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ALCORN SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcorn School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Shares of the Net Pension Liability, and the Schedule of District Contributions on pages 3-9, 36-42, and 43-44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alcorn School District's 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 Balance-General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Funds, Last Four Years, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balance-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 April 13, 2017, on our consideration of the Alcorn 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 Alcorn School District's internal control over financial reporting and compliance.

Browner, Vanstony & Co. P.A.

April 13, 2017
Booneville, Mississippi

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

The following discussion and analysis of Alcorn 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 basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total Net Position for 2015 decreased \$33,878,686 including a prior period adjustment of (\$35,903,443), which represents a 263.33% decrease from fiscal year 2014. Total Net Position for 2014 decreased \$750,149 including a prior period adjustment of (\$449,269), which represents 6.00% decrease from fiscal year 2013.
- General revenues amounted to \$24,307,120 and \$22,958,571, or 83% and 80% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,103,274, or 17% of the total revenues for 2015, and \$5,698,809, or 20% of the total revenues for 2014.
- The District had \$27,385,637 and \$28,958,260 in expenses for fiscal years 2015 and 2014; only \$5,103,274 for 2015 and \$5,698,809 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$24,307,120 for 2015, and \$22,958,571 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$23,933,193 in revenues and \$22,924,155 in expenditures for 2015, and \$23,173,393 in revenues and \$23,774,187 in expenditures for 2014. The General Fund's fund balance increased by \$841,064 from 2014 to 2015, and decreased \$761,070 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$529,879 for 2015 and decreased by \$1,030,071 for 2014. The decrease for 2015 was due primarily to the increase in accumulated depreciation.
- Long-term debt decreased by \$755,454 for 2015 and decreased by \$701,676 for 2014. The decrease for 2015 was due primarily to debt reduction. The liability for compensated absences decreased by \$7,830 for 2015 and increased by \$38,294 for 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers 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.

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

Government-wide Financial Statements (continued)

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, pension expense, and interest on long-term debt.

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.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balance-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 exceed assets and deferred outflows of resources by \$21,013,248 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	\$ 5,946,076	4,927,846	20.66%
Restricted assets	853,079	696,506	22.48%
Capital assets, net	13,767,413	14,297,292	-3.71%
Total assets	20,566,568	19,921,644	3.24%
Deferred Outflows of Resources	3,114,457	-	n/a
Current liabilities	189,626	204,271	-7.17%
Long-term debt outstanding	6,083,480	6,851,935	-11.22%
Net pension liability	32,994,578	-	n/a
Total liabilities	39,267,684	7,056,206	456.50%
Deferred Inflows	5,426,589	-	n/a
Net position:			
Net investment on capital assets	8,069,921	7,839,175	2.86%
Restricted	4,014,476	3,174,823	26.45%
Unrestricted	(33,097,645)	1,851,440	-1887.67%
Total net position	(21,013,248)	12,865,438	-263.33%

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Net Position (continued)

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

- Decrease in net capital assets in the amount of \$529,879.
- The principal retirement of \$2,177,624 of long-term debt.

Changes in Net Position. The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$29,410,394 and \$28,657,380, respectively. The total cost of all programs and services was \$27,385,637 for 2015 and \$28,958,260 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	\$ 1,252,898	\$ 1,322,929	-5.29%
Operating grants and contributions	3,850,376	4,375,880	-12.01%
Capital grants and contributions	-	-	-
General revenues:			
Property taxes	5,723,974	5,670,688	0.94%
Grants and contributions not restricted	18,322,367	17,052,201	7.45%
Investment earnings	1,696	1,583	7.13%
Other	259,083	234,099	10.67%
Total revenues	29,410,394	28,657,380	2.63%
Expenses:			
Instruction	15,719,472	18,164,405	-13.46%
Support services	8,021,730	8,987,162	-10.74%
Non-instructional	1,393,799	1,454,070	-4.14%
Pension Expense	2,003,018	-	NA
Interest on long-term debt	247,618	352,623	-29.78%
Total expenses	27,385,637	28,958,260	-5.43%
Increase(decrease) in net assets	2,024,757	(300,880)	772.95%
Net assets, July 1, as previously reported	12,865,438	13,615,587	-5.51%
Prior period adjustment	(35,903,443)	(449,269)	-7891.52%
Net assets, July 1, as restated	(23,038,005)	13,166,318	-274.98%
Net assets, June 30	\$ (21,013,248)	\$ 12,865,438	-263.33%

Governmental activities. The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, pension expense, and interest on long-term debt. 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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Net Position (continued)

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 15,719,472	\$ 18,164,405	-13.46%
Support services	8,021,730	8,987,162	-10.74%
Non-instructional	1,393,799	1,454,070	-4.14%
Pension Expense	2,003,018	-	NA
Interest on long-term debt	247,618	352,623	-29.78%
Total expenses	\$ 27,385,637	\$ 28,958,260	-5.43%

	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	\$ (12,314,000)	\$ (14,850,159)	17.08%
Support services	(7,779,212)	(8,125,354)	4.26%
Non-instructional	61,485	68,685	-10.48%
Pension Expense	(2,003,018)	-	NA
Interest on long-term debt	(247,618)	(352,623)	29.78%
Total net (expense) revenue	\$ (22,282,363)	\$ (23,259,451)	4.20%

- Net cost of governmental activities ((\$22,282,363) for 2015 and (\$23,259,451) for 2014) was financed by general revenue, which is primarily made up of property taxes of (\$5,723,974 for 2015 and \$5,670,688 for 2014) and state and federal revenues of (\$18,322,367 for 2015 and \$17,052,201 for 2014).

