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BOONEVILLE SCHOOL DISTRICT
AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015



Certified Public Accountants

**BOONEVILLE SCHOOL DISTRICT
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JUNE 30, 2015**

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 4-13, 44-48, 49, and 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2017, on our consideration of the Booneville 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 Booneville School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
August 2, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Booneville 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 \$12,496,867, including a prior period adjustment of (\$12,748,139), which represents a 148.89% decrease from fiscal year 2014. Total net position for 2014 increased \$90,060, which represents a 1.00% increase from fiscal year 2013.
- General revenues amounted to \$8,545,101 and \$8,190,805, or 78.03% and 72.82% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,406,232, or 21.97% of total revenues for 2015, and \$3,056,851, or 27.18% of total revenues for 2014.
- The District had \$10,700,061 and \$11,157,596 in expenses for fiscal years 2015 and 2014; only \$2,406,232 for 2015 and \$3,056,851 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$8,545,101 for 2015 and \$8,190,805 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$8,635,860 in revenues and \$9,329,955 in expenditures for 2015, and \$8,381,999 in revenues and \$8,440,311 in expenditures for 2014. The General Fund's fund balance decreased by \$266,487 from 2014 to 2015, and decreased by \$60,590, including a prior period adjustment of (\$152,000), from 2013 to 2014.
- Capital assets, net of accumulated depreciation, increased by \$153,827 for 2015 and decreased by \$274,857 for 2014. The increase for 2015 was due to the addition of land and mobile equipment coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$116,323 for 2015 and decreased by \$34,897 for 2014. The increase for 2015 was due primarily to the issuance of notes payable coupled with principal payments on outstanding long-term debt. The liability for compensated absences increased by \$12,100 for 2015 and decreased by \$24,902 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.

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the difference 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 the financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, 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, are presented for purposes of additional analysis as required by the Mississippi Department of Education.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,103,722 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	\$ 2,273,129	\$ 2,054,330	10.65%
Restricted assets	456,142	304,146	49.97%
Capital assets, net	11,181,765	11,027,938	1.39%
Total assets	<u>13,911,036</u>	<u>13,386,414</u>	3.92%
Deferred outflows of resources	<u>1,122,841</u>	<u>-</u>	N/A
Current liabilities	540,912	60,355	796.22%
Long-term debt outstanding	5,049,237	4,932,914	2.36%
Net pension liability	11,455,397	-	N/A
Total liabilities	<u>17,045,546</u>	<u>4,993,269</u>	241.37%
Deferred inflows of resources	<u>2,092,053</u>	<u>-</u>	N/A
Net position:			
Net investment on capital assets	6,473,554	6,334,335	2.20%
Restricted	1,225,340	1,068,615	14.67%
Unrestricted	(11,802,616)	990,195	-1291.95%
Total net position	<u>\$ (4,103,722)</u>	<u>\$ 8,393,145</u>	-148.89%

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

- Increase in net capital assets in the amount of \$153,827.
- The principal retirement of \$409,014 of long-term debt coupled with the issuance of \$515,584 of new long-term debt.

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

Changes in net position. The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$10,951,333 and \$11,247,656, respectively. The total cost of all programs and services was \$10,700,061 for 2015 and \$11,157,596 for 2014.

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

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

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 578,090	\$ 666,129	-13.22%
Operating grants and contributions	1,828,142	2,390,722	-23.53%
Capital grants and contributions	-	-	N/A
General revenues:			
Property taxes	2,051,666	1,957,156	4.83%
Grants and contributions not restricted	6,390,076	6,148,045	3.94%
Investment earnings	4,560	6,851	-33.44%
Other	98,799	78,753	25.45%
Total revenues	<u>10,951,333</u>	<u>11,247,656</u>	-2.63%
Expenses:			
Instruction	5,636,932	6,033,521	-6.57%
Support services	3,842,691	4,415,557	-12.97%
Non-instructional	512,274	565,079	-9.34%
Pension Expense	620,610	-	N/A
Interest on long-term liabilities	87,554	143,439	-38.96%
Total expenses	<u>10,700,061</u>	<u>11,157,596</u>	-4.10%
Increase(decrease) in net position	251,272	90,060	179.01%
Net position, July 1, as previously stated	8,393,145	8,303,085	1.08%
Prior period adjustment	<u>(12,748,139)</u>	<u>-</u>	N/A
Net position, July 1, as restated	<u>(4,354,994)</u>	<u>8,303,085</u>	-152.45%
Net position, June 30	<u>\$ (4,103,722)</u>	<u>\$ 8,393,145</u>	-148.89%

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

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 liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and inter-governmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

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

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 5,636,932	\$ 6,033,521	-6.57%
Support services	3,842,691	4,415,557	-12.97%
Non-instructional	512,274	565,079	-9.34%
Pension expense	620,610	-	N/A
Interest on long-term liabilities	87,554	143,439	-38.96%
Total expenses	\$ 10,700,061	\$ 11,157,596	-4.10%

	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	\$ (4,535,051)	\$ (5,039,369)	-10.01%
Support services	(3,002,844)	(2,830,980)	6.07%
Non-instructional	(47,770)	(86,957)	-45.06%
Pension expense	(620,610)	-	N/A
Interest on long-term liabilities	(87,554)	(143,439)	-38.96%
Total net (expense) revenue	\$ (8,293,829)	\$ (8,100,745)	2.38%

- Net cost of governmental activities (\$8,293,829 for 2015 and \$8,100,745 for 2014) was financed by general revenue, which is primarily made up of property taxes of (\$2,051,666 for 2015 and \$1,957,156 for 2014) and state and federal revenues of (\$6,390,076 for 2015 and \$6,148,045 for 2014).

