Clarksdale Municipal School District

Audited Financial Statements

For the Year Ended June 30, 2015

Fortenberry & Ballard, PC

Certified Public Accountants

Clarksdale Municipal School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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 Clarksdale Municipal 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the school district adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result, net position as of July 1, 2014, has been restated. Our opinion is not modified with respect to this matter.

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's Contributions on pages 8 to 19 and 60 to 65 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 Clarksdale Municipal School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and 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 November 3, 2015, on our consideration of the Clarksdale Municipal 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 Clarksdale Municipal School District’s internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC Certified Public Accountants
November 3, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

Clarksdale Municipal School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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

FINANCIAL HIGHLIGHTS

- Total net position for 2015 decreased ($33,058,256), including a prior period adjustment of ($34,217,167), which represents a 269% decrease from fiscal year 2014. Total net position for 2014 decreased $443,505, including a prior period adjustment of $7,495, which represents a 3% decrease from fiscal year 2013.

- General revenues amounted to $24,046,349 and $20,974,865, or 74% and 71% 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 $8,303,584, or 26% of total revenues for 2015, and $8,634,833, or 29% of total revenues for 2014.

- The District had $31,191,022 and $30,060,698 in expenses for fiscal years 2015 and 2014; only $8,303,584 for 2015 and $8,634,833 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $24,046,349 for 2015 were adequate to provide for these programs. However, $20,974,865 for 2014 were not adequate to provide for these programs.

- Among the major funds, the General Fund had $18,038,774 in revenues and $18,500,840 in expenditures for 2015, and $17,819,445 in revenues and $19,048,037 in expenditures for 2014. The General Fund's fund balance decreased by $668,624 from 2014 to 2015, and decreased by $1,245,288 from 2013 to 2014.

- Capital assets, net of accumulated depreciation, decreased by $459,039, including a prior period adjustment of $3,180, for 2015, and decreased by $480,743, including a prior period adjustment of $7,495, for 2014. The decrease for 2015 was due primarily to the recording of depreciation expense during the year.

- Long-term debt decreased by $1,105,575 for 2015 and decreased by $1,069,486 for 2014. This decrease for 2015 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by $27,117 for 2015 and decreased by $14,033 for 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets by $20,755,082 as of June 30, 2015.

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

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	$ 4,217,811	4,387,944	(4)%
Restricted assets	1,348,461	1,085,709	24%
Capital assets, net	14,261,889	14,720,928	(3)%
Total assets	19,828,161	20,194,581	(2)%
Deferred outflows of resources	2,983,002		N/A
Current liabilities	934,389	542,452	72%
Long-term debt outstanding	6,216,263	7,348,955	(15)%
Net pension liability	30,899,288		N/A
Total liabilities	38,049,940	7,891,407	382%
Deferred inflows of resources	5,516,305		N/A
Net position:			
Net investment in capital assets	8,276,805	7,630,269	8%
Restricted	3,205,274	2,835,968	13%
Unrestricted	(32,237,161)	1,836,937	(1855)%
Total net position (deficit)	$ (20,755,082)	12,303,174	(269)%

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	$	(32,237,161)
Less unrestricted deficit in net position resulting from implementation of GASB Statement No. 68 and No. 71		33,432,591
Unrestricted net position, exclusive of the net pension liability effect	$	1,195,430

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

- Implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.
- Decrease in net capital assets in the amount of $459,039.
- The principal retirement of $1,105,575 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were $32,349,933 and $29,609,698, respectively. The total cost of all programs and services was $31,191,022 for 2015 and $30,060,698 for 2014.