- Investment earnings amounted to \$1,696 for 2015 and \$1,583 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 \$6,690,861, an increase of \$1,131,503, which includes an increase in inventory of \$4,675. \$2,595,053 or 38.79% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,095,808 or 61.21% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$841,064. The fund balance of Other Governmental Funds showed an increase in the amount of \$228,755. The increase (decrease) in the fund balances for the other major funds were as follows:

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

<u>Major Fund</u>	<u>Increase (Decrease)</u>
School Food Service Fund	\$ (53,228)
Title I Fund	-
Title I Cost Pool	-
IDEA Part B Fund	-
Vocational Education Fund	-
3 Mill Note Retirement	114,912

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$34,951,735, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment and construction in progress. This amount represents an increase of \$101,041 from 2014. Total accumulated depreciation as of June 30, 2015, was \$21,184,322, and total depreciation expense for the year was \$641,360, resulting in total net capital assets of \$13,767,413.

**Table 4
Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 241,502	\$ 241,502	-
Buildings	11,714,442	12,064,669	-2.90%
Building improvements	858,532	934,336	-8.11%
Mobile equipment	519,626	566,699	-8.31%
Furniture and equipment	383,577	395,591	-3.04%
Leased property under capital leases	49,734	94,495	-47.36%
Total	<u>\$ 13,767,413</u>	<u>\$ 14,297,292</u>	-3.71%

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

Debt Administration. At June 30, 2015, the District had \$6,083,480 in outstanding long-term debt, of which \$728,761 is due within one year. The liability for compensated absences decreased \$7,830 from the prior year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION - Debt Administration (continued)

**Table 5
Outstanding Long-Term Debt**

	June 30, 2015	June 30, 2014	Percentage Change
Limited obligation bonds payable	\$ 2,015,000	\$ 2,525,000	-20.20%
Three mill notes payable	1,430,000	1,590,000	-10.06%
Obligations under capital leases	58,761	117,122	-49.79%
Obligations under energy efficiency lease	-	19,263	-100.00%
Qualified school construction bonds payable	2,160,000	2,160,000	NA
Compensated absences payable	385,988	393,818	-2.00%
Sub-Total	6,049,749	6,805,203	-11.10%
 Premiums	 33,731	 46,732	 -27.82%
 Total	 \$ 6,083,480	 \$ 6,851,935	 -11.03%

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

Current Issues

The Alcorn 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 control is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

Enrollment for the 2014-2015 year increased by 0.02% to 3,253 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report, contact the Superintendent's Office of the Alcorn School District, P.O. Box 1420, Corinth, MS 38835.

ALCORN SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,746,379
Due from other governments	1,025,928
Other receivables	109,253
Inventories	64,516
Deferred charges, debt issuance costs	-
Restricted Assets	853,079
Capital assets, non-depreciable	
Land	241,502
Capital assets, net of accumulated depreciation:	
Buildings	11,714,442
Building improvements	858,532
Mobile equipment	519,626
Furniture and equipment	383,577
Leased property under capital leases	49,734
Total assets	<u>20,566,568</u>
Deferred outflows pensions	<u>3,114,457</u>
Liabilities	
Accounts payable and accrued liabilities	108,294
Interest payable on long term liabilities	81,332
Long-term liabilities, due within one year	
Capital related liabilities	748,761
Long-term liabilities, due beyond one year	
Capital related liabilities	4,915,000
Non-capital related liabilities	385,988
Capital related bond premiums	33,731
Net pension liability	32,994,578
Total liabilities	<u>39,267,684</u>
Deferred inflows pensions	<u>5,426,589</u>
Net Position	
Net investment in capital assets	8,069,921
Restricted net assets:	
Expendable:	
School based activities	1,698,121
Debt service	2,227,745
Capital improvements	22,640
Unemployment benefits	65,970
Unrestricted	<u>(33,097,645)</u>
Total net position	<u><u>\$ (21,013,248)</u></u>

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

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

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net(Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 15,719,472	980,891	2,424,581	-	(12,314,000)
Support services	8,021,730	-	242,518	-	(7,779,212)
Non-instructional	1,393,799	272,007	1,183,277	-	61,485
Pension expense	2,003,018	-	-	-	(2,003,018)
Interest on long-term debt	247,618	-	-	-	(247,618)
Total governmental activities	\$ 27,385,637	1,252,898	3,850,376	-	(22,282,363)
General Revenues:					
Taxes:					
General purpose levies					4,821,613
Debt purpose levies					902,361
Unrestricted grants and contributions:					
State					17,948,137
Federal					374,230
Unrestricted investment earnings					1,696
Other					259,083
Total general revenues					24,307,120
Change in net position					2,024,757
Net Position - beginning as originally reported					12,865,438
Prior Period Adjustments					(35,903,443)
Net Position - beginning as restated					(23,038,005)
Net Position - ending					\$ (21,013,248)

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

ALCORN SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2015

	Major Funds							Exhibit C	
	General Fund	School Food Service Fund	Title I Fund	Title I Cost Pool Fund	IDEA Part B Fund	Vocational Education Fund	3 Mill Note Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and cash equivalents	\$2,455,355	630,041	-	-	10,330	500	1,160,258	489,895	\$4,746,379
Cash with fiscal agents	-	-	-	-	-	-	-	853,079	853,079
Due from other governments	309,819	-	143,969	-	124,954	38,670	7,427	401,089	1,025,928
Other receivable	3,953	34	-	-	-	47,760	-	57,505	109,252
Due from other funds	435,988	7,568	-	-	-	-	-	-	443,556
Inventories and prepaid items	-	64,516	-	-	-	-	-	-	64,516
Total Assets	3,205,115	702,159	143,969	-	135,284	86,930	1,167,685	1,801,568	7,242,710
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	65,439	1,900	18,655	-	527	500	-	21,272	108,293
Due to other funds	-	-	125,314	-	134,757	86,430	-	97,055	443,556
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	65,439	1,900	143,969	-	135,284	86,930	-	118,327	551,849
Fund Balances:									
Non spendable:									
Inventory	-	64,516	-	-	-	-	-	-	64,516
Restricted for:									
Debt service	-	-	-	-	-	-	1,167,685	1,141,392	2,309,077
Grant activities	-	-	-	-	-	-	-	475,879	475,879
Unemployment benefits	-	-	-	-	-	-	-	65,970	65,970
Food services	-	635,743	-	-	-	-	-	-	635,743
Committed:									
Capital projects	22,640	-	-	-	-	-	-	-	22,640
Equipment	171,772	-	-	-	-	-	-	-	171,772
Assigned:									
Activity funds	350,211	-	-	-	-	-	-	-	350,211
Unassigned:	2,595,053	-	-	-	-	-	-	-	2,595,053
Total fund balances	3,139,676	700,259	-	-	-	-	1,167,685	1,683,241	6,690,861
Total liabilities and fund balances	\$ 3,205,115	702,159	143,969	-	135,284	86,930	1,167,685	1,801,568	7,242,710
The notes to the financial statements are an integral part of this statement.									

