
June 30, 2015	<u>\$ 1,939,672</u>	<u>\$ 4,570,921</u>	<u>\$ 4,490,573</u>	<u>\$ 2,631,249</u>	<u>\$ (80,348)</u>

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

QUITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Sixteenth Section Principal 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	\$ -	\$ 92,306	39,571	92,306	(52,735)
Sixteenth section sources	505,000	1,687,104	1,687,104	1,182,104	-
Total Revenues	505,000	1,779,410	1,726,675	1,274,410	(52,735)
Expenditures:					
Sixteenth section	-	7,754	4,034	(7,754)	3,720
Total Expenditures	-	7,754	4,034	(7,754)	3,720
Excess (Deficiency) of Revenues over (under) Expenditures	505,000	1,771,656	1,722,641	1,266,656	(49,015)
Other Financing Sources (Uses):					
Operating transfers out	(5,000)	(13,748)	(13,748)	(8,748)	-
Total Other Financing Sources (Uses)	(5,000)	(13,748)	(13,748)	(8,748)	-
Net Change in Fund Balances	500,000	1,757,908	1,708,893	1,257,908	(49,015)
Fund Balances:					
July 1, 2014	2,207,408	4,122,896	4,123,007	1,915,488	111
June 30, 2015	\$ 2,707,408	\$ 5,880,804	\$ 5,831,900	\$ 3,173,396	\$ (48,904)

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

QUITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
21st Century Grant Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 904,646	\$ 663,199	\$ 663,199	\$ (241,447)	\$ -
Total Revenues	<u>904,646</u>	<u>663,199</u>	<u>663,199</u>	<u>(241,447)</u>	<u>-</u>
Expenditures:					
Instruction	904,646	654,089	654,089	250,557	-
Total Expenditures	<u>904,646</u>	<u>654,089</u>	<u>654,089</u>	<u>250,557</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>9,110</u>	<u>9,110</u>	<u>9,110</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	-	(9,110)	(9,110)	(9,110)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,110)</u>	<u>(9,110)</u>	<u>(9,110)</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

QUITMAN SCHOOL DISTRICT
Budgetary Comparison Schedule
Trane Energy Project 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:					
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Facilities Acquisition and Construction	1,551,901	1,551,901	1,551,901	-	-
Total Expenditures	1,551,901	1,551,901	1,551,901	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	(1,551,901)	(1,551,901)	(1,551,901)	-	-
Other Financing Sources (Uses):					
Proceeds from General Obligation Bonds	1,244,425	1,247,963	-	3,538	(1,247,963)
Operating transfers in	403,461	399,923	1,647,886	(3,538)	1,247,963
Operating transfers out	-	(95,985)	(95,985)	(95,985)	-
Total Other Financing Sources (Uses)	1,647,886	1,551,901	1,551,901	(95,985)	-
Net Change in Fund Balances	95,985	-	-	(95,985)	-
Fund Balances:					
July 1, 2014	(95,985)	-	-	95,985	-
June 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -

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

Quitman School District
Schedule of the District's Proportionate Share of the Net Pension Liability
PERS
Last 10 Fiscal Years *

	2015
District's proportion of the net pension liability (asset)	\$ 19,258,297
District's proportionate share of the net pension liability (asset)	0.1586590%
District's covered - employee payroll	9,694,861
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	198.644385%
Plan fiduciary net position as a percentage of the total pension liability	67.210000%

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.

**Quitman School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years**

	2015
Contractually required contribution	\$ 1,606,262
Contributions in relation to the contractually required contribution	1,606,262
Contribution deficiency (excess)	-
District's covered - employee payroll	10,198,489
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.

Quitman 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 Schedules present 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

\$242,097

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SUPPLEMENTARY INFORMATION

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QUITMAN 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 Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 269,120
National school lunch program	10.555	858,525
Total child nutrition cluster		1,127,645
Total passed-through Mississippi Department of Education		1,127,645
Total U.S. Department of Agriculture		1,127,645
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps.	12.XXX	53,060
Total U.S. Department of Defense		53,060
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	25,841
Total Federal Communications Commission		25,841
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	923,619
Twenty-first century community learning centers	84.287	663,199
Rural education	84.358	35,101
Improving teacher quality-State Grants	84.367	152,326
Subtotal		1,774,245
Special education cluster:		
Special education - grants to states	84.027	449,683
Special education - preschool grants	84.173	48,345
Total special education cluster		498,028
Total passed-through Mississippi Department of Education		2,272,273
Total U.S. Department of Education		2,272,273
Total for All Federal Awards		\$ 3,478,819

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.