- Investment earnings amounted to \$4,560 for 2015 and \$6,851 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 accessing the District's financing requirements.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

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 \$2,211,189, a decrease of \$114,575, which includes an increase in inventory of \$126. \$926,789 or 41.91% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,284,400 or 58.09% 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 decrease in fund balance in the General Fund for the fiscal year was \$266,487. The fund balance of Other Governmental Funds showed a decrease in the amount of \$42,529, which includes an increase in reserve for inventory of \$126. The increase (decrease) in the fund balances for the other major fund were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	No increase or decrease
IDEA Part B Fund	No increase or decrease
Digital Technology Fund	\$ 42,445
QSCB Debt Retirement Fund	\$ 151,996

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 \$18,331,062, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$536,495 from 2014. Total accumulated depreciation as of June 30, 2015, was \$7,149,297, and total depreciation expense for the year was \$382,668, resulting in total net capital assets of \$11,181,765.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION – Capital Assets (continued)

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 491,486	\$ 352,736	39.34%
Construction in progress	-	-	N/A
Buildings	7,736,270	7,955,128	-2.75%
Building Improvements	1,969,415	2,058,934	-4.35%
Improvements other than buildings	310,347	331,110	-6.27%
Mobile equipment	616,089	280,890	119.33%
Furniture and equipment	58,158	49,140	18.35%
Total	<u>\$ 11,181,765</u>	<u>\$ 11,027,938</u>	1.39%

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 \$5,049,237 in outstanding long-term debt, of which \$494,941 is due within one year. The liability for compensated absences increased \$12,100 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 1,695,000	\$ 1,910,000	-11.26%
Three mill notes payable	211,901	274,762	-22.88%
Transportation equipment loans payable	36,535	71,764	-49.09%
Shortfall notes payable	136,806	157,191	-12.97%
Qualified school construction bonds payable	2,280,000	2,280,000	0.00%
Other loans payable	578,545	138,500	317.72%
Compensated absences payable	94,220	82,120	14.73%
Sub-Total	<u>5,033,007</u>	<u>4,914,337</u>	2.41%
Bond Premiums	<u>16,230</u>	<u>18,577</u>	-12.63%
Total	<u>\$ 5,049,237</u>	<u>\$ 4,932,914</u>	2.36%

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

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

Current Issues

The Booneville 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 an 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 was 1,365 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Booneville School District, 201 N First St., Booneville, MS 38829

BASIC FINANCIAL STATEMENTS

Exhibit A

BOONEVILLE SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,034,297
Due from other governments	223,237
Other receivables, net	33
Inventories	15,562
Restricted assets	456,142
Capital assets, non-depreciable:	
Land	491,486
Capital assets, net of accumulated depreciation:	
Buildings	7,736,270
Building Improvements	1,969,415
Improvements other than buildings	310,347
Mobile equipment	616,089
Furniture and equipment	58,158
Total Assets	<u>13,911,036</u>
Deferred Outflows of Resources	
Deferred outflows - pension	<u>1,122,841</u>
Total Deferred Outflows of Resources	<u>1,122,841</u>
Liabilities	
Accounts payable and accrued liabilities	517,109
Deferred revenue	973
Interest payable on long-term liabilities	22,830
Long-term liabilities, due within one year:	
Capital related liabilities	402,291
Non-capital related liabilities	92,650
Long-term liabilities, due beyond one year:	
Capital related liabilities	4,289,690
Capital related bond premiums	16,230
Non-capital related liabilities	248,376
Net pension liability	11,455,397
Total Liabilities	<u>17,045,546</u>
Deferred Inflows of Resources	
Deferred inflows - pension	<u>2,092,053</u>
Total Deferred Inflows of Resources	<u>2,092,053</u>
Net Position	
Net investment in capital assets	6,473,554
Restricted for:	
Expendable:	
School based activities	447,690
Debt service	754,386
Unemployment benefits	23,264
Unrestricted	<u>(11,802,616)</u>
Total Net Position	<u>\$ (4,103,722)</u>

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

Exhibit B

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 5,636,932	\$ 469,205	\$ 632,676	\$ -	\$ (4,535,051)
Support services	3,842,691	-	839,847	-	(3,002,844)
Non-instructional	512,274	108,885	355,619	-	(47,770)
Pension expense	620,610	-	-	-	(620,610)
Interest on long-term liabilities	87,554	-	-	-	(87,554)
Total Governmental Activities	\$ <u>10,700,061</u>	\$ <u>578,090</u>	\$ <u>1,828,142</u>	\$ <u>-</u>	\$ <u>(8,293,829)</u>
General Revenues:					
Taxes:					
General purpose levies					
					1,627,372
Debt purpose levies					
					424,294
Unrestricted grants and contributions:					
State					
					6,352,093
Federal					
					37,983
Unrestricted investment earnings					
					4,560
Other					
					98,799
Total General Revenues					<u>8,545,101</u>
Change in net position					<u>251,272</u>
Net position - beginning, as previously stated					8,393,145
Prior period adjustment					<u>(12,748,139)</u>
Net position - beginning, as restated					<u>(4,354,994)</u>
Net position - ending					\$ <u>(4,103,722)</u>

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

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

	Major Funds						
	General Fund	Title I Fund	IDEA Part B Fund	Digital Technology Fund	QSCB Debt Retirement Fund	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	\$ 1,262,818	\$ -	\$ -	\$ 229,157	\$ -	\$ 542,322	\$ 2,034,297
Cash with fiscal agent	-	-	-	-	456,142	-	456,142
Due from other governments	99,753	56,608	31,347	-	-	35,529	223,237
Due from other funds	109,657	-	-	-	-	-	109,657
Inventories	-	-	-	-	-	15,562	15,562
Total Assets	<u>\$ 1,472,228</u>	<u>\$ 56,608</u>	<u>\$ 31,347</u>	<u>\$ 229,157</u>	<u>\$ 456,142</u>	<u>\$ 593,413</u>	<u>\$ 2,838,895</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 509,209	\$ -	\$ -	\$ 7,900	\$ -	\$ -	\$ 517,109
Due to other funds	-	56,608	31,347	-	-	21,669	109,624
Deferred Revenue	-	-	-	-	-	973	973
Total liabilities	<u>509,209</u>	<u>56,608</u>	<u>31,347</u>	<u>7,900</u>	<u>-</u>	<u>22,642</u>	<u>627,706</u>
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	15,562	15,562
Restricted for:							
Unemployment benefits	-	-	-	-	-	23,264	23,264
Debt service funds	-	-	-	-	456,142	321,074	777,216
Grant activities	-	-	-	221,257	-	210,871	432,128
Assigned:							
Activity funds	36,230	-	-	-	-	-	36,230
Unassigned:	926,789	-	-	-	-	-	926,789
Total fund balances	<u>963,019</u>	<u>-</u>	<u>-</u>	<u>221,257</u>	<u>456,142</u>	<u>570,771</u>	<u>2,211,189</u>
Total liabilities and fund balances	<u>\$ 1,472,228</u>	<u>\$ 56,608</u>	<u>\$ 31,347</u>	<u>\$ 229,157</u>	<u>\$ 456,142</u>	<u>\$ 593,413</u>	<u>\$ 2,838,895</u>

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

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

Total fund balances for governmental funds \$ 2,211,189

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 491,486	
Buildings	13,383,048	
Building Improvements	2,237,972	
Improvements other than buildings	519,069	
Mobile equipment	1,181,665	
Furniture and equipment	517,822	
Accumulated depreciation	<u>(7,149,297)</u>	11,181,765

2. Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds:

Net Pension Liability		(11,455,397)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	1,122,841	
Deferred inflows of resources related to pensions	<u>(2,092,053)</u>	(969,212)

3. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	(1,695,000)	
Shortfall notes	(136,806)	
Notes payable	(790,446)	
Qualified school construction bonds	(2,280,000)	
Compensated absences	(94,220)	
Transportation equipment loans	(36,535)	
Unamortized premium	(16,230)	
Accrued interest payable	<u>(22,830)</u>	(5,072,067)

Net position of governmental activities:		\$ <u><u>(4,103,722)</u></u>
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The notes to the financial statements are an integral part of this statement.