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

		<u>Amount</u>
Total fund balance - governmental funds		\$ 6,690,861
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	241,502	
Buildings	28,296,334	
Building improvements	1,895,090	
Mobile equipment	2,836,088	
Furniture and equipment	1,185,382	
Leased property under capital leases	497,339	
Accumulated depreciation	<u>(21,184,322)</u>	
		13,767,413
2 Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds		(32,994,578)
Net Pension Liability		
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:		
Deferred outflows or resources related to pension	3,114,457	
Deferred inflows or resources related to pension	<u>(5,426,589)</u>	(2,312,132)
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Limited obligation bonds	(2,015,000)	
Three Mill Notes	(1,430,000)	
Capital lease obligations	(58,761)	
Qualified school construction bond payable	(2,160,000)	
Compensated absences payable	(385,988)	
Accrued interest payable	(81,332)	
Bond Premium	<u>(33,731)</u>	(6,164,812)
Total net position - governmental activities		<u><u>\$ (21,013,248)</u></u>

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

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

EXHIBIT D

	Major Funds								
	General Fund	School Food Service Fund	Title I Fund	Title I Cost Pool Fund	IDEA Part B Fund	Vocational Education Fund	Three Mill Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:									
Local sources	\$ 6,742,410	276,641	-	-	-	47,760	375,177	35,901	7,477,889
State sources	16,824,098	-	-	-	-	629,130	-	869,138	18,322,366
Federal sources	366,685	1,175,709	800,279	-	966,545	73,300	-	210,227	3,592,745
Total Revenues	23,933,193	1,452,350	800,279	-	966,545	750,190	375,177	1,115,266	29,393,000
Expenditures:									
Instruction	15,268,682	-	507,027	53,193	644,756	819,386	-	204,728	17,497,772
Support services	7,376,835	84,138	222,203	2,323	314,135	-	-	157,416	8,157,050
Noninstructional services	46,964	1,396,115	15,533	-	138	-	-	4,784	1,463,534
Debt service:									
Debt issuance cost	-	-	-	-	-	-	29,500	-	29,500
Principal	77,624	-	-	-	-	-	1,590,000	510,000	2,177,624
Interest	132,519	-	-	-	-	-	70,765	102,279	305,563
Other	21,531	-	-	-	-	-	-	50,901	72,432
Total Expenditures	22,924,155	1,480,253	744,763	55,516	959,029	819,386	1,690,265	1,030,108	29,703,475
Revenue Over(Under) Expenditures	1,009,038	(27,903)	55,516	(55,516)	7,516	(69,196)	(1,315,088)	85,158	(310,475)
Other Financing Sources (Uses):									
Bond Proceeds	-	-	-	-	-	-	1,430,000	-	1,430,000
Sale of property	2,910	-	-	-	-	-	-	-	2,910
Payment held by QSCB escrow agent	-	-	-	-	-	-	-	144,000	144,000
Payment to QSCB escrow agent	(144,000)	-	-	-	-	-	-	-	(144,000)
Insurance loss recoveries	4,393	-	-	-	-	-	-	-	4,393
Operating transfers in	37,919	-	-	55,516	-	69,196	-	-	162,631
Operating transfers out	(69,196)	(30,000)	(55,516)	-	(7,516)	-	-	(403)	(162,631)
Total Other Financing Sources (Uses)	(167,974)	(30,000)	(55,516)	55,516	(7,516)	69,196	1,430,000	143,597	1,437,303
Net change in fund balances	841,064	(57,903)	-	-	-	-	114,912	228,755	1,126,828
Fund Balances:									
July 1, 2014	2,298,612	753,487	-	-	-	-	1,052,773	1,454,486	5,559,358
Increase (decrease) in Reserve for Inventory	-	4,675	-	-	-	-	-	-	4,675
June 30, 2015	\$ 3,139,676	700,259	-	-	-	-	1,167,685	1,683,241	6,690,861

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

Exhibit D-1

		<u>Amount</u>
Net Changes in fund balances - governmental funds		\$ 1,126,828
Amounts reported for governmental activities in the Statement of Activities are different because:		
1	Governmental funds report capital outlays 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
	Depreciation expense	<u>(641,360)</u>
		(453,901)
2	In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(75,978)
3	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, 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:	
	Bond Proceeds	(1,430,000)
	Payments of debt principal	2,177,624
	Accrued interest payable	57,945
	Bond premiums	<u>13,001</u>
		818,570
4	The recording of Pension expense in the settlement of activities do not require the use of current financial resources and, therefore, are not reported as governmental funds:	
	Pension expense	(2,003,018)
	Contributions made after measurement date	<u>2,599,751</u>
		596,733
5	Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:	
	Changes in compensated absences	7,830
	Change in inventory reserve	<u>4,675</u>
		12,505
Change in net position governmental activities		<u><u>\$ 2,024,757</u></u>

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

ALCORN SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2015

	Private-Purpose Trust Funds	Agency Funds	Payroll Clearing
Assets			
Cash and cash equivalents	\$ 7,517	159,821	1,520,931
Total Assets	<u>7,517</u>	<u>159,821</u>	<u>1,520,931</u>
Liabilities			
Accounts payable and accrued liabilities	-	-	1,520,931
Due to student clubs	-	159,821	-
Total Liabilities	<u>-</u>	<u>159,821</u>	<u>1,520,931</u>
Net Position			
Held in trust	<u>7,517</u>		
Total Net Position	<u>\$ 7,517</u>		

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

**ALCORN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ending June 30, 2015**

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Interest on investments	\$ -
Total Additions	-
DEDUCTIONS	
Scholarships awarded	-
Total Deductions	-
CHANGES IN NET ASSETS	-
July 1, 2014	7,517
June 30, 2015	\$ 7,517

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

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

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

**Alcorn School District
Notes to the Financial Statements
For the Year Ended June 30, 2015**

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.