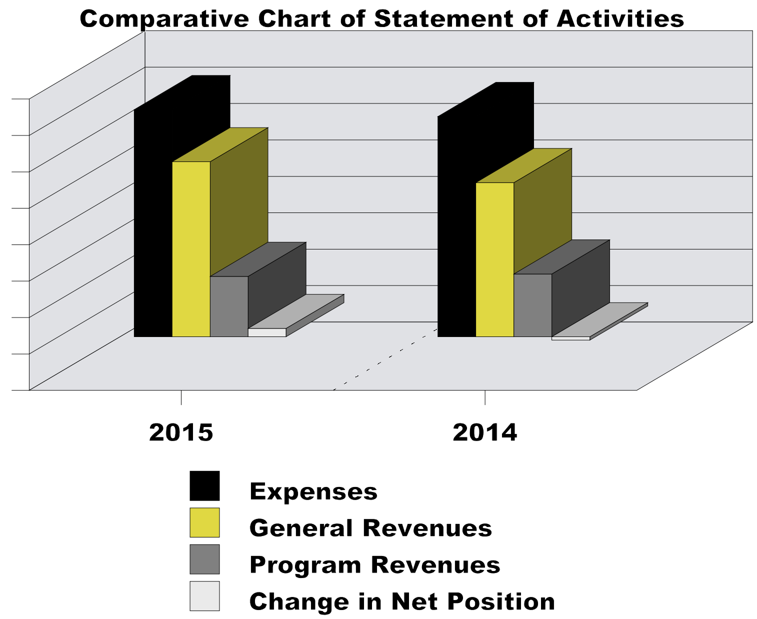
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

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

Clarksdale Municipal School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Table 2
Changes in Net Position

		Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
Revenues:				
Program revenues:				
Charges for services	$	261,194	415,129	(37)%
Operating grants and contributions		8,042,390	8,219,704	(2)%
General revenues:				
Property taxes		4,113,970	4,287,322	(4)%
Grants and contributions not restricted		19,769,798	16,285,900	21%
Unrestricted investment earnings		15,305	25,235	(39)%
Sixteenth section resources		94,505	88,205	7%
Other		52,771	288,203	(82)%
Total revenues		32,349,933	29,609,698	9%
Expenses:				
Instruction		13,720,512	14,611,793	(6)%
Support services		12,855,734	12,896,485	0%
Non-instructional		2,719,294	2,333,521	17%
Pension expense		1,719,586		N/A
Interest on long-term liabilities		175,896	218,899	(20)%
Total expenses		31,191,022	30,060,698	4%
Increase (Decrease) in net position		1,158,911	(451,000)	357%
Net Position, July 1, as previously reported		12,303,174	12,746,679	(3)%
Prior Period Adjustment		(34,217,167)	7,495	(456633)%
Net Position, July 1, as restated		(21,913,993)	12,754,174	(272)%
Net Position, June 30	$	(20,755,082)	12,303,174	(269)%



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 intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

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

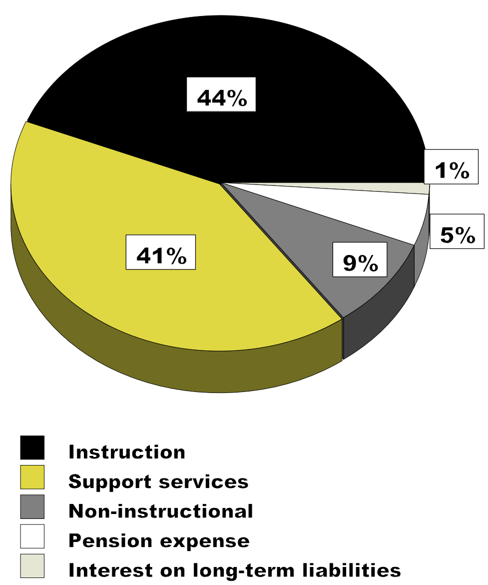
Table 3
Net Cost of Governmental Activities

	Total Expenses		
	2015	**2014**	**Percentage Change**
Instruction	$ 13,720,512	14,611,793	(6)%
Support services	12,855,734	12,896,485	0%
Non-instructional	2,719,294	2,333,521	17%
Pension expense	1,719,586		N/A
Interest on long-term liabilities	175,896	218,899	(20)%
Total expenses	$ 31,191,022	30,060,698	4%

Net (Expense) Revenue

		2015	2014	Percentage Change
Instruction	$	(11,220,212)	(11,847,886)	(5)%
Support services		(9,455,278)	(9,366,674)	1%
Non-instructional		(316,466)	7,594	(4267)%
Pension expense		(1,719,586)		N/A
Interest on long-term liabilities		(175,896)	(218,899)	(20)%
Total net (expense) revenue	$	(22,887,438)	(21,425,865)	7%

Chart of Expenses as per Statement of Activities



- Net cost of governmental activities ($22,887,438 for 2015 and $21,425,865 for 2014) was financed by general revenue, which is primarily made up of property taxes ($4,113,970 for 2015 and $4,287,322 for 2014) and state and federal revenues of ($19,769,798 for 2015 and $16,285,900 for 2014). In addition, there was $94,505 and $88,205 in Sixteenth Section sources for 2015 and 2014, respectively.