BOONEVILLE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2015

	Major Funds					Other Governmental Funds	Total
	General Fund	Title I Fund	IDEA Part B Fund	Digital Technology Fund	QSCB Debt Retirement Fund		
Revenue:							
Local sources	\$ 2,196,975	\$ -	\$ -	\$ -	\$ -	\$ 536,139	\$ 2,733,114
State sources	6,400,902	-	-	600,000	-	130,591	7,131,493
Federal sources	37,983	264,152	241,051	-	-	543,540	1,086,726
Total Revenues	<u>8,635,860</u>	<u>264,152</u>	<u>241,051</u>	<u>600,000</u>	<u>-</u>	<u>1,210,270</u>	<u>10,951,333</u>
Expenditures:							
Instruction	5,469,291	225,587	111,880	-	-	216,637	6,023,395
Support services	3,581,265	33,637	124,503	557,555	-	77,040	4,374,000
Noninstructional services	68,109	-	-	-	-	473,636	541,745
Facilities acquisition and construction	138,750	-	-	-	-	-	138,750
Debt service:							
Principal	44,955	-	-	-	-	364,059	409,014
Interest	25,537	-	-	-	-	65,029	90,566
Other	2,048	-	-	-	-	2,100	4,148
Total Expenditures	<u>9,329,955</u>	<u>259,224</u>	<u>236,383</u>	<u>557,555</u>	<u>-</u>	<u>1,198,501</u>	<u>11,581,618</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(694,095)</u>	<u>4,928</u>	<u>4,668</u>	<u>42,445</u>	<u>-</u>	<u>11,769</u>	<u>(630,285)</u>
Other Financing Sources (Uses):							
Proceeds of Loans	515,584	-	-	-	-	-	515,584
Payment held by Escrow Agent	-	-	-	-	151,996	-	151,996
Payment to QSCB Escrow Agent	(86,996)	-	-	-	-	(65,000)	(151,996)
Operating Transfers In	9,941	-	-	-	-	10,921	20,862
Operating Transfers Out	(10,921)	(4,928)	(4,668)	-	-	(345)	(20,862)
Total Other Financing Sources (Uses)	<u>427,608</u>	<u>(4,928)</u>	<u>(4,668)</u>	<u>-</u>	<u>151,996</u>	<u>(54,424)</u>	<u>515,584</u>
Net Change in Fund Balances	<u>(266,487)</u>	<u>-</u>	<u>-</u>	<u>42,445</u>	<u>151,996</u>	<u>(42,655)</u>	<u>(114,701)</u>
Fund Balances, Beginning of Year	<u>1,229,506</u>	<u>-</u>	<u>-</u>	<u>178,812</u>	<u>304,146</u>	<u>613,300</u>	<u>2,325,764</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>
Fund Balances, End of Year	<u>\$ 963,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,257</u>	<u>\$ 456,142</u>	<u>\$ 570,771</u>	<u>\$ 2,211,189</u>

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

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

Net change in fund balances - total governmental funds \$ (114,701)

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	\$ 536,495	
Depreciation expense	<u>(382,668)</u>	153,827

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of long-term debt	(515,584)	
Payments of debt principal	409,014	
Accrued interest payable	<u>4,813</u>	(101,757)

3. Pension contributions made subsequent to the measurement date are presented using the current financial resources measurement in the governmental funds, while pension contributions made during the measurement period are shown in the statement of activities. In the current period, the difference between the governmental funds and the statement of activities is:

Pension expense for the current year	(620,610)	
Pension contributions made subsequent to the measurement date	<u>944,140</u>	323,530

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

Change in compensated absences		(12,100)
Change in inventory reserve		126
Amortization of bond premiums		<u>2,347</u>

Change in net position of governmental activities	\$	<u><u>251,272</u></u>
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The notes to the financial statements are an integral part of this statement.

BOONEVILLE SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2015

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 489,405
Total Assets	\$ <u>489,405</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 438,712
Due to other funds	33
Due to student clubs	<u>50,660</u>
Total Liabilities	\$ <u>489,405</u>

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

**Booneville 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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Booneville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Booneville 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.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function.

Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

Title I Fund – This is a special revenue fund that accounts for the revenue and expenditures of the federal Title I program.

IDEA Part B Fund – This is a special revenue fund that accounts for the revenue and expenditures of the federal special education program.

Digital Technology Fund – This is a special revenue fund that accounts for the revenue and expenditures of the state program to promote technology in school districts.

QSCB Debt Retirement Fund – This is a debt service fund that accounts for the repayment of the district's qualified school construction bond.

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:

Activity/Agency Funds – These various funds account for the monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing – This fund serves as a clearing account for accounts payable type transactions.

Payroll Clearing Fund – This fund serves as a clearing account for payroll type transactions.

Additionally, the school district reports the following fund types:

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

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.

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 city 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.

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2014, 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.

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

(2) Receivables and payables

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

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

(3) Due from Other Governments

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

(4) Inventories and Prepaid Items

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

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

(5) Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes.

(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.

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

The following schedule details the capitalization thresholds:

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

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

(7) Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has two types of deferred outflows all related to the district's pension: (1) the difference between expected and actual experience, and (2) district contributions subsequent to the measurement date.

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 and acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district has two types of deferred inflows all related to the district's pension: (1) net difference between projected and actual earnings on pension plan investments, and (2) changes in proportion and differences between District contributions and proportionate share of contributions.

See note 7 for further details.

(8) Compensated Absences

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

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

(9) Long-term Liabilities and Bond Discounts/Premiums

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

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

(10) Pensions

For 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. Currently there is no committed fund balance for this school district.

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

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

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

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,034,297 and \$489,405, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2015, none of the district's bank balance of \$2,982,439 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$456,142.