Food Service– This fund accounts for the revenues and expenditures of the Food Service Fund

Title I Fund – This fund accounts for the revenues and expenditures of the funds provided by the Title I Grant.

Title I Cost Pool Fund – This fund accounts for designated pooled costs of the Title I Grant.

IDEA Part B Fund – This fund accounts for the revenues and expenditures of the funds provided by the IDEA Grant.

3 Mill Note Retirement Fund – This fund accounts for the revenues collected and expenditures made to pay the debt provided by this fund.

Vocational Education Fund – This fund accounts for the revenue and expenditures of the Vocational Fund Grant.

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:

Private Purpose Trust Fund – This fund includes donations made to the School district for the purpose of scholarships to students.

Student Club Funds – These agency funds account for revenues raised by club activities and the related club expenditures for various student clubs throughout the district.

Accounts Payable Clearing – This fund is used to account for the district’s claims payable and the payment of those claims.

Payroll Clearing – This fund is used to account for salaries and related salary expenditures payable and the payment of those payables.

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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are 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 they are received from the State of Mississippi.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

D. Encumbrances

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

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

(1) Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

(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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

(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.

(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	*	*

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

(7) Deferred outflows/inflows of resources

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

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 10 for further details.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

(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 and payments are reported as expenditures in the funds. 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 further details.

(10) Pensions

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

(11) Fund Balances

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

(11) Fund Balances (Continued)

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first.

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

Note 2 - Cash and Cash Equivalents and Cash with Fiscal Agents

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,746,379 and \$1,688,269, respectively. The carrying amount of deposits reported in the government-wide financial statements was \$4,746,379. The bank balance was \$7,249,921.

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. In the event of the 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. 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 \$7,249,921 was exposed to custodial credit risk.

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

Note 2 - Cash and Cash Equivalents and Cash with Fiscal Agents (Continued)

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$853,079.

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 125,314
General Fund	IDEA Part B Fund	134,757
General Fund	Vocational Education Fund	86,430
General Fund	Other Governmental	89,487
Food Service Fund	Other Governmental	7,568
Total		<u>\$ 443,556</u>

Temporary loans of \$443,556 were made until funds are received from grantors.

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 69,196	Vocational Education Fund	\$ 69,196
Food Service Fund	30,000	General Fund	30,000
Title I Fund	55,516	Title I Cost Pool Fund	55,516
IDEA Part B Fund	7,516	General Fund	7,516
Other Governmental	403	General Fund	403
Total	<u>\$ 162,631</u>		<u>\$ 162,631</u>

The principal purpose of inter-fund transfers was to provide funds for daily operation.

Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent balance of \$576,001 of the QSCB Bond Retirement Fund.

In addition, the restricted assets represent the cash with fiscal agent balance totaling \$277,078 of the MAEP Bond Retirement Fund.

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

Note 5 - Capital Assets

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

Governmental Activities:	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
<u>Non-depreciable capital assets</u>				
Land	\$ 241,502	-	-	241,502
Total non-depreciable assets	241,502	-	-	241,502
<u>Depreciable capital assets:</u>				
Buildings	28,296,334	-	-	28,296,334
Building improvements	1,895,090	-	-	1,895,090
Mobile equipment	2,847,688		(11,600)	2,836,088
Furniture and equipment	1,072,741	187,459	(74,818)	1,185,382
Leased property under capital leases	497,339	-	-	497,339
Total depreciable capital assets	34,609,192	187,459	(86,418)	34,710,233
<u>Less accumulated depreciation for:</u>				
Buildings	(16,231,665)	(350,227)	-	(16,581,892)
Buildings improvements	(960,754)	(75,804)	-	(1,036,558)
Mobile Equipment	(2,280,989)	(45,913)	10,440	(2,316,462)
Furniture and equipment	(677,150)	(124,655)	-	(801,805)
Leased property under capital leases	(402,844)	(44,761)	-	(447,605)
Total accumulated depreciation	(20,553,402)	(641,360)	10,440	(21,184,322)
Total depreciable capital assets, net	14,055,790	(453,901)	(75,978)	13,525,911
Governmental activities capital assets, net	<u>\$ 14,297,292</u>	<u>\$ (453,901)</u>	<u>\$ (75,978)</u>	<u>\$ 13,767,413</u>

The following adjustments were made to capital assets:

Equipment previously disposed - net	Mobile Equipment	\$ (11,600)
	Furniture and Equipment	(74,818)
	Loss on disposal of assets	(86,418)
	Depreciation Mobile Equipment	10,440
	Net Amount	<u>\$ (75,978)</u>

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

Note 5 – Capital Assets (continued)

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Instruction	\$ 470,792
Support services	124,655
Non-instructional	<u>45,913</u>
Total depreciation expense	<u>\$ 641,360</u>

Note 6 - Long-term liabilities

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

	<u>Balance 7/1.2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2015</u>	<u>Amounts due within one year</u>
A Limited obligation bonds payable	2,525,000	-	510,000	2,015,000	515,000
	-				
B Three mill notes payable	1,590,000	-	1,590,000	-	-
C Three Mill Note Series 2015	-	1,430,000	-	1,430,000	175,000
D Obligations under energy efficiency leases	117,122	-	58,361	58,761	58,761
E Qualified school construction bonds payable	2,160,000	-	-	2,160,000	-
F Obligations under energy lease	19,263	-	19,263	-	-
G Compensated absences payable	393,818	-	7,830	385,988	-
	6,805,203	1,430,000	2,185,454	6,049,749	748,761
Premiums	46,732	-	13,001	33,731	-
	<u>\$ 6,851,935</u>	<u>1,430,000</u>	<u>2,198,455</u>	<u>6,083,480</u>	<u>748,761</u>