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 12,611,861	9,107,459	565,673	1,249,638	1,689,091
Other	<u>8,327,893</u>	<u>1,475,854</u>	<u>187,103</u>	<u>5,028</u>	<u>6,659,908</u>
Total	<u>\$ 20,939,754</u>	<u>10,583,313</u>	<u>752,776</u>	<u>1,254,666</u>	<u>8,348,999</u>
Total number of students	* <u>1,941</u>				
Cost per student	<u>\$ 10,788</u>	<u>5,453</u>	<u>388</u>	<u>646</u>	<u>4,301</u>

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

Instruction and Other Student Instructional Expenditures – includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teacher’s 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

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Quitman School District
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
Unaudited

	<u>2015</u>	<u>2014</u> *	<u>2013</u> *	<u>2012</u> *
Revenues:				
Local sources	\$ 4,900,748	\$ 4,895,979	\$ 4,633,945	\$ 4,249,280
State sources	8,490,904	8,290,975	8,253,927	8,269,622
Federal sources	78,902	127,397	112,714	106,216
Sixteenth section sources	345,855	-	-	-
Total Revenues	<u>13,816,409</u>	<u>13,314,351</u>	<u>13,000,586</u>	<u>12,625,118</u>
Expenditures:				
Instruction	8,097,353	7,710,967	7,535,023	7,346,384
Support services	5,946,612	6,262,200	5,329,336	5,369,689
Noninstructional services	56	83	80	-
Sixteenth section	12,047	-	-	-
Debt service:				
Principal	-	-	-	5,462
Total Expenditures	<u>14,056,068</u>	<u>13,973,250</u>	<u>12,864,439</u>	<u>12,721,535</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(239,659)</u>	<u>(658,899)</u>	<u>136,147</u>	<u>(96,417)</u>
Other Financing Sources (Uses):				
Insurance recovery	-	75,570	23,402	2,282
Operating transfers in	160,922	376,020	474,773	617,886
Operating transfers out	(930,693)	(509,829)	(431,215)	(502,893)
Total Other Financing Sources (Uses)	<u>(769,771)</u>	<u>(58,239)</u>	<u>66,960</u>	<u>117,275</u>
Net Change in Fund Balances	(1,009,430)	(717,138)	203,107	20,858
Fund Balances:				
Beginning of period, as previously stated	2,739,186	3,456,324	3,253,217	3,232,359
Fund reclassification	2,760,817	-	-	-
Beginning of period, as restated	<u>5,500,003</u>	<u>3,456,324</u>	<u>3,253,217</u>	<u>3,232,359</u>
End of period	<u>\$ 4,490,573</u>	<u>\$ 2,739,186</u>	<u>\$ 3,456,324</u>	<u>\$ 3,253,217</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

Quitman School District
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
Unaudited

	<u>2015</u>	<u>2014</u> *	<u>2013</u> *	<u>2012</u> *
Revenues:				
Local sources	\$ 5,311,582	\$ 5,385,956	\$ 5,143,333	\$ 4,803,971
State sources	9,122,527	8,606,670	8,534,323	8,580,921
Federal sources	3,550,230	3,130,073	3,052,576	3,168,030
Sixteenth section sources	2,075,645	2,697,860	1,495,785	2,123,979
Total Revenues	<u>20,059,984</u>	<u>19,820,559</u>	<u>18,226,017</u>	<u>18,676,901</u>
Expenditures:				
Instruction	10,583,313	9,266,637	9,052,424	9,113,400
Support services	6,771,420	7,172,816	6,237,444	6,265,066
Noninstructional services	1,261,763	1,281,976	1,309,758	1,350,088
Sixteenth section	100,425	50,873	119,950	159,380
Facilities acquisition and construction	1,556,701	95,985	-	1,050,321
Debt service:				
Principal	315,000	190,000	180,000	175,462
Interest	159,742	190,509	197,345	192,484
Other	191,390	1,600	1,600	3,100
Total Expenditures	<u>20,939,754</u>	<u>18,250,396</u>	<u>17,098,521</u>	<u>18,309,301</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(879,770)</u>	<u>1,570,163</u>	<u>1,127,496</u>	<u>367,600</u>
Other Financing Sources (Uses):				
Bonds and notes issued	1,340,000	-	-	-
Insurance recovery	2,635,000	75,570	23,402	2,282
Payment to escrow agent	(2,545,579)	-	-	141,150
Other financing sources	6,900	-	-	-
Operating transfers in	2,422,218	1,028,360	1,261,043	1,208,587
Operating transfers out	(2,422,218)	(1,028,360)	(1,261,043)	(1,208,587)
Payment to qualified school construction agent	-	-	(49,820)	(141,150)
Total Other Financing Sources (Uses)	<u>1,436,321</u>	<u>75,570</u>	<u>(26,418)</u>	<u>2,282</u>
Net Change in Fund Balances	<u>556,551</u>	<u>1,645,733</u>	<u>1,101,078</u>	<u>369,882</u>
Fund Balances:				
Beginning of period, as previously reported	10,580,600	8,938,786	7,770,319	7,400,621
Prior period adjustments	-	-	75,612	-
Beginning of period, as restated	<u>10,580,600</u>	<u>8,938,786</u>	<u>7,845,931</u>	<u>7,400,621</u>
Increase (Decrease) in reserve for inventory	<u>3,969</u>	<u>(3,919)</u>	<u>(8,223)</u>	<u>(184)</u>
End of period	<u>\$ 11,141,120</u>	<u>\$ 10,580,600</u>	<u>\$ 8,938,786</u>	<u>\$ 7,770,319</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail:stephenmyrickcpa@bellsouth.net