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

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 56,608
General Fund	IDEA Part B Fund	31,347
General Fund	Other Governmental Funds	21,669
General Fund	Payroll Clearing Fund	33
Total funds		<u>\$ 109,657</u>

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end. The fiduciary fund loan resulted from interest earned but not transferred to the general fund.

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 10,921
Title I Fund	General Fund	4,928
IDEA Part B Fund	General Fund	4,668
Other Governmental Funds	General Fund	345
		<u>\$ 20,862</u>

The primary purpose of inter-fund transfers was to provide funds for daily operations. All transfers were routine and consistent with the activities of the fund making the transfer.

Note 4 - Restricted Assets

The restricted assets represent the cash with fiscal agent balance of \$456,142 of the QSCB Debt Retirement Fund.

Booneville 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:

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 352,736	\$ 138,750	\$ -	\$ 491,486
Total non-depreciable capital assets	<u>352,736</u>	<u>138,750</u>	<u>-</u>	<u>491,486</u>
<u>Depreciable capital assets:</u>				
Buildings	13,383,048	-	-	13,383,048
Building improvements	2,237,972	-	-	2,237,972
Improvements other than buildings	519,069	-	-	519,069
Mobile equipment	806,665	375,000	-	1,181,665
Furniture and equipment	495,077	22,745	-	517,822
Total depreciable capital assets	<u>17,441,831</u>	<u>397,745</u>	<u>-</u>	<u>17,839,576</u>
<u>Less accumulated depreciation for:</u>				
Buildings	5,427,920	218,858	-	5,646,778
Building improvements	179,038	89,519	-	268,557
Improvements other than buildings	187,959	20,763	-	208,722
Mobile equipment	525,775	39,801	-	565,576
Furniture and equipment	445,937	13,727	-	459,664
Total accumulated depreciation	<u>6,766,629</u>	<u>382,668</u>	<u>-</u>	<u>7,149,297</u>
Total depreciable capital assets, net	<u>10,675,202</u>	<u>15,077</u>	<u>-</u>	<u>10,690,279</u>
Governmental activities capital assets, net	<u>\$ 11,027,938</u>	<u>\$ 153,827</u>	<u>\$ -</u>	<u>\$ 11,181,765</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 240,366
Support services	136,849
Non-instructional	<u>5,453</u>
Total depreciation expense	<u>\$ 382,668</u>

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

Note 6 - Long-term Liabilities

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. General obligation bonds payable	\$ 1,910,000	\$ -	\$ 215,000	\$ 1,695,000	\$ 220,000
General obligation bonds payable premium	18,577	-	2,347	16,230	-
B. Three mill notes payable	274,762	-	62,861	211,901	66,601
C. Transportation equipment loans payable	71,764	-	35,229	36,535	36,535
D. Shortfall notes payable	157,191	30,584	50,969	136,806	82,969
E. Qualified school construction bonds payable	2,280,000	-	-	2,280,000	-
F. Other loans payable	138,500	485,000	44,955	578,545	88,836
G. Compensated absences payable	82,120	12,100	-	94,220	-
Total	\$ 4,932,914	\$ 527,684	\$ 411,361	\$ 5,049,237	\$ 494,941

A. General Obligation Bonds Payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bond, Series 2012	2.0-2.5%	5/10/12	7/1/22	\$ 2,345,000	\$ 1,695,000
Total				\$ 2,345,000	\$ 1,695,000

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

1. General obligation bond issue of 5/10/2012.

Year Ending June 30	Principal	Interest	Total
2016	\$ 220,000	\$ 37,125	\$ 257,125
2017	230,000	32,725	262,725
2018	235,000	28,125	263,125
2019	240,000	23,425	263,425
2020	250,000	18,625	268,625
2021-2023	520,000	19,625	539,625
Total	\$ 1,695,000	\$ 159,650	\$ 1,854,650

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

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2015, the amount of outstanding bonded indebtedness was equal to 5% of property assessments as of October 1, 2015.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill limited tax note, Series 2008	5.95%	2/19/08	9/1/17	\$ 600,000	\$ 211,901
Total				<u>\$ 600,000</u>	<u>\$ 211,901</u>

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

1. Three mill notes payable issue of 2/19/2008.

Year Ending June 30	Principal	Interest	Total
2016	\$ 66,601	\$ 12,608	\$ 79,209
2017	70,540	8,669	79,209
2018	74,760	4,449	79,209
Total	<u>\$ 211,901</u>	<u>\$ 25,726</u>	<u>\$ 237,627</u>

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

C. Transportation equipment loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Transportation equipment loan payable, Series 2009	3.97%	11/12/09	11/7/15	\$ 200,000	\$ 36,535
Total				<u>\$ 200,000</u>	<u>\$ 36,535</u>

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

1. Transportation equipment loan payable issue of 11/12/2009.

Year Ending June 30	Principal	Interest	Total
2016	\$ 36,535	\$ 1,583	\$ 38,118
Total	<u>\$ 36,535</u>	<u>\$ 1,583</u>	<u>\$ 38,118</u>

This debt will be retired from the EEF Building and Buses Fund.

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

The EEF Building and Buses revenue has been pledged for this debt. On October 13, 2009, the Booneville School District pledged EEF Building and Buses revenue of \$38,118 annually for the payment of the Transportation Equipment loans payable to First American National Bank.

This debt was issued for the purpose of purchasing and paying for transportation equipment, establishing, erecting, and equipping school bus shops and garages and purchasing the land and building for the school district. The commitment began with the 2009-2010 school year and ends with the 2015-2016 school year. The revenue from the state varies from year to year. For the year ended 2014-2015, the revenue was \$39,687, of which \$38,118 was used for payment of debt.

D. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall note, Series 2013	2.74%	10/3/13	10/3/16	\$ 157,191	\$ 106,222
2. Shortfall note, Series 2014	2.06%	10/20/14	10/20/15	30,584	30,584
Total				<u>\$ 187,775</u>	<u>\$ 136,806</u>

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

1. Shortfall note payable issue of 10/3/2013.

Year Ending June 30	Principal	Interest	Total
2016	\$ 52,385	\$ 2,951	\$ 55,336
2017	53,837	1,499	55,336
Total	<u>\$ 106,222</u>	<u>\$ 4,450</u>	<u>\$ 110,672</u>

This debt will be retired from the Shortfall Notes Retirement Fund.

2. Shortfall note payable issue of 10/20/2014.

Year Ending June 30	Principal	Interest	Total
2016	\$ 30,584	\$ 639	\$ 31,223
Total	<u>\$ 30,584</u>	<u>\$ 639</u>	<u>\$ 31,223</u>

This debt will be retired from the Shortfall Notes Retirement Fund.