A. Limited obligation bonds payable

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement					
Refunding Bonds, Series 2013	.50-2.00%	5/7/2013	2/1/2018	\$ 2,545,000	\$ 2,015,000
Total				<u>\$ 2,545,000</u>	<u>\$ 2,015,000</u>

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

Note 6 - Long-term liabilities (continued)

A. Limited obligation bonds payable (continued)

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

Limited obligation refunding bond issue Series 2013:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 515,000	35,150	550,150
2017	525,000	24,750	549,750
2018	975,000	14,150	989,150
Total	<u>\$ 2,015,000</u>	<u>74,050</u>	<u>2,089,050</u>

This debt will be retired from the 2013 MAEP Retirement Fund.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-157-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

B. Three-mill notes payable
Paid in full

C: Three Mill Notes Series 2015

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three Mill Note Series 2015	2.00% - 2.50%	09/01/15	03/01/23	\$ 1,430,000	1,430,000
Total				<u>\$ 1,430,000</u>	<u>1,430,000</u>

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

1. Three mill notes payable issue of Series 2015:

Year Ending June 30	Principal	Interest	Total
2016	\$ 175,000	22,457	197,457
2017	170,000	23,400	193,400
2018	175,000	19,950	194,950
2019	175,000	16,450	191,450
2020	175,000	12,950	187,950
2021-2023	560,000	16,900	576,900
	<u>\$ 1,430,000</u>	<u>112,107</u>	<u>1,542,107</u>

This debt will be retired from the Three Mill Note Retirement Fund.

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

Note 6 - Long-term liabilities (continued)

D. Obligations under energy efficiency leases

The school district has entered into lease agreements, which qualify as capital leases for accounting purposes.

For the acquisition of the following:

Nine school buses at a cost of \$504,000.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Treas. Bus Lease Series 2006A	5.080%	5/23/2006	4/16/2016	\$ 504,000	\$ 58,761
Total				<u>\$ 504,000</u>	<u>\$ 58,761</u>

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	<u>\$ 58,761</u>	<u>2,378</u>	<u>\$ 61,139</u>

This debt will be retired from the General Fund.

E. Qualified school construction bonds payable

As more fully explained in Note 9, 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
Series 2011 QSCB	2.90%	11/19/10	11/15/25	\$ 2,160,000	2,160,000
Total				<u>\$ 2,160,000</u>	<u>2,160,000</u>

F. Obligations under energy lease
Paid in full.

**Alcorn School District
Notes to the Financial Statements
For the Year Ended June 30, 2015**

Note 6 - Long-term liabilities (continued)

G. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable are 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 - 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 of 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 8 - Risk Management

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

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 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. East 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 9 – 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.

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

Note 9 – Qualified School Construction Bonds (continued)

The amount on deposit at June 30, 2015 was \$576,001. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2016	144,000
2017	144,000
2018	144,000
2019	144,000
2020	144,000
2021-2025	720,000
2026	144,000
Total	<u>\$ 1,584,000</u>

Note 10– Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee’ 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 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 become 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 of 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 employees are established and may be amended only by the State of Mississippi Legislature. The school district’s contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$2,599,751, \$2,616,062 and \$2,422,882, respectively, which equaled the required contributions for each year.

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

Note 10– Defined Benefit Pension Plan (Continued)

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 \$32,994,578, 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 contributions to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the school district's portion was .271825% percent.

For the year ended June 30, 2015, the District recognized pension expense of \$2,003,018. At June 30, 2015 The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 514,706	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,782,807
Changes of assumptions	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	643,782
District contributions subsequent to the measurement date	2,599,751	-
Total	<u>\$ 3,114,457</u>	<u>\$ 4,782,807</u>

\$2,599,751 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows;

Year Ended June 30:

2016	\$ (1,242,132)
2017	(1,242,132)
2018	(1,231,918)
2019	(1,195,701)
2020	-
Total	<u>\$ (4,911,883)</u>

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

Inflation	3.5 percent
Salary increases	4.25-19.50 percent, including inflation
Investment rate of return	8:00 percent, net of pension plan investment expense, Including inflation

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

Note 10– Defined Benefit Pension Plan (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015, 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 of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of Return</u>
U. S. Broad	34%	5.20%
International Equity	19%	5.00%
Emerging Markets Equity	8%	5.45%
Fixed Income	20%	0.25%
RealAssets	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 change 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 position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7percent) or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>7%</u>	<u>8%</u>	<u>9%</u>
District's proportionate share			
Of net Pension liability	\$44,981,449	\$32,994,578	\$22,995,745

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 11- Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Explanation

Implementation of GASB 68 and 71:

Net pension liability (Measurement Date)	\$ (38,519,505)
Deferred outflows - contributions made during fiscal year 2014	2,616,062
Total prior period adjustment related to GASB 68 and 71	<u>\$ (35,903,443)</u>

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

Note 12 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated January 31, 1984, creating the Alcorn County Vocational Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Alcorn School District and Corinth School District. The center's name has been changed to The Alcorn Career & Technology Center.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction or operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Alcorn School District has been designated as the fiscal agent for the Alcorn Career and Technology Center, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balance is presented to detail the financial activity of the Alcorn Career and Technology Center.

