ABERDEEN SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015

ABERDEEN SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' 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.

Opinion

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 Aberdeen 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 Supplemental 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 5-12, 39-42, 43 and 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required Supplemental 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 Aberdeen School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the Aberdeen 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 Aberdeen School District's internal control over financial reporting and compliance.

Watkins, Ward & Stafford PLLC
Jackson, Mississippi
March 22, 2016

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- Total net position for 2015 decreased $13,608,377, including a prior period adjustment of ($14,272,996), which represents a 199% decrease from fiscal year 2014. Total net position for 2014 increased $1,329,564 including a prior period adjustment of $12,484, which represents a 24% increase from fiscal year 2013.

- General revenues amounted to $11,641,511 and $11,945,363 and 81% or 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 $2,796,340 or 19% of total revenues for 2015, and $2,939,287 or 20% of total revenues for 2014.

- The District had $13,773,232 and $13,567,570 in expenses for fiscal years 2015 and 2014; only $2,796,340 for 2015 and $2,939,287 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $11,641,511 for 2015 and $11,945,363 for 2014 were adequate to provide for these programs.

- Among major funds, the General Fund had $11,453,270 in revenues and $11,185,000 in expenditures for 2015, and $11,740,353 in revenues and $10,870,803 in expenditures for 2014. The General Fund's fund balance increased by $147,300, from 2014 to 2015, and increased by $1,166,923, from 2013 to 2014.

- Capital assets, net of accumulated depreciation, decreased by $152,365 for 2015 and decreased by $80,167 for 2014. The decrease for 2015 was due primarily to purchase of mobile equipment and furniture and equipment.

- Total long-term debt decreased by $323,189 for 2015 and increased by $1,593 for 2014. The decrease for 2015 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by $21,997 for 2015 and increased by $1,706 for 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Required Supplemental Information

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

Supplemental 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 liabilities by $6,775,180 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

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	$ 4,863,888	$ 4,007,932	21.36 %
Restricted assets	625,003	1,066,277	-41.38 %
Capital assets, net	4,354,568	4,506,933	-3.38 %
Total assets	**9,843,459**	**9,581,142**	**2.74 %**
Deferred outflows of resources	**1,258,332**	**-**	**N/A %**
Current liabilities	160,420	73,427	118.48 %
Long-term debt outstanding	2,351,329	2,674,518	-12.08 %
Net pension liability	13,351,986	-	N/A %
Total liabilities	**15,863,735**	**2,747,945**	**477.29 %**
Deferred inflows of resources	**2,013,236**	**-**	**N/A %**
Net position:			
Net investment in capital assets	2,431,970	1,973,799	23.21 %
Restricted	1,349,018	1,115,518	20.93 %
Unrestricted	(10,556,168)	3,743,880	-381.96 %
Total net position	**$ (6,775,180)**	**$ 6,833,197**	**-199.15 %**

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	$	(10,556,168)
Less: unrestricted deficit in net position resulting from the recognition of net pension liability		14,106,890
Unrestricted net position exlusive of effects of net pension liability effect	$	3,550,722

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

- Increase/Decrease in net capital assets in the amount of $152,365.
- The principal retirement of $345,186 of long-term debt.
- Net Pension Liability amount of $13,351,986.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were $14,437,851 and $14,884,650 respectively. The total cost of all programs and services was $13,773,232 for 2015 and $13,567,570 for 2014.

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

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

Table 2
Changes in Net Position

	Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 161,979	$ 120,630	34.28 %
Operating grants and contributions	2,634,361	2,818,657	(6.54) %
General revenues:			
Property taxes	5,051,090	5,031,090	0.40 %
Grants and contributions not restricted	6,462,942	6,728,662	(3.95) %
Investment earnings	100,175	67,765	47.83 %
Other	27,304	117,846	(76.83) %
Total revenues	**14,437,851**	**14,884,650**	**(3.00) %**
Expenses:			
Instruction	6,528,725	7,270,825	(10.21) %
Support services	5,327,372	5,311,939	0.29 %
Non-instructional	878,516	891,262	(1.43) %
Pension expense	876,304	-	N/A
Interest on long-term liabilities	162,315	93,544	73.52 %
Total expenses	**13,773,232**	**13,567,570**	**1.52 %**
Increase (Decrease) in net position	**664,619**	**1,317,080**	(49.54) %
Net Position, July 1, as previously reported	**6,833,197**	**5,503,633**	24.16 %
Prior Period Adjustment	**(14,272,996)**	**12,484**	**(114,430.31) %**
Net Position, July 1, as restated	**(7,439,799)**	**5,516,117**	**(234.87) %**
Net Position, June 30	**$ (6,775,180)**	**$ 6,833,197**	**(199.15) %**