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

Total shortfall notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2016	\$ 82,969	\$ 3,590	\$ 86,559
2017	53,837	1,499	55,336
Total	<u>\$ 136,806</u>	<u>\$ 5,089</u>	<u>\$ 141,895</u>

This debt will be retired from the Shortfall Notes Retirement Fund.

E. Qualified school construction bonds payable

As more fully explained in Note 11, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds payable, Series 2011	5.75%	6/30/11	12/1/26	\$ 2,280,000	\$ 2,280,000
Total				<u>\$ 2,280,000</u>	<u>\$ 2,280,000</u>

F. Other loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Note payable- Real estate purchase	2.64%	6/24/14	6/24/17	\$ 138,500	\$ 93,545
2. Note payable- Facilities upgrade	2.77%	6/16/15	6/15/25	485,000	485,000
Total				<u>\$ 623,500</u>	<u>\$ 578,545</u>

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

1. Note payable – real estate purchase issue of 6/24/2014.

Year Ending June 30	Principal	Interest	Total
2016	\$ 46,151	\$ 2,511	\$ 48,662
2017	47,394	1,268	48,662
Total	<u>\$ 93,545</u>	<u>\$ 3,779</u>	<u>\$ 97,324</u>

This debt will be retired from the District Maintenance Fund.

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

2. Note payable – facilities upgrade issue of 6/16/2015.

Year Ending June 30	Principal	Interest	Total
2016	\$ 42,685	\$ 13,621	\$ 56,306
2017	43,883	12,423	56,306
2018	45,116	11,190	56,306
2019	46,383	9,923	56,306
2020	47,662	8,644	56,306
2021-2025	259,271	22,259	281,530
Total	\$ <u>485,000</u>	\$ <u>78,060</u>	\$ <u>563,060</u>

This debt will be retired from the District Maintenance Fund.

Total other loans payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2016	\$ 88,836	\$ 16,132	\$ 104,968
2017	91,277	13,691	104,968
2018	45,116	11,190	56,306
2019	46,383	9,923	56,306
2020	47,662	8,644	56,306
2021-2025	259,271	22,259	281,530
Total	\$ <u>578,545</u>	\$ <u>81,839</u>	\$ <u>660,384</u>

This debt will be retired from the District Maintenance Fund.

G. Compensated absences payable

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

Note 7 - 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.

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

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 or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007), PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and 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 \$944,140, \$908,273 and \$859,013, respectively, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the school district reported a liability of \$11,455,397, 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 .094375% percent.

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

For the year ended June 30, 2015, the District recognized pension expense of \$620,610. 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	\$ 178,701	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,660,544
Changes in proportion and differences between District contributions and proportionate share of contributions	-	431,509
District contributions subsequent to the measurement date	944,140	-
Total	<u>\$ 1,122,841</u>	<u>\$ 2,092,053</u>

\$944,140 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 Ending June 30:	
2016	\$ (506,074)
2017	(506,074)
2018	(486,068)
2019	(415,136)
2020	-
Total	<u>\$ (1,913,352)</u>

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

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

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

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

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

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

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

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

Sensitivity of the District's proportionate share of the net pension liability to 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 (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of net pension liability	\$15,617,122	\$11,455,397	\$7,983,899

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

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

Note 8 - Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B – Statement of Activities

Implementation of GASB 68 and 71:

Net pension liability (measurement date)	\$ (13,656,412)
Deferred outflows - contributions made during fiscal year 2014	<u>908,273</u>
Total prior period adjustment related to GASB 68 and 71	<u>\$ (12,748,139)</u>

Note 9 - Contingencies

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

Litigation - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome 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 10 - Risk Management

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

Participation in Public Entity Risk Pool

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

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

Note 11 - 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. For the year ended June 30, 2015, the subsidy payments amounted to \$109,271.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was \$456,142. 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	\$ 152,000
2017	152,000
2018	152,000
2019	152,000
2020	152,000
2021-2025	608,000
2026-2027	456,000
Total	<u>\$ 1,824,000</u>

Note 12 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated July 1, 1995, creating the Northeast Mississippi Regional Alternative Education Cooperative (NEMRAEC). This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss, Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Booneville School District, Baldwin School District and Prentiss County School District.

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

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Booneville School District has been designated as the lead school district for NEMRAEC, 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 Northeast Mississippi Regional Alternative Education Cooperative.

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

Revenues

Local sources:	
Tuition from other LEA's within the state:	
Baldwyn School District	\$ 98,302
Prentiss County School District	108,755
Total tuition from other LEA's within the state	<u>207,057</u>
Interest	190
Total local sources	<u>207,247</u>
Total Revenues	<u>207,247</u>

Expenditures

Salaries	228,859
Employee benefits	74,416
Purchased property services	15,304
Supplies	8,627
Other	3,342
Total Expenditures	<u>330,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,301)</u>

Other Financial Sources (Uses):

Operating transfers in	96,075
Total Other Financing Sources (Uses)	<u>96,075</u>

Net Change in Fund Balance	<u>(27,226)</u>
Fund Balance:	
July 1, 2014	92,780
June 30, 2015	\$ <u><u>65,554</u></u>

Note 13 - Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated January 1, 1984, creating the Prentiss 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 consortium includes the Booneville School District and the Prentiss County School District.

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

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 Prentiss County School District has been designated as the fiscal agent for the Prentiss County Vocational Center, and the operations of the consortium are included in its financial statements.

Note 14 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$11,802,616) includes the effect of deferring the recognition of the net difference between expected and actual experience relating to the defined benefit pension plan. The \$178,701 balance of the net deferred outflow of resources at June 30, 2015 will be recognized as expense and decrease unrestricted net position over the next 3 years. The \$944,140 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.

The unrestricted net position also includes the effect of deferring the recognition of the net difference between projected and actual earnings on defined benefit pension plan investments. The \$1,660,544 balance of the net deferred inflow of resources at June 30, 2015 will be recognized as income and increase unrestricted net position over the next 4 years.

The unrestricted net position also includes the effect of deferring the recognition of the changes in proportion and differences between District contributions and proportionate share of contributions. The \$431,509 balance of the deferred inflow of resources at June 30, 2015 will be recognized as income and increase unrestricted net position over the next 3 years.

Note 15 - 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 Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Booneville School District evaluated the activity of the District for potential recognition and disclosure through August 2, 2017 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

1. On September 24, 2015, the district issued a shortfall note with BancorpSouth in the amount of \$44,085 at 2.55% interest.
2. On September 14, 2016, the district issued a shortfall note with BancorpSouth in the amount of \$68,188 at 2.28% interest.