Statement of Revenues, Expenditures and Changes in Fund Balance -- Vocational Funds
For the Year Ended June 30, 2015

Revenues

Local sources

Tuition from other LEA's within the state:

Corinth School District

\$ 47,760

State sources

629,130

Federal sources

73,300

Total revenues

750,190

Expenditures

Salaries

613,773

Employee benefits

137,998

Supplies

62,900

Property

4,715

Total expenditures

819,386

Excess (deficiency) of revenues over expenditures

(69,196)

Other Financial Sources (Uses)

Operating transfers in

69,196

Total financing sources (uses)

69,196

-

Fund Balance:

July 1, 2014

-

June 30, 2015

\$ -

Note 13 - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition of disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet 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 Alcorn School District evaluated the activity of the District through April 13, 2017 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 5,719,746	5,719,746	6,742,410	-	1,022,664
State sources	16,972,851	16,972,851	16,824,098	-	(148,753)
Federal sources	214,440	214,440	366,685	-	152,245
Total Revenues	22,907,037	22,907,037	23,933,193	-	1,026,156
Expenditures:					
Instruction	12,808,211	12,709,270	15,268,682	98,941	(2,559,412)
Support services	7,225,955	6,821,719	7,376,835	404,236	(555,116)
Non-instructional	-	14,722	46,964	(14,722)	(32,242)
Debt Service:					
Principal	222,365	221,625	77,624	740	144,001
Interest	132,296	133,037	132,519	(741)	518
Other	1,250	1,750	21,531	(500)	(19,781)
Total Expenditures	20,390,077	19,902,123	22,924,155	487,954	(3,022,032)
Excess (deficiency) of revenues over expenditures	2,516,960	3,004,914	1,009,038	487,954	(1,995,876)
Other Financing Sources (Uses):					
Payment to QSCB escrow agent	-	-	(144,000)	-	(144,000)
Insurance loss recoveries	-	-	4,393	-	4,393
Sale of other property	-	-	2,910	-	2,910
Operating transfers in	2,352,109	2,199,405	37,919	152,704	(2,161,486)
Operating transfers out	(2,352,109)	(2,199,405)	(69,196)	(152,704)	2,130,209
Total Other Financing Sources (Uses)	-	-	(167,974)	-	(167,974)
Net Change in Fund Balance	2,516,960	3,004,914	841,064	487,954	(2,163,850)
Fund Balances:					
July 1, 2014	2,298,612	2,298,612	2,298,612	-	-
June 30, 2015	\$ 4,815,572	5,303,526	3,139,676	487,954	(2,163,850)

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

Alcorn School District
Budgetary Comparison School Food Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	346,440	271,965	276,641	(74,475)	4,676
State Sources	16,000	-	-	(16,000)	
Federal Sources	\$ 1,128,000	1,175,709	1,175,709	47,709	-
Total Revenues	<u>1,490,440</u>	<u>1,447,674</u>	<u>1,452,350</u>	<u>(42,766)</u>	<u>4,676</u>
Expenditures:					
Support services	90,813	84,137	84,138	6,676	(1)
Non-instructional	<u>1,365,627</u>	<u>1,391,440</u>	<u>1,396,115</u>	<u>(25,813)</u>	<u>(4,675)</u>
Total Expenditures	<u>1,456,440</u>	<u>1,475,577</u>	<u>1,480,253</u>	<u>(19,137)</u>	<u>(4,676)</u>
Excess (deficiency) of revenues over expenditures	<u>34,000</u>	<u>(27,903)</u>	<u>(27,903)</u>	<u>(61,903)</u>	<u>-</u>
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>4,000</u>	<u>(57,903)</u>	<u>(57,903)</u>	<u>(61,903)</u>	<u>-</u>
Fund Balances:					
July 1, 2014	<u>753,487</u>	<u>753,487</u>	<u>753,487</u>	<u>-</u>	<u>-</u>
Increase(decrease)reserve for inventory	<u>-</u>	<u>-</u>	<u>4,675</u>	<u>-</u>	<u>4,675</u>
June 30, 2015	<u>\$ 757,487</u>	<u>\$ 695,584</u>	<u>\$ 700,259</u>	<u>(61,903)</u>	<u>4,675</u>

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

Alcorn School District
Budgetary Comparison Schedule Title 1
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 866,030	866,030	800,279	-	(65,751)
Total Revenues	866,030	866,030	800,279	-	(65,751)
Expenditures:					
Instruction	646,272	662,449	507,027	(16,177)	155,422
Support services	323,506	309,376	222,203	14,130	87,173
Non-instructional	25,068	23,020	15,533	2,048	7,487
Total Expenditures	994,846	994,845	744,763	1	250,082
Excess (deficiency) of revenues over expenditures	(128,816)	(128,815)	55,516	1	184,331
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(62,546)	(62,546)	(55,516)	-	7,030
Total Other Financing Sources	(62,546)	(62,546)	(55,516)	-	7,030
Net Change in Fund Balance	(191,362)	(191,361)	-	1	191,361
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ (191,362)	(191,361)	-	1	191,361

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

Alcorn School District
Budgetary Comparison Schedule Title 1 Cost Pool
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ -	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures:					
Instruction	-	-	53,193	-	(53,193)
Support services	-	-	2,323	-	(2,323)
Total Expenditures	-	-	55,516	-	(55,516)
Excess (deficiency) of revenues over expenditures	-	-	(55,516)	-	(55,516)
Other Financing Sources (Uses):					
Operating transfers in	-	-	55,516	-	55,516
Operating transfers out	-	-	-	-	-
Total Other Financing Sources	-	-	55,516	-	55,516
Net Change in Fund Balance	-	-	-	-	-
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ -	-	-	-	-

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

Alcorn School District
Budgetary Comparison Schedule Special Education IDEA Part B
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,000,633	1,000,633	966,545	-	(34,088)
Total Revenues	1,000,633	1,000,633	966,545	-	(34,088)
Expenditures:					
Instruction	628,433	658,286	644,756	(29,853)	13,530
Support services	355,503	334,663	314,135	20,840	20,528
Non-instructional	1,000	168	138	832	30
Total Expenditures	984,936	993,117	959,029	(8,181)	34,088
Excess (deficiency) of revenues over expenditures	15,697	7,516	7,516	(8,181)	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(7,516)	(7,516)	(7,516)	-	-
Total Other Financing Sources	(7,516)	(7,516)	(7,516)	-	-
Net Change in Fund Balance	8,181	-	-	(8,181)	-
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ 8,181	-	-	(8,181)	-