- Investment earnings amounted to $15,305 for 2015 and $25,235 for 2014.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $4,686,463, a decrease of $308,785, which includes an increase in inventory of $665. $1,322,584, or 28% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of $3,363,879 or 72% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $668,624. The fund balance of Other Governmental Funds showed an increase in the amount of $152,249, including an increase in inventory of $665. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
Title I - A Basic Fund	$	5
Excellence For All Fund		no increase or decrease
Bond Issue Retirement Fund	$	(48,172)
QSCB Sinking Fund	$	255,757

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 Clarksdale Municipal School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were $29,135,145, including land, school buildings, building improvements, improvement other than buildings, mobile equipment, buses, other school vehicles, furniture and equipment and leased property under capital leases. This amount represents an increase of $197,388 from 2014. Total accumulated depreciation as of June 30, 2015, was $14,873,256, and total depreciation expense for the year was $666,700, resulting in total net capital assets of $14,261,889.

Table 4
Capital Assets, Net Accumulated Depreciation

		June 30, 2015	June 30, 2014	Percentage Change
Land	$	203,061	203,061	0%
Buildings		9,581,500	9,791,781	(2)%
Building improvements		2,632,717	2,791,611	(6)%
Improvements other than buildings		908,117	895,186	1%
Mobile equipment		424,733	381,492	11%
Furniture and equipment		311,337	447,829	(30)%
Leased property under capital leases		200,424	209,968	(5)%
Total	$	14,261,889	14,720,928	(3)%

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

Debt Administration. At June 30, 2015, the District had $6,216,263 in outstanding long-term debt, of which $1,156,725 is due within one year. The liability for compensated absences decreased $27,117 from the prior year.

Table 5
Outstanding Long-Term Debt

		June 30, 2015	June 30, 2014	Percentage Change
General obligation bonds payable	$	1,180,000	1,735,000	(32)%
Limited obligation bonds payable		1,625,000	2,155,000	(25)%
Obligations under energy efficiency leases		180,084	200,659	(10)%
Qualified school construction bonds payable		3,000,000	3,000,000	0%
Compensated absences payable		231,179	258,296	(10)%
Total	$	6,216,263	7,348,955	(15)%

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

CURRENT ISSUES

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

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

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

Enrollment for the 2014 - 2015 year decreased by 2% to 2,990 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Clarksdale Municipal School District, PO Box 1088, Clarksdale, MS 38614.

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FINANCIAL STATEMENTS

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	$ 1,802,596
Due from other governments	2,300,391
Inventories	34,213
Prepaid items	80,611
Restricted assets	1,348,461
Capital assets, non-depreciable:	
Land	203,061
Capital assets, net of accumulated depreciation:	
Buildings	9,581,500
Building improvements	2,632,717
Improvements other than buildings	908,117
Mobile equipment	424,733
Furniture and equipment	311,337
Obligations under capital leases	200,424
Total Assets	19,828,161
Deferred Outflows of Resources	
Pension related	2,983,002
Total Deferred Outflows of Resources	2,983,002
Liabilities:	
Accounts payable and accrued liabilities	667,639
Unearned revenue	212,170
Interest payable on long-term liabilities	54,580
Long-term liabilities (due within one year)	
Capital related liabilities	1,156,725
Long-term liabilities (due beyond one year)	
Capital related liabilities	4,828,359
Non-capital related liabilities	231,179
Net pension liability	30,899,288
Total Liabilities	38,049,940
Deferred Inflows of Resources	
Pension related	5,516,305
Total Deferred Inflows of Resources	5,516,305
Net Position:	
Net Investment in Capital Assets	8,276,805
Restricted For:	
Expendable:	
School based activities	431,472
Debt Service	2,714,997
Unemployment benefits	58,805
Unrestricted	(32,237,161)
Total Net Position	$ (20,755,082)