No adjustments were considered necessary to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

Booneville School District
Budgetary Comparison for the 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	\$ 2,555,580	\$ 2,196,975	\$ 2,196,975	\$ (358,605)	\$ -
State sources	6,423,175	6,400,902	6,400,902	(22,273)	-
Federal sources	34,000	37,983	37,983	3,983	-
Total Revenues	<u>9,012,755</u>	<u>8,635,860</u>	<u>8,635,860</u>	<u>(376,895)</u>	<u>-</u>
Expenditures:					
Instruction	5,795,285	5,469,291	5,469,291	325,994	-
Support services	3,106,288	3,579,265	3,581,265	(472,977)	(2,000)
Noninstructional services	127,535	68,109	68,109	59,426	-
Facilities acquisition and construction	-	187,412	138,750	(187,412)	48,662
Debt service:					
Principal	-	110,874	44,955	(110,874)	65,919
Interest	-	-	25,537	-	(25,537)
Other	-	-	2,048	-	(2,048)
Total Expenditures	<u>9,029,108</u>	<u>9,414,951</u>	<u>9,329,955</u>	<u>(385,843)</u>	<u>84,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,353)</u>	<u>(779,091)</u>	<u>(694,095)</u>	<u>(762,738)</u>	<u>84,996</u>
Other Financing Sources (Uses):					
Proceeds of loans	-	515,584	515,584	515,584	-
Payment to QSCB escrow agent	-	-	(86,996)	-	(86,996)
Operating transfers in	4,353	140,616	9,941	136,263	(130,675)
Operating transfers out	<u>(38,000)</u>	<u>(143,596)</u>	<u>(10,921)</u>	<u>(105,596)</u>	<u>132,675</u>
Total Other Financing Sources (Uses)	<u>(33,647)</u>	<u>512,604</u>	<u>427,608</u>	<u>546,251</u>	<u>(84,996)</u>
Net Change in Fund Balance	<u>(50,000)</u>	<u>(266,487)</u>	<u>(266,487)</u>	<u>(216,487)</u>	<u>-</u>
Fund Balance:					
July 1, 2014	<u>1,229,506</u>	<u>1,229,506</u>	<u>1,229,506</u>	<u>-</u>	<u>-</u>
June 30, 2015	<u>\$ 1,179,506</u>	<u>\$ 963,019</u>	<u>\$ 963,019</u>	<u>\$ (216,487)</u>	<u>\$ -</u>

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

Schedule 2

Booneville School District
Budgetary Comparison for the Title I Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 248,350	\$ 264,152	\$ 264,152	\$ 15,802	\$ -
Total Revenues	<u>248,350</u>	<u>264,152</u>	<u>264,152</u>	<u>15,802</u>	<u>-</u>
Expenditures:					
Instruction	214,874	225,587	225,587	(10,713)	-
Support services	7,876	8,137	33,637	(261)	(25,500)
Noninstructional services	100	-	-	100	-
Total Expenditures	<u>222,850</u>	<u>233,724</u>	<u>259,224</u>	<u>(10,874)</u>	<u>(25,500)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,500</u>	<u>30,428</u>	<u>4,928</u>	<u>4,928</u>	<u>(25,500)</u>
Other Financing Sources (Uses):					
Operating transfers out	-	(4,928)	(4,928)	(4,928)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>-</u>
Net Change in Fund Balance	<u>25,500</u>	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>(25,500)</u>
Fund Balance:					
July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2015	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,500)</u>

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

Schedule 3

Booneville School District
Budgetary Comparison for the IDEA Part B Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 263,774	\$ 241,051	\$ 241,051	\$ (22,723)	\$ -
Total Revenues	<u>263,774</u>	<u>241,051</u>	<u>241,051</u>	<u>(22,723)</u>	<u>-</u>
Expenditures:					
Instruction	138,986	111,880	111,880	27,106	-
Support services	118,680	124,503	124,503	(5,823)	-
Noninstructional services	500	-	-	500	-
Total Expenditures	<u>258,166</u>	<u>236,383</u>	<u>236,383</u>	<u>21,783</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,608</u>	<u>4,668</u>	<u>4,668</u>	<u>(940)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	<u>(5,608)</u>	<u>(4,668)</u>	<u>(4,668)</u>	<u>940</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,608)</u>	<u>(4,668)</u>	<u>(4,668)</u>	<u>940</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Booneville School District
Budgetary Comparison for the Digital Technology 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:					
State sources	\$ 600,000	\$ 600,000	\$ 600,000	\$ -	\$ -
Total Revenues	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>
Expenditures:					
Support services	600,000	557,555	557,555	42,445	-
Total Expenditures	<u>600,000</u>	<u>557,555</u>	<u>557,555</u>	<u>42,445</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>42,445</u>	<u>42,445</u>	<u>42,445</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>42,445</u>	<u>42,445</u>	<u>42,445</u>	<u>-</u>
Fund Balance:					
July 1, 2014	<u>178,812</u>	<u>178,812</u>	<u>178,812</u>	<u>-</u>	<u>-</u>
June 30, 2015	<u>\$ 178,812</u>	<u>\$ 221,257</u>	<u>\$ 221,257</u>	<u>\$ 42,445</u>	<u>\$ -</u>

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

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

	2015
District's proportion of the net pension liability	0.094375%
District's proportionate share of the net pension liability	\$ 11,455,397
District's covered-employee payroll	\$ 5,766,813
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	198.64%
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.

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

	2015
Contractually required contribution	\$ 944,140
Contractually in relation to the contractually required contribution	\$ (944,140)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	5,994,540
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.

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

Budgetary Comparison Schedule

1) Basis of Presentation

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

2) Budget Amendments and Revisions

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

Pension Schedules

1) Changes of Benefit Terms

None

2) Changes of Assumptions

None

SUPPLEMENTARY INFORMATION

BOONEVILLE 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		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School breakfast program	10.553	\$ 101,386
National school lunch program	10.555	320,357
Total Child Nutrition Cluster		<u>421,743</u>
Total Passed-through Mississippi Department of Education		<u>421,743</u>
Total U.S. Department of Agriculture		<u>421,743</u>
Federal Communications Commission		
Passed-through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	10,458
Total Federal Communications Commission		<u>10,458</u>
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	264,152
Rural education	84.358	22,496
Improving teacher quality - state grants	84.367	46,108
Subtotal		<u>332,756</u>
Special Education Cluster:		
Special education - grants to states	84.027	277,692
Special education - preschool grants	84.173	16,551
Total Special Education Cluster		<u>294,243</u>
Total Passed-through Mississippi Department of Education		<u>626,999</u>
Total U.S. Department of Education		<u>626,999</u>
Total for All Federal Awards		<u>\$ 1,059,200</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 financial statements.
2. The expenditure amounts include transfers out.
3. The pass through entities did not assign identifying numbers to the school district.