Governmental activities

The following table presents the cost of five 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	$ 6,528,725	$ 7,270,825	(10.21) %
Support services	5,327,372	5,311,939	0.29 %
Non-instructional	878,516	891,262	(1.43) %
Pension Expense	876,304	-	N/A %
Interest on long-term liabilities	162,315	93,544	73.52 %
Total expenses	**$ 13,773,232**	**$ 13,567,570**	**1.52 %**

	Net (Expense) Revenue		Percentage
	2015	2014	Change
Instruction	$ (5,445,012)	$ (6,099,858)	(10.74) %
Support services	(4,575,318)	(4,527,507)	1.06 %
Non-instructional	82,057	92,626	(11.41) %
Pension Expense	(876,304)	-	N/A %
Interest on long-term liabilities	(162,315)	(93,544)	73.52 %
Total net (expense) revenue	**$ (10,976,892)**	**$ (10,628,283)**	**3.28 %**

- Net cost of governmental activities ($10,976,892 for 2015 and $10,628,283 for 2014) was financed by general revenue, which is primarily made up of property taxes ($5,051,090 for 2015 and $5,031,090 for 2014) and state and federal revenues ($6,462,942 for 2015 and $6,728,662 for 2014).
- Investment earnings amounted to $100,175 for 2015 and $67,765 for 2014.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $5,380,424, an increase of $359,267 which includes an increase in inventory of $6,811 and prior period adjustments of (1,320). $3,979,453 or 74%, 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 $1,400,971, or 26%, is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $147,300.

The fund balance of Other Governmental Funds showed an increase in the amount of $211,967, which includes an increase in inventory of $6,811 and a prior period adjustment of (1,320). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Fund	No increase or decrease
EHA Part B Fund	No increase or decrease

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were $8,745,620, including land, school buildings, building improvements and other improvements, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a gross increase of $191,535, from 2014 due primarily to the purchase of mobile equipment and furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2015, was $4,391,052, and total depreciation expense for the year was $344,269, resulting in total net capital assets of $4,354,568.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2015	June 30, 2014	Percentage Change
Land	$ 142,757	$ 142,757	0.00 %
Buildings	1,497,238	1,531,358	(2.23) %
Building improvements	1,550,415	1,624,341	(4.55) %
Improvements other than buildings	652,281	690,736	(5.57) %
Mobile equipment	204,478	245,760	(16.80) %
Furniture and equipment	307,399	271,981	13.02 %
Total	**$ 4,354,568**	**$ 4,506,933**	**(3.38) %**

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 $2,351,329 in outstanding long-term debt, of which $369,044 is due within one year. The liability for compensated absences increased $21,997 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2015	June 30, 2014	Percentage Change	
Three mill notes payable	$ 305,000	$ 450,000	(32.22)	%
Shortfall notes payable	38,869	73,053	(46.79)	%
Obligations under capital leases	129,362	231,358	(44.09)	%
Obligations under energy efficiency leases	562,770	626,776	(10.21)	%
Qualified school construction bonds payable	1,225,000	1,225,000	0.00	%
Compensated absences payable	90,328	68,331	32.19	%
Total	**$ 2,351,329**	**$ 2,674,518**	**(12.08)**	**%**

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Central Office of the Aberdeen School District, PO Drawer 607, Aberdeen, MS 39730.

FINANCIAL STATEMENTS

ABERDEEN SCHOOL DISTRICT

Statement of Net Position **Exhibit A**

June 30, 2015

		Governmental Activities
Assets		
Cash and cash equivalents	$	4,437,979
Due from other governments		377,863
Inventories and prepaid items		48,046
Restricted assets		625,003
Capital assets, net of accumulated depreciation		4,354,568
Total Assets		9,843,459
Deferred Outflows of Resources		
Pensions		1,259,362
		1,259,362
Liabilities		
Accounts payable and accrued liabilities		108,467
Interest payable on long-term liabilities		51,953
Long-term liabilities, due within one year:		
Capital related liabilities		325,659
Non-capital related liabilities		43,385
Long-term liabilities, due beyond one year:		
Capital related liabilities		1,896,473
Non-capital related liabilities		85,812
Net Pension Liability		13,351,986
Total Liabilities		15,863,735
Deferred Inflows of Resources		
Pensions		2,013,236
		2,013,236
Net Position		
Net investment in capital assets		2,431,970
Restricted for:		
Expendable:		
School-based activities		748,079
Debt service		577,988
Unemployment benefits		22,951
Unrestricted		(10,556,168)
Total Net Position	$	(6,775,180)