The accompanying notes are an integral part of this statement.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Instruction	13,720,512	146,914	2,353,386	(11,220,212)
Support services	12,855,734	--	3,400,456	(9,455,278)
Noninstructional services	2,719,294	114,280	2,288,548	(316,466)
Pension expense	1,719,586	--	--	(1,719,586)
Interest on long-term liabilities	175,896	--	--	(175,896)
Total Governmental Activities	$ 31,191,022	$ 261,194	$ 8,042,390	(22,887,438)

General Revenues:	
Taxes:	
General purpose levies	3,278,177
Debt purpose levies	835,793
Unrestriced grants and contributions:	
State	14,875,800
Federal	4,893,998
Unrestricted investment earnings	15,305
Sixteenth section sources	94,505
Other	52,771
Total General Revenues	24,046,349
Change in Net Position	1,158,911
Net Position - Beginning, as previously reported	12,303,174
Prior Period Adjustment	(34,217,167)
Net Position - Beginning, as restated	(21,913,993)
Net Position (deficit) - Ending	$ (20,755,082)

The accompanying notes are an integral part of this statement.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Title I - A Basic Fund	Excellence For All Fund
Assets			
Cash and other deposits	$ 24,388	$ --	$ 260,020
Cash with fiscal agents	--	--	--
Investments	--	--	--
Due from other governments	363,071	828,354	--
Due from other funds	1,258,016	--	--
Inventories	--	--	--
Prepaid items	80,611	--	--
Total Assets	$ 1,726,086	$ 828,354	$ 260,020
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 299,477	$ 136,311	$ 47,850
Due to other funds	--	692,038	--
Unearned revenue	--	--	212,170
Total Liabilities	299,477	828,349	260,020
Fund Balances:			
Nonspendable:			
Inventory	--	--	--
Prepaid items	80,611	--	--
Restricted:			
Unemployment benefits	--	--	--
Debt service	--	--	--
Grant activities	--	5	--
Food service	--	--	--
Assigned:			
Activity and athletic	22,830		
Gaming fee	584	--	--
Unassigned	1,322,584	--	--
Total Fund Balances	1,426,609	5	--
Total Liabilities and Fund Balances	$ 1,726,086	$ 828,354	$ 260,020

The accompanying notes are an integral part of this statement.

Bond Issue Retirement Fund	QSCB Sinking Fund	Other Governmental Funds	Total Governmental Funds
$ 747,593	$ --	$ 770,595	$ 1,802,596
--	--	117,811	117,811
--	1,230,650	--	1,230,650
7,440	--	1,101,526	2,300,391
--	--	4,847	1,262,863
--	--	34,213	34,213
--	--	--	80,611
$ 755,033	$ 1,230,650	$ 2,028,992	$ 6,829,135
$ --	$ --	$ 184,001	$ 667,639
--	--	570,825	1,262,863
--	--	--	212,170
--	--	754,826	2,142,672
--	--	34,213	34,213
--	--	--	80,611
--	--	58,805	58,805
755,033	1,230,650	783,894	2,769,577
--	--	337,427	337,432
--	--	59,827	59,827
			22,830
--	--	--	584
--	--	--	1,322,584
755,033	1,230,650	1,274,166	4,686,463
$ 755,033	$ 1,230,650	$ 2,028,992	$ 6,829,135

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances for governmental funds	$ 4,686,463
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	14,261,889
Liabilities due in one year are not reported in the funds.	(1,156,725)
Payables for bond principal which are not due in the current period are not reported in the funds.	(4,670,000)
Payables for energy efficiency leases not due in the current period are not reported in the funds.	(158,359)
Payables for bond interest which are not due in the current period are not reported in the funds.	(54,580)
Payables for compensated absences not due in the current period are not reported in the funds.	(231,179)
Recognition of the SD's proportionate share of the net pension liability is not reported in the funds.	(30,899,288)
Deferred Resource Inflows related to PERS are not reported in the funds.	(5,516,305)
Deferred Resource Outflows related to PERS are not reported in the funds.	2,983,002
Net position of governmental activities	$ (20,755,082)

The accompanying notes are an integral part of this statement.