Member
American Institute of
Certified Public Accountants
Accountants

Member
Mississippi Society of
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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
Quitman School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Quitman School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Quitman School District's basic financial statements, and have issued our report thereon dated November 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Quitman 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 Quitman School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Quitman 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 the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Quitman 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 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.



Stephen D. Myrick
Certified Public Accountants

November 11, 2015
Quitman, Mississippi

Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail:stephenmyrickcpa@bellsouth.net

Member
American Institute of
Certified Public Accountants
Accountants

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

Superintendent and School Board
Quitman School District

Report on Compliance for Each Major Federal Program

We have audited Quitman 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 Quitman School District's major federal programs for the year ended June 30, 2015. Quitman 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 Quitman 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 Quitman 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 Quitman School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Quitman School District complied, in all material respects, with the 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 Quitman 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 Quitman 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 Quitman School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, 2015-1.

Quitman School District's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. Quitman School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express not opinion on it.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Quitman School District as of and for the year ending June 30, 2015, and have issued our report thereon dated November 11, 2015, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directed to the underlying accounting and other records used to prepare financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Stephen D. Myrick
Certified Public Accountants

November 11, 2015
Quitman, Mississippi

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

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Stephen D. Myrick C.P.A., L.L.C.

103 North Archusa Avenue
P. O. Box 540
Quitman, MS 39355

Telephone and Fax: (601) 776-4547
E-Mail:stephenmyrickcpa@bellsouth.net

Member
American Institute of
Certified Public Accountants
Accountants

Member
Mississippi Society of
Certified Public

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

Superintendent and School Board
Quitman School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Quitman School District as of and for the year ended June 30, 2015, which collectively comprise Quitman School District's basic financial statements and have issued our report thereon dated November 11, 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 \$0 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements 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.



Stephen D. Myrick
Certified Public Accountants

November 11, 2015
Quitman, Mississippi

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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QUITMAN SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | Yes |
| 5. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |
| 7. | Identification of major programs: | |
| | <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 84.010 | Title I – grants to local educational agencies |
| | 84.287 | Twenty-first century community learning centers |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as low-risk auditee? | Yes |

Section II: Financial Statement Findings

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

QUITMAN SCHOOL DISTRICT

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

Section III: Federal Award Findings and Questioned Costs

2015-1. Finding

Significant Deficiency

Program: CFDA 84.010
Title I Grants to Local Educational Agencies (Title I, Part of the ESA)
Grant Number: N/A, U.S. Department of Education
Passed-through Mississippi Department of Education

Questioned Costs: None

Compliance Requirement: Special Tests and Provisions –
Highly Qualified Teachers and Paraprofessionals

Criteria: *Highly qualified teachers.*
Beginning after the first day of the 2002–2003 school year, a Local Educational Agency (LEA) had to ensure that any teacher whom it hired to teach a core academic subject and who worked in a program supported with Title I, Part A funds was highly qualified as defined in 34 CFR section 200.56. This requirement applied to teachers in Title I, Part A targeted assistance programs who taught a core academic subject and were paid with Title I, Part A funds and to all teachers who taught a core academic subject in a Title I, Part A schoolwide program school. By the end of the 2005–2006 school year, the LEA had to ensure that all teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, are highly qualified. “Core academic subjects” means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography. A special education teacher is a “highly qualified teacher” under the ESEA if the teacher meets the requirements for a “highly qualified special education teacher” in 34 CFR section 300.18 (Title I, Section 1119(a) of ESEA (20 USC 6319(a)); 34 CFR sections 200.55 and 200.56 (34 CFR section 200.56(d)).