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

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 6,528,725		1,083,713		(5,445,012)
Support services	5,327,372	161,979	590,075		(4,575,318)
Non-instructional	878,516		960,573		82,057
Pension expense	876,304				(876,304)
Interest on long-term liabilities	162,315				(162,315)
Total Governmental Activities	$ 13,773,232	161,979	2,634,361	0	(10,976,892)

General Revenues:	
Taxes:	
General purpose levies	4,748,407
Debt purpose levies	302,683
Unrestricted grants and contributions:	
State	6,324,031
Federal	138,911
Unrestricted investment earnings	100,175
Other	27,304
Total General Revenues	11,641,511
Change in Net Position	664,619
Net Position - Beginning, as previously reported	6,833,197
Prior Period Adjustments	(14,272,996)
Net Position - Beginning, as restated	(7,439,799)
Net Position - Ending	$ (6,775,180)

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

ABERDEEN SCHOOL DISTRICT

Governmental Funds

Balance Sheet **Exhibit C**

June 30, 2015

	Major Funds				
	General Fund	Title I Fund	EHA Part B Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 3,777,967			959,545	4,737,512
Investments				325,469	325,469
Due from other governments	121,908	138,315	52,778	64,863	377,864
Due from other funds	196,733			-	196,733
Inventories				45,028	45,028
Prepaid	3,018			-	3,018
Total assets	4,099,626	138,315	52,778	1,394,905	5,685,624
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	67,063	38,958	-	2,446	108,467
Due to other funds	-	99,357	52,778	44,598	196,733
Total Liabilities	67,063	138,315	52,778	47,044	305,200
Fund Balances:					
Nonspendable:					
Inventory				45,028	45,028
Restricted:					
Debt service	-			629,941	629,941
Unemployment benefits	-			22,951	22,951
Other Commitment	-			649,941	649,941
Assigned:					
Activity/athletic funds	53,110				53,110
Unassigned	3,979,453				3,979,453
Total Fund Balances	4,032,563	-	-	1,347,861	5,380,424
Fund Balances	$ 4,099,626	138,315	52,778	1,394,905	5,685,624

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

ABERDEEN COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**

June 30, 2015

Total fund balances for governmental funds		$ 5,380,424
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	$ 142,757	
Buildings	3,646,062	
Building improvements	1,848,150	
Improvements other than buildings	961,372	
Mobile equipment	1,056,651	
Furniture and equipment	1,090,628	
Accumulated depreciation	(4,391,052)	4,354,568
2. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	(13,351,986)	
Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions	1,258,332	
Deferred inflows of resources related to pensions	(2,013,236)	(14,106,890)
3. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Notes Payable	(343,869)	
Obligations under capital lease	(129,362)	
Energy Efficiency Lease Obligations	(562,770)	
Qualified school construction bonds payable	(1,225,000)	
Compensated absences	(90,328)	
Accrued interest payable	(51,953)	(2,403,282)
Net Position of governmental activities		$ (6,775,180)

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

ABERDEEN SCHOOL DISTRICT

Governmental Funds

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

For Year Ended June 30, 2015

	Major Funds			Other	Total
	General Fund	Title I Fund	EHA Part B Fund	Governmental Funds	Governmental Funds
Revenues:					
Local sources	$ 4,858,217			484,318	5,342,535
State sources	6,375,291			127,599	6,502,890
Federal sources	219,762	681,674	393,748	1,297,242	2,592,426
Total Revenues	11,453,270	681,674	393,748	1,909,159	14,437,851
Expenditures:					
Instruction	6,125,983	522,724	137,569	522,027	7,308,303
Support services	4,853,282	111,479	250,154	178,054	5,392,969
Noninstructional services		40,580		866,300	906,880
Debt service:					
Principal	166,002			179,184	345,186
Interest	39,733			88,426	128,159
Other	-			2,578	2,578
Total Expenditures	11,185,000	674,783	387,723	1,836,569	14,084,075
Excess (Deficiency) of Revenues over (under) Expenditures	268,270	6,891	6,025	72,590	353,776
Other Financing Sources (Uses):					
Operating transfers in	1,161,198			423,386	1,584,584
Operating transfers out	(1,282,168)	(6,891)	(6,025)	(289,500)	(1,584,584)
Total Other Financing Sources (Uses)	(120,970)	(6,891)	(6,025)	133,886	-
Net Change in Fund Balances	147,300	-	-	206,476	353,776
Fund Balances:					
July 1, 2014, as previously reported	3,885,263	-	-	1,135,894	5,021,157
Prior period adjustments	-	-	-	(1,320)	(1,320)
July 1, 2014, as restated *	3,885,263	-	-	1,134,574	5,019,837
Increase (Decrease) in reserve for inventory				6,811	6,811
June 30, 2015	$ 4,032,563	-	-	1,347,861	5,380,424