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

Alcorn School District
Budgetary Comparison Schedule Vocational Education Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	47,165	47,760	47,760	595	-
State Sources	559,720	600,942	629,130	41,222	28,188
Federal sources	\$ 40,800	73,300	73,300	32,500	-
Total Revenues	647,685	722,002	750,190	74,317	28,188
Expenditures:					
Instruction	762,767	819,387	819,386	(56,620)	1
Support services	-	-	-	-	-
Non-instructional	-	-	-	-	-
Total Expenditures	762,767	819,387	819,386	(56,620)	1
Excess (deficiency) of revenues over expenditures	(115,082)	(97,385)	(69,196)	17,697	28,189
Other Financing Sources (Uses):					
Operating transfers in	107,625	69,196	69,196	(38,429)	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	107,625	69,196	69,196	(38,429)	-
Net Change in Fund Balance	(7,457)	(28,189)	-	(20,732)	28,189
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	\$ (7,457)	(28,189)	-	(20,732)	28,189

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

Alcorn School District
Budgetary Comparison Three Mill Retirement Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local Sources	389,365	364,946	375,177	(24,419)	10,231
Total Revenues	389,365	364,946	375,177	(24,419)	10,231
Expenditures:					
Debt Service:					
Principal	250,704	1,660,765	1,590,000	(1,410,061)	70,765
Interest	-	-	70,765	-	(70,765)
Debt Issuance Cost	-	29,500	29,500	(29,500)	-
Total Expenditures	250,704	1,690,265	1,690,265	(1,439,561)	-
Excess (deficiency) of revenues over expenditures	138,661	(1,325,319)	(1,315,088)	(1,463,980)	10,231
Other Financing Sources (Uses):					
Bond proceeds	-	1,440,231	1,430,000	1,440,231	(10,231)
Total Other Financing Sources (Uses)	-	1,440,231	1,430,000	1,440,231	(10,231)
Net Change in Fund Balance	138,661	114,912	114,912	(23,749)	-
Fund Balances:					
July 1, 2014	1,052,773	1,052,773	1,052,773	-	-
June 30, 2015	\$ 1,191,434	1,167,685	1,167,685	(23,749)	-

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

Alcorn School District
Schedule of The District's Proportionate Share of The Net Pension Liability
PERS
Last 10 Years

	<u>2015</u>
District's proportion of the net pension liability	0.271825%
District's proportionate share of the net pension liability	\$ 32,994,578
District's covered-employee payroll	\$ 16,608,984
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	198.66%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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.

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

**Alcorn School District
Schedule of District Contributions
PERS
Last 10 Years**

	2015
Contractually required contribution	\$ 2,599,751
Contractually in relation to the contractually required contribution	\$ (2,599,751)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	16,506,356
Contributions as a percentage of covered employee payroll	15.75%

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.

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

Alcorn School District
Notes to the Required Supplemental Information
For the Year Ended June 30, 2015

Budgetary Comparison Schedule

1) Basis of Presentation

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

2) Budget Amendments and Revisions

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

Pension Schedules

1. Changes of Benefit Terms

None

2. Changes of assumptions

None

Alcorn School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor Pass-through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Pass-through Mississippi Department of Education		
Child Nutrition Cluster:		
School breakfast program	10.553	\$ 288,514
National school lunch program	10.555	887,195
Summer Food	10.559	7,567
Total child nutrition cluster		<u>1,183,276</u>
Total U.S. Department of Agriculture		<u>1,183,276</u>
Appalachian Regional Commission		
Pass-through Tennessee Valley Authority		
Appalachian Area Development	23.002	<u>50,281</u>
Total Appalachian Regional Commission		<u>50,281</u>
Federal Communications Commission		
Administered through the Universal Service Administrative Company		
The schools and libraries program of the universal service fund	32.xxx	<u>214,785</u>
Total Federal Communications Commission		<u>214,785</u>
U.S. Department of Education		
Pass-through Mississippi Department of Education		
Career and technical education-basic grants to states	84.048	73,300
Rural and low income schools	84.358	7,120
Improving teacher quality - state grants	84.367	104,328
Title I Grants to local education agencies	84.010	<u>800,278</u>
Subtotal		<u>985,026</u>

Alcorn School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

(Continued)

Federal Grantor Pass-through Grantor Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Education (continued)		
Special Education Cluster		
Special education-grants to states	84.027	966,554
Special education - preschool grants	84.173	<u>40,929</u>
Total Special Education Cluster		<u>1,007,483</u>
Total Passed-through Mississippi Department of Education		<u>1,992,509</u>
Total for All Federal Awards		<u><u>\$ 3,440,851</u></u>

The notes to the Schedule of Federal Awards are an integral part of this schedule.

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 basic financial statements.
2. The expenditure amounts include transfers out.
3. Most pass-through entities did not assign identifying numbers to the school district.