States must annually report to the Federal Government information on the quality of teachers and the percentage of classes being taught by highly qualified teachers in the State, LEA, and school (Section 1111(h)(4)(G) of ESEA (20 USC 6311(h)(4)(G))); and LEAs must annually inform parents that they may request, and that the LEA will provide on request, information regarding the professional qualifications of classroom teachers (Section 1111(h)(6) of ESEA (20 USC 6311(h)(6))).

Qualifications of paraprofessionals.

- a. An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with Title I, Part A funds meets specific qualification requirements. The term “paraprofessional” means an individual who provides instructional support; it does not include individuals who have only non-instructional duties (such as providing technical support for computers, providing personal care services, or performing clerical duties). A paraprofessional works in a program supported with Title I, Part A funds if the paraprofessional is paid with Title I, Part A funds in a Title I, Part A targeted assistance school or works as a paraprofessional in a schoolwide program school.

QUITMAN SCHOOL DISTRICT

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

- b. A paraprofessional must hold a high-school diploma or its recognized equivalent and meet one of the following requirements:
 - (1) Have completed at least 2 years of study at an institution of higher education.
 - (2) Have obtained an associate's or higher degree.
 - (3) Have met a rigorous standard of quality, and can demonstrate through a formal state or local academic assessment knowledge of, and the ability to assist in instructing, reading/language arts, writing, and mathematics, or reading readiness, writing readiness, and mathematics readiness.
- c. A paraprofessional who is proficient in English and a language other than English and acts as a translator or who has duties that consist solely of conducting parental involvement activities need only have a high-school diploma or its recognized equivalent.

Condition: The District did not have an adequate internal control system in place to ensure that it fully fulfilled the requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

Cause: The District does not have an adequate internal control system in place to ensure that the District fulfills requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

Effect: As a result of not having an adequate internal control system the District did not fulfill the following requirements:

- (1) The District did not file its 2014-2015 Local Education Agency (LEA) Plan for Highly Qualified Teachers by the due date.
- (2) The District did not file for a waiver as required since the percentage of core academic subject classes taught by teachers who were not highly qualified exceeded five percent.
- (3) The District did not have adequate documentation for one paraprofessional to support that the paraprofessional had fulfilled highly qualified status requirements for paraprofessionals.
- (4) The District did not have adequate documentation for one teacher who was teaching in a core academic area to support the teacher's plan for fulfilling highly qualified status requirements for teachers.

Recommendation: The District should develop an adequate internal control system to ensure that it fully complies with the requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

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CORRECTIVE ACTION PLAN

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Quitman School District

Federal Programs
104 East Franklin Street
Quitman, MS 39355
601-776-2186

Steve Hampton
Federal Programs Director
shampton@qsd.k12.ms.us

Quitman School District

A-133 Single Audit Report: Corrective Action Plan

Year ended June 30, 2015

Finding 2015-1

Grant Program/CFDA #: CFDA 84.010

Federal Agency/Pass-Through Entity: Mississippi Department of Education

Federal Award #: Title I Grants to Local Educational Agencies (Title I, Part of ESA)
Grant Number: N/A, U.S. Department of Education

Compliance

Requirement: Special Tests and Provisions-
Highly Qualified Teachers and Paraprofessionals

Criteria: *Highly qualified teachers.* Beginning after the first day of the 2002-2003 school year, a Local Education Agency (LEA) had to ensure that any teacher whom it hired to teach a core academic subject and who worked in a program supported with Title I, Part A funds was highly qualified as defined in 34 CFR section 200.56. This requirement applied to teachers in Title I, Part A targeted assistance programs who taught a core academic subject and were paid with Title I, Part A funds and to all teachers who taught a core academic subject in a Title I, Part A schoolwide program school. By the end of the 2005-2006 school year, the LEA had to ensure that all teachers of core academic subjects, whether or not they work in a program supported with Title I, Part A funds, are highly qualified. "Core academic subjects" means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography. A special education teacher is a "highly qualified special education teacher" under the ESEA if the teacher meets the requirements for a "highly qualified special education teacher" in 34 CFR section 300.18 (Title I, Section 1119(a) of ESEA (20 USC 6319(a)); 34 CFR sections 200.55 and 200.56 (34 CFR section 200.56(d)).