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

ABERDEEN SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds		$ 353,776
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	$ 187,459	
Loss on disposal of assets	(4,510)	
Depreciation expense	(344,269)	(161,320)
2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	345,186	
Accrued interest payable	(31,578)	313,608
3. Some items relating to pensions and 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 the governmental funds. These activities include:		
Pension expense - current year	(876,304)	
Deferred outflows - pensions resulting from contribution made subsequent to the measurement date.	1,050,045	
		173,741
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(21,997)	
Change in inventory reserve	6,811	(15,186)
Change in Net Position of governmental activities		$ 664,619

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

ABERDEEN SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities **Exhibit E**

June 30, 2015

	Agency Funds
Assets	
Cash and cash equivalents	$ 542,347
Total Assets	$ 542,347
Liabilities	
Accounts payable and accrued liabilities	$ 539,176
Due to student clubs	3,171
Total Liabilities	$ 542,347

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

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 state appointed conservator. See note 15.

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. The effect of inter-fund activity has been eliminated 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.

Note 1 – Summary of Significant Accounting Policies Continued

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

The school district reports the following major governmental funds:

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

Title I Fund – This is a special revenue fund that accounts for the revenues and expenditures associated with the Title I, Low federal award program.

EHA Part B Fund – This is a special revenue fund that accounts for the revenues and expenditures associated with the federal special education grant to states program.

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

The District's fiduciary funds include the following:

Payroll clearing fund – This fund is used as an imprest clearing account for the payroll expenditure transaction cycle.

Accounts payable clearing fund – This fund is used as an imprest clearing account for the accounts payable transaction cycle.

Student club accounts – These funds are used to account for the assets and related liabilities and transactions of student clubs.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the conservator 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 maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

1. Cash, Cash and 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 conservator. 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, as well as for its component units are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(*) 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 liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until then. The school district has incurred deferred outflows which are presented as a deferred outflow from advance refunding of debt and a deferred outflow related to pensions. See Note 8 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions. See Note 8 for further details.

8. Compensated Absences

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

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

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 Conservator, the District's highest level of decision-making authority. This formal action is the documentation of the approval of such a commitment in the official minutes of the conservator. Currently there is no committed fund balance for this school district.

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

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

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

It is the policy of the School District to maintain a minimum fund balance in the General Fund that is not less than 5% of the current year revenues of the General Fund.

F. New Pronouncements

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

Note 2 – Cash and Cash Equivalents 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 conservator 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 district 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 $4,737,512 and $542,347, respectively. The carrying amount of deposits reported in the government-wide financial statements was reported as cash and cash equivalents of $4,437,979 and a portion of restricted assets in the amount of $299,534 (See Note 4).

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 $5,326,046 was exposed to custodial credit risk.

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS Deposit	AAA/F1+	10 years	$ 325,469
Total			$ 325,469

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

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	Title I Fund	$	99,357
	EHA Part B		52,778
	Other governmental funds		44,598
Total		$	196,733

The purpose of the more significant interfund loans was to eliminate deficit cash balances in certain federal program funds as part of the normal year end closing adjustments. Fiduciary funds accumulate interest earnings that are due to the General Fund at year end.

B. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	General Fund	$	858,782
	Other governmental funds		423,386
Title I Fund	General Fund		6,891
EHA Part B Fund	General Fund		6,025
Other governmental funds	General Fund		289,500
Total		$	1,584,584

Interfund transfers represent transfers of indirect costs from certain federal programs and operating transfers from the General Fund to various governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the investment balance of $325,469, of the QSCB Bond Retirement Fund. In addition, restricted assets include the cash balance totaling $299,534 of the Construction Fund resulting from unspent proceeds of long-term debt.