The notes to the schedule of federal awards are an integral part of this schedule.

Booneville School District
Schedule of Instructional, Administrative and Other Expenditures-Governmental Funds
June 30, 2015

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 8,122,971	6,228,359	568,648	582,789	743,175
Other	3,458,647	1,184,386	119,275	17,904	2,137,082
Total	\$ 11,581,618	7,412,745	687,923	600,693	2,880,257
Total Number of Students *	1,365				
Cost per Student	\$ 8,485	5,431	504	440	2,110

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

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

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

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

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

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

OTHER INFORMATION

UNAUDITED

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

Revenues:	2015	2014*	2013*	2012*
Local sources	\$ 2,196,975	\$ 2,200,234	\$ 2,003,081	\$ 1,945,500
State sources	6,400,902	6,152,213	6,041,450	5,980,222
Federal sources	37,983	29,552	51,128	50,984
Total revenues	<u>8,635,860</u>	<u>8,381,999</u>	<u>8,095,659</u>	<u>7,976,706</u>
Expenditures:				
Instruction	5,469,291	5,411,733	5,829,716	5,749,983
Support services	3,581,265	2,925,749	2,678,413	2,581,945
Noninstructional services	68,109	79,070	72,288	70,912
Facilities acquisition and construction	138,750	-	-	149,700
Debt Service:				
Principal	44,955	-	-	-
Interest	25,537	21,711	13,224	-
Other	2,048	2,048	1,140	-
Total expenditures	<u>9,329,955</u>	<u>8,440,311</u>	<u>8,594,781</u>	<u>8,552,540</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(694,095)</u>	<u>(58,312)</u>	<u>(499,122)</u>	<u>(575,834)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	515,584	295,691	-	-
Payment to QSCB debt escrow agent	(86,996)	(151,997)	-	-
Operating transfers in	9,941	6,028	3,990	4,256
Operating transfers out	(10,921)	-	(25,025)	(10,769)
Total other financing sources	<u>427,608</u>	<u>149,722</u>	<u>(21,035)</u>	<u>(6,513)</u>
Net change in fund balance	<u>(266,487)</u>	<u>91,410</u>	<u>(520,157)</u>	<u>(582,347)</u>
Fund balance:				
Beginning of period, as previously stated	1,229,506	1,290,096	1,810,253	2,392,600
Prior Period Adjustment	-	(152,000)	-	-
Beginning of period, as restated	<u>1,229,506</u>	<u>1,138,096</u>	<u>1,810,253</u>	<u>2,392,600</u>
End of period	<u>\$ 963,019</u>	<u>\$ 1,229,506</u>	<u>\$ 1,290,096</u>	<u>\$ 1,810,253</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

UNAUDITED

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

Revenues:	2015	2014*	2013*	2012*
Local sources	\$ 2,733,114	\$ 2,708,889	\$ 2,470,970	\$ 2,420,284
State sources	7,131,493	7,614,150	6,196,986	6,172,987
Federal sources	1,086,726	924,617	994,645	1,226,513
Total revenues	<u>10,951,333</u>	<u>11,247,656</u>	<u>9,662,601</u>	<u>9,819,784</u>
Expenditures:				
Instruction	6,023,395	5,839,820	6,488,579	6,401,280
Support services	4,374,000	4,381,300	2,952,958	2,991,548
Noninstructional services	541,745	538,980	514,231	530,552
Facilities acquisition and construction	138,750	-	1,045,833	1,341,839
Debt Service:				
Principal	409,014	303,339	293,519	273,864
Interest	90,566	91,324	91,757	151,771
Other	4,148	4,062	1,975	65,540
Total expenditures	<u>11,581,618</u>	<u>11,158,825</u>	<u>11,388,852</u>	<u>11,756,394</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(630,285)</u>	<u>88,831</u>	<u>(1,726,251)</u>	<u>(1,936,610)</u>
Other Financing Sources (Uses):				
Bonds and notes issued	515,584	295,691	-	2,345,000
Insurance loss recoveries	-	-	-	23,902
Premiums on bonds and refunding bonds	-	-	-	23,467
Payment held by QSCB escrow agent	151,996	151,997	-	-
Payment to QSCB bond escrow agent	(151,996)	(151,997)	-	-
Payment to refunded bond escrow agent	-	-	-	(2,245,000)
Operating transfers in	20,862	6,028	29,015	24,187
Operating transfers out	(20,862)	(6,028)	(29,015)	(24,187)
Total other financing sources	<u>515,584</u>	<u>295,691</u>	<u>-</u>	<u>147,369</u>
Net change in fund balances	<u>(114,701)</u>	<u>384,522</u>	<u>(1,726,251)</u>	<u>(1,789,241)</u>
Fund balances:				
Beginning of period	2,325,764	1,945,344	3,672,670	5,460,663
Increase(decrease) in reserve for inventory	<u>126</u>	<u>(4,102)</u>	<u>(1,075)</u>	<u>1,248</u>
End of period	<u>\$ 2,211,189</u>	<u>\$ 2,325,764</u>	<u>\$ 1,945,344</u>	<u>\$ 3,672,670</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Booneville 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 Booneville School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated August 2, 2017.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2015-001, 2015-002 and 2015-003 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as finding 2015-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Booneville School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

Booneville School District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "The Sparks CPA Firm, P.C." in a cursive, flowing script.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
August 2, 2017

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

Superintendent and School Board
Booneville School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Booneville 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 Booneville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-003 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-004 to be a significant deficiency.

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

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



The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
August 2, 2017

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



Member of:
American Institute of Certified Public Accountants
Alabama Society of Certified Public Accountants
Mississippi Society of Certified Public Accountants

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INDEPENDENT AUDITORS' 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 Booneville School District as of and for the year ended June 30, 2015, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated August 2, 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 no classroom supply funds carried over from previous years.

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

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

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

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

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Phone: (662)286-7082

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

The Sparks CPA Firm, P.C.