States must annually report to the Federal Government information on the quality of teachers and the percentage of classes being taught by highly qualified teachers in the State, LEA, and school (Section 1111(h)(4)(G) of ESEA (20 USC 6311(h)(4)(G))); and LEAs must annually inform parents that may request, and that the LEA will provide on request, information regarding the professional qualifications of classroom teachers (Section 1111 (h)(6) of ESEA (20 USC 6311(h)(6))).

Qualifications of paraprofessionals.

- a. An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with Title I, Part A funds meets specific qualification requirements. The term "paraprofessional" means an individual who provides instructional support; it does not include individuals who have only non-instructional duties (such as providing technical support for computers, providing personal care services, or performing clerical duties). A paraprofessional works in a program supported with Title I, Part A funds if the paraprofessional is paid with Title I, Part A funds in a Title I, Part A targeted assistance school or works as a paraprofessional in a schoolwide program school.

b. A paraprofessional must hold a high-school diploma or its recognized equivalent and meet one of the following requirements:

- (1) Have completed at least 2 years of study at an institution of higher education.
- (2) Have obtained an associate's or higher degree.
- (3) Have met a rigorous standard of quality, and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading/language arts, writing, and mathematics, or reading readiness, writing readiness, and mathematics readiness.

c. A paraprofessional who is proficient in English and a language other than English and acts as a translator or who has duties that consist solely of conducting parental involvement activities need only have a high-school diploma or its recognized equivalent.

Condition: The District did not have an adequate internal control system in place to ensure that it fully fulfilled the requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

Cause: The District does not have an adequate internal control system in place to ensure that the District fulfills requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

Effect: As a result of not having an adequate internal control system the District did not fulfill the following requirements:

- (1) The district did not file its 2014-2015 Local Education Agency (LEA) Plan for Highly Qualified teachers by the due date.
- (2) The District did not file for a waiver as required since the percentage of core academic subject classes taught by teachers who were not highly qualified exceeded five percent.
- (3) The District did not have adequate documentation for one paraprofessional to support that the paraprofessional had fulfilled highly qualified status requirements for paraprofessionals.
- (4) The District did not have adequate documentation for one teacher who was teaching in a core academic area to support the teacher's plan for fulfilling highly qualified status requirements for teachers.

Recommendation: The District should develop an adequate internal control system to ensure that it fully complies with the requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals.

Corrected Action Plan

The District will develop an internal control system to ensure that it fully complies with the requirements of Mississippi's Approved Plan for complying with requirements for Highly Qualified Teachers and Paraprofessionals. The Personnel office will keep all documentation for highly qualified status requirements on file upon application for all paraprofessionals and teachers. For those individuals that do not fulfill highly qualified status requirements, an individual plan for obtaining highly qualified status will be developed and agreed upon by the employee. The individual plan for obtaining highly qualified status will be kept on file in the Personnel office. Upon completion of the 2015-2016 LEA Highly Qualified Teacher Plan, the District will apply for a waiver with MDE if the percentage of core academic subjects being taught by non-highly qualified teachers exceed five percent.

The District has replaced the one paraprofessional that did not meet highly qualified requirements with a highly qualified paraprofessional. The paraprofessional's highly qualified documentation is on file in the District's personnel office.

The one teacher that did not have adequate documentation of highly qualified status was not renewed and is no longer with the District. The District had a plan to obtain highly qualified status for the teacher and mailed the plan to the Mississippi Department of Education Educator Licensure office. The District did not make a copy of the plan to keep on file.

The 2014-2015 Local Education Agency (LEA) Plan for Highly Qualified Teachers was posted to MDE's SharePoint site. The District's Personnel Director did not have access to the SharePoint site to download the LEA Highly Qualified Plan. The District's Personnel Director emailed MDE several times in May and June requesting assistance in locating the template. MDE emailed the templates to the District's Personnel Director on July 14th, 2015 and the plan was completed and submitted in August 2015.