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 23,330,715	16,499,303	2,342,323	2,986,939	1,502,150
Other	6,372,760	1,541,166	550,254	39,395	4,241,945
Total	<u>\$ 29,703,475</u>	<u>18,040,469</u>	<u>2,892,577</u>	<u>3,026,334</u>	<u>5,744,095</u>
Total Number of Students *	<u>3,253</u>				
Cost per Student	<u>\$ 9,131</u>	<u>5,546</u>	<u>889</u>	<u>930</u>	<u>1,766</u>

NOTES TO SCHEDULE

1. Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teacher's aides or classroom assistants of any type.
2. General Administration - includes expenditures for the following functions: Support Services-General Administration; Support Services – Business.
3. School Administration - includes expenditures for the following function: Support Services – School Administration
4. Other - includes all expenditure functions not included in Instruction or Administration Categories

*Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

Alcorn School District
Statement of Revenues, Expenditures and Changes in Fund Balances-
General Fund
Last Four Years

UNAUDITED

Revenues:	2015	2014	2013	2012
Local sources	\$ 6,742,410	\$ 6,487,684	6,577,241	7,099,258
State sources	16,824,098	16,330,690	16,430,930	15,932,382
Federal sources	366,685	355,019	595,624	399,838
Total Revenues	<u>23,933,193</u>	<u>23,173,393</u>	<u>23,603,795</u>	<u>23,431,478</u>
Expenditures:				
Instruction	15,268,682	15,490,893	16,020,770	15,053,488
Support services	7,376,835	8,035,964	8,036,089	7,113,715
Non-instructional	46,964	35,417	43,959	68,066
Debt Service:				
Principal	77,624	74,970	137,234	132,633
Interest	132,519	135,693	140,989	109,633
Other	21,531	1,250	2,772	-
Total Expenditures	<u>22,924,155</u>	<u>23,774,187</u>	<u>24,381,813</u>	<u>22,477,535</u>
Excess (Deficiency) of Revenues over(under) Expenditures	<u>1,009,038</u>	<u>(600,794)</u>	<u>(778,018)</u>	<u>(46,057)</u>
Other Financing Sources (Uses):				
Insurance recovery	4,393	1,600	12,992	-
Payment to QSCB debt escrow agent	(144,000)	(144,000)		
Sale of other property	2,910	2,113		
Operating transfers in	37,919	38,680	54,418	363,214
Operating transfers out	(69,196)	(58,669)	(566,832)	(485,891)
Total Other Financing Sources	<u>(167,974)</u>	<u>(160,276)</u>	<u>(499,422)</u>	<u>(122,677)</u>
Net Change in Fund Balances	<u>841,064</u>	<u>(761,070)</u>	<u>(1,277,440)</u>	<u>(168,734)</u>
Fund balances:				
Beginning of period, as originally reported	2,298,612	3,059,681	4,337,121	4,505,855
Prior period adjustments	-	-	-	-
Beginning of period, as restated	<u>2,298,612</u>	<u>3,059,681</u>	<u>4,337,121</u>	<u>4,505,855</u>
End of period	<u>\$ 3,139,676</u>	<u>\$ 2,298,611</u>	<u>3,059,681</u>	<u>4,337,121</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

Alcorn School District
Statement of Revenues, Expenditures and Changes in Fund Balances-
All Governmental Funds
Last Four Years

UNAUDITED

Revenues:	2015	2014	2013	2012
Local sources	\$ 7,477,889	\$ 7,224,861	7,294,058	7,991,691
State sources	18,322,366	17,760,365	18,025,935	17,289,805
Federal sources	3,592,745	3,667,716	3,959,390	5,451,391
Total Revenues	29,393,000	28,652,942	29,279,383	30,732,887
Expenditures:				
Instruction	17,497,772	17,630,901	18,446,789	18,741,982
Support services	8,157,050	8,952,750	9,162,574	9,482,098
Non-instructional	1,463,534	1,422,625	1,592,025	1,397,727
Facilities acquisition and construction	-	-	-	183,257
Debt Service:				
Debt Insurance Cost	29,500			
Principal	2,177,624	739,970	757,234	727,633
Interest	305,563	279,630	382,262	329,017
Other	72,432	3,250	91,520	1,750
Total Expenditures	29,703,475	29,029,126	30,432,404	30,863,464
Excess (Deficiency) of Revenues over(under) Expenditures	(310,475)	(376,184)	(1,153,021)	(130,577)
Other Financing Sources (Uses):				
Bonds and notes issued	1,430,000	-	2,545,000	-
Payment to refunded bond escrow agent	-	-	(2,480,000)	-
Premiums on refunding bonds issued	-	-	61,656	-
Sale of other property	2,910	2,838		
Insurance recovery	4,393	1,600	12,992	-
Payment held by QSCB escrow agent	144,000	144,000		
Payment to QSCB bond escrow agent	(144,000)	(144,000)		
Operating transfers in	162,631	258,276	883,328	849,105
Operating transfers out	(162,631)	(258,276)	(883,328)	(849,105)
Total Other Financing Sources	1,437,303	4,438	139,648	-
Net Change in Fund Balances	1,126,828	(371,746)	(1,013,373)	(130,577)
Fund balances:				
Beginning of period, as originally reported	5,559,358	5,911,369	6,954,274	7,053,807
Prior period adjustments	-	-	-	-
Beginning of period, as restated	5,559,358	5,911,369	6,954,274	7,053,807
Increase(decrease) in reserve for inventory	4,675	19,735	(29,532)	31,044
End of period	\$ 6,690,861	\$ 5,559,358	5,911,369	6,954,274

* SOURCE - PRIOR YEAR AUDIT REPORTS

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

Superintendent and School Board
Alcorn 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 Alcorn School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Alcorn School District's basic financial statements, and have issued our report thereon dated April 13, 2017.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Brown, VanStory & Co. P.A

April 13, 2017
Booneville, Mississippi



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Superintendent and School Board
Alcorn School District

Report on Compliance for Each Major Federal Program

We have audited the Alcorn County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Alcorn School District's major federal programs for the year ended June 30, 2015. The Alcorn School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Alcorn 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 Alcorn 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 our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Alcorn 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 a 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 the 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, as defined above. 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.

Brown, Venter & Co. P.A.

April 13, 2017
Booneville, Mississippi



Certified Public Accountants
Locations in Corinth, MS & Booneville, MS

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

Superintendent and School Board
Alcorn School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcorn School District as of and for the year ended June 30, 2015, which collectively comprise Alcorn School District's basic financial statements and have issued our report thereon dated April 13, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 of classroom supply funds carried over from previous years.

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

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

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

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brauner, Vanstory & Co. P.A.

April 13, 2017
Booneville, Mississippi

**Alcorn School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section 1: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None Reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? | No |
| 7. Identified of major programs: | |

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

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

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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