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Adjustments	Balance 6/30/2015
Governmental Activities:					
Non-depreciable capital assets:					
Land	$ 142,757				142,757
Total non-depreciable capital assets	142,757	-	-	-	142,757
Depreciable capital assets:					
Buildings	3,646,062				3,646,062
Building improvements	1,848,150				1,848,150
Improvements other than buildings	961,372				961,372
Mobile equipment	1,051,051	5,600			1,056,651
Furniture and equipment	904,693	181,859	16,139	20,215	1,090,628
Total depreciable capital assets	8,411,328	187,459	16,139	20,215	8,602,863
Less accumulated depreciation for:					
Buildings	2,114,704	34,120			2,148,824
Building improvements	223,809	73,926			297,735
Improvements other than buildings	270,636	38,455			309,091
Mobile equipment	805,291	46,882			852,173
Furniture and equipment	632,712	150,886	11,629	11,260	783,229
Total accumulated depreciation	4,047,152	344,269	11,629	11,260	4,391,052
Total depreciable capital assets, net	4,364,176	(156,810)	4,510	8,955	4,211,811
Governmental activities capital assets, net	$ 4,506,933	$ (156,810)	$ 4,510	8,955	4,354,568

Business Type Activities:

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 123,662
Support services	204,359
Non-instructional	16,248
Total depreciation expense - Governmental activities	$ 344,269

Note 6 – Long-term Liabilities

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. Three mill notes payable	$ 450,000	$	$ 145,000	$ 305,000	$ 150,000
B. Shortfall notes payable	73,053		34,184	38,869	38,869
C. Obligations under capital leases	231,358		101,996	129,362	103,933
D. Obligations under energy efficiency leases	626,776		64,006	562,770	71,726
E. Qualified school construction bonds payable	1,225,000			1,225,000	-
F. Compensated absences payable	68,331	21,997		90,328	4,516
Total	$ 2,674,518	$ 21,997	$ 345,186	$ 2,351,329	$ 369,044

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited-Tax Note, Series 2008	3.46%	10/1/2008	10/1/2016	$ 1,100,000	$ 305,000
Total				$ 1,100,000	$ 305,000

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2016	150,000	10,553	160,553
2017	155,000	5,363	160,363
Total	$ 305,000	$ 15,916	$ 320,916

This debt will be retired from the 2008 Three Mill Note Fund (Debt Service Fund).

B. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date		Amount Issued		Amount Outstanding
Revenue shortfall note, Series 2012	3.10%	10/26/2012	10/26/2015	$	107,237	$	38,869
Total				$	107,237	$	38,869

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

Year Ending June 30		Principal		Interest and Maintenance Charges	Total
2016		38,869		1,157	40,026
Total	$	38,869	$	1,157 $	40,026

This debt will be retired from the Shortfall Note Fund (Debt Service Fund).

C. Obligations under capital leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date		Amount Issued		Amount Outstanding
Capital Lease Agreement	1.90%	9/1/2013	9/1/2016	$	337,749	$	129,362
Total				$	337,749	$	129,362

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

Year Ending June 30		Principal		Interest and Maintenance Charges		Total
2016		103,933		2,458		106,391
2017		25,429		483		25,912
Total	$	129,362	$	2,941	$	132,303

This debt will be retired from the District Maintenance Fund (General Fund) with payments due on September 1st of each year of the agreement.

D. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy performance contract lease	6.05%	3/10/2009	6/10/2021	$ 820,684	$ 562,770
Total				$ 820,684	$ 562,770

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

Year Ending June 30	Principal	Interest	Total
2016	$ 71,726	$ 30,798	$ 102,524
2017	79,091	26,301	105,392
2018	87,746	21,322	109,068
2019 – 2021	324,207	30,021	354,228
Total	$ 562,770	$ 108,442	$ 671,212

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

An energy efficiency lease agreement dated March 10, 2009, was executed by and between the district, the lessee, and Johnson Controls, Inc., the lessor.

The agreement authorized the borrowing of $820,684 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not exceed fifteen (15) years.

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

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

E. Qualified school construction bonds payable

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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bond	0%	12/1/2010	12/1/2022	$ 1,225,000	$ 1,225,000
Total				$ 1,225,000	$ 1,225,000

F. Compensated absences payable

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

Note 7 – Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Four (4) Konica Minolta copiers
2. Two (2) Ricoh digital duplicators
3. One (1) Ricoh copier

Lease expenditures for the year ended June 30, 2015, amounted to $13,786. Future lease payments for these leases are as follows:

Year Ending June 30		Principal
2016	$	13,097
2017		13,097
Total	$	26,194

Note 8 – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required Supplemental 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 $1,050,045, $1,033,782 and $963,304 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 $13,351,986 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the school district's proportion was 0.110% percent.