The Sparks CPA Firm, P.C.
Certified Public Accountants
Booneville, Mississippi
August 2, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section 1: Summary of Auditors' Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | Yes |
| 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? | Yes |
| b. Significant deficiency(ies) identified? | Yes |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133? | Yes |
| 7. Identification of major programs: | |

CFDA Numbers

Name of Federal Program or Cluster

Child Nutrition Cluster:

10.553

School Breakfast Program

10.555

National School Lunch Program

84.010

Title I Grants to Local Educational Agencies

- | | |
|---|-----------|
| 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 |

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

Section 2: Financial Statement Findings

Findings 2015-001 and 2015-002 are considered to be material weaknesses.

2015-001 Criteria

Management is responsible for implementing proper controls over activity fund cash and receipts to ensure deposits are made in a timely manner.

Condition

During the testing of the District's receipts, it was noted that activity fund receipts at the individual schools were being held for multiple days before bank deposit, and several receipts were not deposited in a timely manner.

Cause of Condition

The schools where activity fund receipts are collected have been holding the cash for three days or more before the bank deposit.

Effect of Condition

If the District does not have proper controls in place to ensure de-centralized activity fund receipts are deposited in a timely manner, it could result in loss or misappropriation of the District's activity funds.

Recommendation

The District should put controls in place to ensure that the schools' activity fund receipts are deposited in a timely manner, not held at the schools for multiple days.

Auditee Response

The District will implement procedures to ensure all activity fund receipts are deposited to the bank in a timely manner.

2015-002 Criteria

The District is required to complete certain purchasing documents to ensure all expenditures are properly approved and that the district has received all goods and supplies for which payment is made.

Condition

During the assessment of the District's internal controls, it was noted that multiple expenditures did not have appropriate purchase request, purchase order approval, any evidence of actual receipt of the goods or services by the District, neither a receiving report nor a signature on the invoice acknowledging receipt.

Cause of Condition

The District's internal controls have not been adequately designed to ensure all expenditures are properly approved and that all goods and services are received by the District before payment is approved by the board.

Effect of Condition

The District could make unapproved purchases without proper purchase request and purchase order approval procedures. The District could be paying for goods or services that have not actually been delivered. Since no review of the receiving documents is done during the payable process, assets of the District could be misappropriated without the District's knowledge.

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

Section 2: Financial Statement Findings (Continued)

Recommendation

The District should use all purchasing documents prescribed by the state manual for School Districts to establish an effectively designed purchasing system and ensure that all goods and services are properly approved and actually received prior to payment.

Auditee Response

The proper purchasing and receiving documents will be completed for all applicable goods and services.

Section 3: Federal Award Findings and Questioned Costs

Finding 2015-003 is considered to be a material weakness in internal control over compliance.
Finding 2015-004 is considered to be a significant deficiency in internal control over compliance.

2015-003 **Programs:** Child Nutrition Cluster- CFDA # 10.553, 10.555

Criteria- Procurement

Management is responsible for complying with the requirements of the State of Mississippi, Department of Education, Policies and Procedures as set forth in the *Financial Accounting Manual for Public School Districts, Section D: Purchasing* which requires that school districts establish a purchasing system to meet the objectives of "buying materials, supplies, commodities, and services that are of the right quality, quantity, and price and from the right source with delivery being in the right place." A well-designed purchasing system should include: a) purchase requisitions, b) purchase orders, and c) receiving reports. Goods should not be purchased until a purchase order has been approved by the District.

Condition

During testing, it was noted that multiple purchases failed to meet the minimum criteria established by the state for a purchasing system. These items did not have an applicable purchase request, approved purchase order, receiving report, or required signature acknowledging date of the actual receipt.

Cause of Condition

The internal control structure over compliance for purchasing has not been effectively designed to ensure all expenditures are allowable, approved, and properly received by the District as described in the criteria above.

Effect of Condition

Due to this deficiency in internal control over compliance, the District could be purchasing goods that are not in compliance with federal award requirements since purchases can be made without proper approval. In addition, due to no acknowledgement of receipt, the District could be using federal funds to pay for goods that were not actually received by the District.

Recommendation

The District should adhere to the purchasing system prescribed by the state manual for school districts and complete purchase requests, purchase orders, and receiving reports with proper documentation for all expenditures of federal funds.

Auditee Response

The proper purchasing and receiving documents will be completed for all applicable goods and services.

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

Section 3: Federal Award Findings and Questioned Costs

2015-004 **Programs:** Child Nutrition Cluster- CFDA # 10.553, 10.555

Criteria- Eligibility

The District is required by the USDA to ensure the accuracy of the status determination of all applications and to document the correctness either by batch or by each individual application.

Condition

During the assessment of the District's internal controls, a lack of documentation regarding the status determination of the applications was noted.

Cause of Condition

The District's internal controls were not adequately designed to ensure the documentation was adequate.

Effect of Condition

The District could possibly approve ineligible applications as eligible without adequate internal controls over the documentation of the accuracy of the application's status determination.

Recommendation

The District should implement adequate internal controls to document the accuracy of the application's status determination either by batch or by individual application.

Auditee Response

The District will implement adequate internal controls to verify eligibility of all applications and document the accuracy either by batch or by individual applications effective August 2017.

**Booneville
School District**

662-728-2171

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201 N. First Street

Booneville, MS 38829

AUDITEE'S SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

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

Finding

Status

2014-3

Corrected in 2016 fiscal year

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 315(c) of OMB Circular A-133, the Booneville School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2015:

Finding 2015-001

Name of Contact Person Responsible for Corrective Action

Todd English and Monte Lambert

Corrective Action Planned

The District will implement procedures to ensure all activity fund receipts are deposited to the bank in a timely manner.

Completion Date

This was a repeat finding from the 2014 fiscal year. The District anticipates a successful implementation of this corrective action plan in August 2015.

Finding 2015-002

Name of Contact Person Responsible for Corrective Action

Todd English and Monte Lambert

Corrective Action Planned

The proper purchasing and receiving documents will be completed for all applicable goods and services.

Completion Date

This was a repeat finding from the 2014 fiscal year. The District anticipates a successful implementation of this corrective action plan in August 2015.

Finding 2015-003

Name of Contact Person Responsible for Corrective Action

Todd English and Monte Lambert

Corrective Action Planned

The proper purchasing and receiving documents will be completed for all applicable goods and services.

Completion Date

This was a repeat finding from the 2014 fiscal year. The District anticipates a successful implementation of this corrective action plan in August 2015.

Finding 2015-004

Name of Contact Person Responsible for Corrective Action

Todd English and Monte Lambert

Corrective Action Planned

The District will implement adequate internal controls to verify eligibility of all applications and document the accuracy either by batch or by individual applications effective August 2017.

Completion Date

The District anticipates successful implementation of this corrective action plan in August 2017.