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CLARKSDALE MUNICIPAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Title I - A Basic Fund	Excellence For All Fund
Revenues:			
Local sources	$ 3,406,688	$ --	$ --
State sources	14,153,978	--	165,072
Federal sources	383,603	2,723,193	--
Sixteenth section sources	94,505	--	--
Total Revenues	18,038,774	2,723,193	165,072
Expenditures:			
Instruction	10,650,175	531,032	165,072
Support services	7,762,759	2,005,356	--
Noninstructional services	262	125,203	--
Facilities acquisition and construction	55,855	--	--
Debt service:			
Principal	20,575	--	--
Interest	11,214	--	--
Other	--	--	--
Total Expenditures	18,500,840	2,661,591	165,072
Excess (Deficiency) of Revenues Over (Under) Expenditures	(462,066)	61,602	--
Other Financing Sources (Uses):			
Insurance recovery	4,273	--	--
Transfer from QSCB debt service agent	--	--	--
Payment to QSCB debt escrow agent	--	--	--
Transfers In	197,193	--	--
Transfers Out	(408,024)	(61,597)	--
Total Other Financing Sources (Uses)	(206,558)	(61,597)	--
Net Change in Fund Balances	(668,624)	5	--
Fund Balances:			
July 1, 2014	2,095,233	--	--
Increase (decrease) in inventory	--	--	--
June 30, 2015	$ 1,426,609	$ 5	$ --

The accompanying notes are an integral part of this statement.

Bond Issue Retirement Fund	QSCB Sinking Fund	Other Governmental Funds	Total Governmental Funds
$ 563,077	$ 11,211	$ 457,991	$ 4,438,967
--	--	1,761,010	16,080,060
--	--	8,625,332	11,732,128
--	--	--	94,505
563,077	11,211	10,844,333	32,345,660
--	--	3,602,428	14,948,707
--	--	4,240,355	14,008,470
--	--	2,229,948	2,355,413
--	--	--	55,855
555,000	--	530,000	1,105,575
56,249	30,450	86,200	184,113
--	--	1,250	1,250
611,249	30,450	10,690,181	32,659,383
(48,172)	(19,239)	154,152	(313,723)
--	--	--	4,273
--	274,996	--	274,996
--	--	(274,996)	(274,996)
--	--	439,617	636,810
--	--	(167,189)	(636,810)
--	274,996	(2,568)	4,273
(48,172)	255,757	151,584	(309,450)
803,205	974,893	1,121,917	4,995,248
--	--	665	665
$ 755,033	$ 1,230,650	$ 1,274,166	$ 4,686,463

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	$	(309,450)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		214,318
The depreciation of capital assets used in governmental activities is not reported in the funds.		(666,700)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.		(3,477)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,085,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		20,575
(Increase) decrease in accrued interest from beginning of period to end of period.		9,467
Change in inventory affects fund balance in the fund but affects expense in SOA.		665
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.		27,117
Pension contributions made after measurement date were de-expended and reduced NPL.		2,500,982
The SD's share of the unrecognized deferred inflows and outflows for PERS had to be amortized.		(1,719,586)
Change in net position of governmental activities	$	1,158,911

The accompanying notes are an integral part of this statement.

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

		Agency Funds
Assets		
Cash and cash equivalents	$	1,073,068
Total Assets	$	1,073,068
Liabilities		
Accounts payable and accrued liabilities	$	1,049,925
Due to student clubs		3,503
Other payables		19,640
Total Liabilities	$	1,073,068

The accompanying notes are an integral part of this statement.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

Excellence For All Fund - This is the school district's fund that accounts for state money received to support the district's Cambridge curriculum.

Bond Issue Retirement Fund - This fund accounts for the debt service of the general obligations bonds payable.

QSCB Sinking Fund - This fund accounts the sinking fund activities of the qualified school construction bonds.

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

The District's fiduciary funds include the following:

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

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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.

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outlfows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 12 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Fund Balances

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

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

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

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

12. New Pronouncements

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

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

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

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

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

(Permanent Funds) must be credited to those funds. Investment income of $100 or more of any fund must be credited to that fund. Investment income of less than $100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $1,802,596 and $1,073,068, 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 $3,404,493 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 $117,811.

Investments

As of June 30, 2015, the district had the following investments with fiscal agents.