For the year ended June 30, 2015, the District recognized pension expense of $876,304. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 208,287	
Net difference between projected and actual earnings on pension plan investments		$ 1,935,468
Changes of assumptions		
Changes in proportion and differences between District contributions and proportionate share of contributions		$ 77,768
District contributions subsequent to the measurement date	1,050,045	
Total	$ 1,258,332	$ 2,013,236

$1,050,045 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	$ (436,918)
2017	(436,918)
2018	(447,247)
2019	(483,867)
2020	-0-

Thereafter	-0-

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 ae 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:

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%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share	$ 18,202,738	$ 13,351,986	$ 9,305,737

of the net pension liability

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

Note 9 – Prior Period Adjustments

A summary of the prior period adjustments to Net Position/Fund Balance are as follows:

Exhibit B - Statement of Activities

Explanation		Amount
1. Implementation of GASB 68 and 71:	$	$
Net pension liability (measurement date)	(15,314,413)	
Deferred outflows - contributions made during fiscal year 2014	1,033,782	
Total prior period adjustment related to GASB 68 and 71		(14,280,631)
2. Restatement of prior period capital assets		8,955
3. Restatement of prior period asset or liability		(1,320)
Total		$ (14,272,996)

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

Fund	Explanation	Amount
Other governmental funds	Restatement of a prior year asset or liability	(1,320)
Total		$ (1,320)

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. 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.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was $325,469. 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		Principal
2016	$	144,000
2017		108,000
2018		108,000
2019 – 2023		434,000
Total	$	794,000

Note 13 - 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 Aberdeen School District evaluated the activity of the district through March 22, 2016, and determined that there were no subsequent events that should be noted in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

ABERDEEN SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 4,760,298	4,760,298	4,858,217	-	97,919
State sources	6,317,333	6,317,333	6,375,291	-	57,958
Federal sources	138,000	138,000	219,762	-	81,762
Total Revenues	11,215,631	11,215,631	11,453,270	-	237,639
Expenditures:					
Instruction	4,783,745	5,277,657	6,125,983	(493,912)	(848,326)
Support services	4,621,797	5,720,345	4,853,282	(1,098,548)	867,063
Noninstructional services	-			-	-
Facilities acquisition and construction	-	15,000	-	(15,000)	15,000
Debt service:					
Principal	205,735	206,216	166,002	(481)	40,214
Interest			39,733	-	(39,733)
Total Expenditures	9,611,277	11,219,218	11,185,000	(1,607,941)	34,218
Excess (Deficiency) of Revenues over (under) Expenditures	1,604,354	(3,587)	268,270	(1,607,941)	271,857
Other Financing Sources (Uses):					
Insurance loss recoveries					
Operating transfers in	81,574	81,574	1,161,198	-	1,079,624
Operating transfers out	(1,478,448)	(1,478,448)	(1,282,168)	-	196,280
Total Other Financing Sources (Uses)	(1,396,874)	(1,396,874)	(120,970)	-	1,275,904
Net Change in Fund Balances	207,480	(1,400,461)	147,300	(1,607,941)	1,547,761
Fund Balances:					
July 1, 2014, as previously reported	3,835,202	3,835,202	3,885,263	-	50,061
July 1, 2014, as restated	3,835,202	3,835,202	3,885,263	-	50,061
June 30, 2015	$ 4,042,682	2,434,741	4,032,563	(1,607,941)	1,597,822

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

ABERDEEN SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 1,490,542	1,490,542	681,674	-	(808,868)
Total Revenues	1,490,542	1,490,542	681,674	-	(808,868)
Expenditures:					
Instruction	1,080,116	761,275	522,724	318,841	238,551
Support services	320,692	260,181	111,479	60,511	148,702
Noninstructional services	90,395	57,054	40,580	33,341	16,474
Total Expenditures	1,491,203	1,078,510	674,783	412,693	403,727
Excess (Deficiency) of Revenues over (under) Expenditures	(661)	412,032	6,891	412,693	(405,141)
Other Financing Sources (Uses):					
Operating transfers out	(31,935)	(8,775)	(6,891)	23,160	1,884
Total Other Financing Sources (Uses)	(31,935)	(8,775)	(6,891)	23,160	1,884
Net Change in Fund Balances	(32,596)	403,257	-	435,853	(403,257)
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	$ (32,596)	403,257	-	435,853	(403,257)

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

ABERDEEN SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 625,000	625,000	393,748	-	(231,252)
Total Revenues	625,000	625,000	393,748	-	(231,252)
Expenditures:					
Instruction	22,200	187,659	137,569	(165,459)	50,090
Support services	124,643	293,148	250,154	(168,505)	42,994
Noninstructional services		2,000		(2,000)	2,000
Total Expenditures	146,843	482,807	387,723	(335,964)	95,084
Excess (Deficiency) of Revenues over (under) Expenditures	478,157	142,193	6,025	(335,964)	(136,168)
Other Financing Sources (Uses):					
Operating transfers out		(8,809)	(6,025)	(8,809)	2,784
Total Other Financing Sources (Uses)	-	(8,809)	(6,025)	(8,809)	2,784
Net Change in Fund Balances	478,157	133,384	0	(344,773)	(133,384)
Fund Balances:					
July 1, 2014, as previously reported	-	-	-	-	-
July 1, 2014, as restated	-	-	-	-	-
June 30, 2015	$ 478,157	133,384	0	(344,773)	(133,384)

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

ABERDEEN SCHOOL DISTRICT

Required Supplementary Information

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)	0.110%
District's proportionate share of the net pension liability (asset)	$ 13,351,986
District's covered-employee payroll	6,563,695
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.42%
Plan fiduciary net position as a percentage of the total pension liability	67%

The notes to 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.

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

	2015
Contractually required contribution	$ 1,050,045
Contributions in relation to the contractually required contribution	$ 1,050,045
Contribution deficiency (excess)	$ 0
District's covered-employee payroll	6,666,952
Contributions as a percentage of covered-employee payroll	15.75%

The notes to 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.

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the school district and filed with the taxing authority. Amendments can be made on the approval of the conservator. 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.

SUPPLEMENTAL INFORMATION

ABERDEEN SCHOOL DISTRICT
Supplemental Information
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 239,320
National school lunch program	10.555	713,075
Total child nutrition cluster		952,395
Total passed-through Mississippi Department of Education		952,395
Total U.S. Department of Agriculture		952,395
U.S. Department of Defense		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	80,851
Total U.S. Department of Defense		80,851
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	16,751
Total Federal Communications Commission		16,751
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Rehabilitation Services	84.126	17,911
Twenty-First Century Community Learning Centers	84.287	21,663
Rural Education	84.358	12,663
Improving Teacher Quality State Grants	84.367	179,079
Subtotal		231,316
Title I cluster:		
Title I grants to local educational agencies	84.010	739,246
Total Title I cluster		739,246
Special education cluster:		
Special education - grants to states	84.027	393,748
Special education - preschool grants	84.173	31,692
Total special education cluster		425,440
Total passed-through Mississippi Department of Education		1,396,002
Total U.S. Department of Education		1,396,002
Total for All Federal Awards		$ 2,445,999

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.

ABERDEEN SCHOOL DISTRICT

Supplementary Information

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

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	9,089,481	6,927,710	640,020	614,558	907,193
Other		4,994,594	1,541,438	498,590	43,258	2,911,308
Total	$	14,084,075	8,469,148	1,138,610	657,816	3,818,501
Total number of students *		1,192				
Cost per student	$	11,815	7,105	955	552	3,203

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

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

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

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

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

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

OTHER INFORMATION

ABERDEEN SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
"UNAUDITED"

	2015	2014*	2013*	2012*
Revenues:				
Local sources	$ 4,858,217	4,901,205	4,959,936	4,360,165
State sources	6,375,291	6,391,201	6,344,921	6,493,553
Federal sources	219,762	447,947	291,381	223,068
Total Revenues	11,453,270	11,740,353	11,596,238	11,076,786
Expenditures:				
Instruction	6,125,983	5,969,868	5,627,860	5,681,449
Support services	4,853,282	4,698,095	4,388,611	4,290,260
Noninstructional services			505	
Facilities acquisition and construction				
Debt service:				
Principal	166,002	163,678	50,761	50,661
Interest	39,733	39,162	47,047	40,251
Total Expenditures	11,185,000	10,870,803	10,114,784	10,062,621
Excess (Deficiency) of Revenues over (under) Expenditures	268,270	869,550	1,481,454	1,014,165
Other Financing Sources (Uses):				
Bonds and notes issued		337,749	107,237	
Insurance recoveries			436	
Sale of transportation equipment		2,718	606	
Sale of other property		7,615	4,404	
Operating transfers in	1,161,198	1,166,128	116,065	22,860
Operating transfers out	(1,282,168)	(1,216,837)	(289,181)	(363,316)
Total Other Financing Sources (Uses)	(120,970)	297,373	(60,433)	(340,456)
Net Change in Fund Balances	147,300	1,166,923	1,421,021	673,709
Fund Balances:				
Beginning of period, as previously reported	3,885,263	2,718,340	1,371,167	775,669
Prior period adjustments			(73,848)	(78,211)
Reclassify fund type				
Beginning of period, as restated	3,885,263	2,718,340	1,297,319	697,458
End of Period	$ 4,032,563	3,885,263	2,718,340	1,371,167

*SOURCE - PRIOR YEAR AUDIT REPORTS

ABERDEEN SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
"UNAUDITED"

	2015	2014*	2013*	2012*
Revenues:				
Local sources	$ 5,342,535	$ 5,323,029	$ 5,360,630	$ 4,733,625
State sources	6,502,890	6,520,239	6,516,850	6,648,235
Federal sources	2,592,426	3,030,651	2,808,221	2,931,149
Total Revenues	14,437,851	14,873,919	14,685,701	14,313,009
Expenditures:				
Instruction	7,308,303	7,167,856	6,777,725	7,177,744
Support services	5,392,969	5,331,221	5,292,547	5,092,346
Noninstructional services	906,880	887,158	992,084	886,489
Facilities acquisition and construction	-	-	1,157,181	-
Debt service:				
Principal	345,186	337,862	185,761	180,661
Interest	128,159	131,999	140,732	107,930
Other	2,578	500	500	-
Total Expenditures	14,084,075	13,856,596	14,546,530	13,445,170
Excess (Deficiency) of Revenues over (under) Expenditures	353,776	1,017,323	139,171	867,839
Other Financing Sources (Uses):				
Proceeds of loans				
Bonds and notes issued		337,749	107,237	-
Insurance recovery			436	
Sale of transportation equipment		2,718	606	-
Sale of other property		8,010	4,426	-
Operating transfers in	1,584,584	1,561,621	564,298	1,615,475
Other financing sources	-	-	-	35,000
Operating transfers out	(1,584,584)	(1,561,621)	(564,298)	(1,615,475)
Other financing uses	-	-	-	(35,000)
Total Other Financing Sources (Uses)	-	348,477	112,705	-
Net Change in Fund Balances	353,776	1,365,800	251,876	867,839
Fund Balances:				
Beginning of period, as originally reported	5,021,157	3,648,788	3,461,054	2,809,124
Prior period adjustments	(1,320)		(68,615)	(210,230)
Beginning of period, as restated	5,019,837	3,648,788	3,392,439	2,598,894
Increase (Decrease) in reserve for inventory	6,811	6,569	4,473	(5,679)
End of Period	$ 5,380,424	5,021,157	3,648,788	3,461,054

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

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

Independent Auditors' Report

On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Conservator
Aberdeen 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 Aberdeen School District, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise Aberdeen School District's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

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

Watkins, Ward & Stafford PLLC
Jackson, Mississippi
March 22, 2016

Watkins Ward and Stafford, PLLC

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Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

Conservator
Aberdeen School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Aberdeen 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 Aberdeen 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 Aberdeen School District's internal control over compliance.

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

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

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

Watkins, Ward & Stafford PLLC
Jackson, Mississippi
March 22, 2016

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Conservator
Aberdeen School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2015, which collectively comprise Aberdeen School District's basic financial statements and have issued our report thereon dated March 22, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported a zero balance 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 conservator and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Watkins, Ward & Stafford PLLC
Jackson, Mississippi
March 22, 2016

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ABERDEEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2015

Section I: Summary of Auditors' Results

Financial Statements:

1.	Type of Auditors' report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified?	None reported
3.	Noncompliance material to financial statements noted?	No

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness identified?	No
	b. Significant deficiency identified?	None Reported
5.	Type of Auditors' report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None reported

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.553; 10.555	Child Nutrition Cluster
84.367	Title II
84.027; 84.173	Special Education Cluster

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

ABERDEEN SCHOOL DISTRICT
P.O. Box 607
Aberdeen, MS 39730
Mr. Mac Curlee, Conservator
Latasha Straughter, Chief Financial Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Findings	Status
2014-01	Corrected