Investment Type	Rating	Maturities (in years)	Fair Value
Trustmark - Construction Bonds Common Trust Fund 2012-A	N/A	Less than 1 year	$ 1,230,650

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

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

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

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

Note 3 - Inter-fund Receivables, Payables, and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	Title I - A Basic Fund	$	692,038
	Other Governmental Funds		565,978
Other Governmental Funds	Other Governmental Funds		4,847
		$	1,262,863

The interfund loans were made mainly to cover the initial payments of reimbursable expenditures of federal and state programs. All inter-fund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

Transfers In	Transfers Out		Amount
General Fund	Title I - A Basic Fund	$	61,597
	Other Governmental Funds		135,596
Other Governmental Funds	General Fund		408,024
	Other Governmental Funds		31,593
Total		$	636,810

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

Note 4 - Restricted Assets

The restricted assets represent the cash with fiscal agents balance, totaling $117,811, of the MAEP Retirement Fund. In addition, the restricted assets represent the investment balance totaling $1,230,650, of the QSCB Sinking Fund.

Clarksdale Municipal 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	Additions	Retirements	Adjustments	Balance 6-30-2015
Non-depreciable capital assets:						
Land	$	203,061				203,061
Total non-depreciable capital assets		203,061	0	0	0	203,061
Depreciable capital assets:						
Buildings		20,575,385				20,575,385
Building improvements		3,972,348				3,972,348
Improvements other than buildings		1,017,256	55,855			1,073,111
Mobile equipment		1,513,080	122,175			1,635,255
Furniture and equipment		1,418,027	36,288	16,930		1,437,385
Leased property under capital leases		238,600				238,600
Total depreciable capital assets		28,734,696	214,318	16,930	0	28,932,084
Less accumulated depreciation for:						
Buildings		10,783,604	210,281			10,993,885
Building improvements		1,180,737	158,894			1,339,631
Improvements other than buildings		122,070	42,924			164,994
Mobile equipment		1,131,588	78,934			1,210,522
Furniture and equipment		970,198	166,123	13,453	3,180	1,126,048
Leased property under capital leases		28,632	9,544			38,176
Total accumulated depreciation		14,216,829	666,700	13,453	3,180	14,873,256
Total depreciable capital assets, net		14,517,867	(452,382)	3,477	(3,180)	14,058,828
Governmental activities capital assets, net	$	14,720,928	(452,382)	3,477	(3,180)	14,261,889

Adjustment was made to correctly report an item that was not properly depreciated in prior year.

Depreciation expense was charged to the following governmental functions:

		Amount
Instruction	$	466,690
Support services		133,340
Non-instructional		66,670
Total depreciation expense	$	666,700

Clarksdale Municipal 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	Reductions	Balance 6-30-2015	Amount due within one year
A.	General obligation bonds payable	$	1,735,000	555,000	1,180,000	580,000
B.	Limited obligation bonds payable		2,155,000	530,000	1,625,000	555,000
C.	Obligations under energy efficiency leases		200,659	20,575	180,084	21,725
D.	Qualified school construction bonds payable		3,000,000		3,000,000	
E.	Compensated absences payable		258,296	27,117	231,179	
	Total	$	7,348,955	1,132,692	6,216,263	1,156,725

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 is as follows:

Description	Interest Rate	Issue Date	Maturity Date		Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2005	3.2-3.8%	05-01-05	11-01-16	$	5,275,000	1,180,000

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

Year Ending June 30		Principal	Interest	Total
2016	$	580,000	44,260	624,260
2017		600,000	22,800	622,800
Total	$	1,180,000	67,060	1,247,060

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

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 2% of property assessments as of October 1, 2014.

Clarksdale Municipal School District

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

B. Limited obligation bonds payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date		Amount Issued	Amount Outstanding
State aid capital improvement Refunding bonds, Series 2008	4.0%	10-10-07	03-01-18	$	4,970,000	1,625,000

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

Year Ending June 30		Principal	Interest	Total
2016	$	555,000	65,000	620,000
2017		575,000	42,800	617,800
2018		495,000	19,800	514,800
Total	$	1,625,000	127,600	1,752,600

This debt will be retired from the MAEP Retirement Fund.

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

C. Obligations under energy efficiency lease payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date		Amount Issued	Amount Outstanding
Lighting Project	5.45%	12-26-11	12-26-21	$	238,600	180,084

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

Year Ending June 30		Principal	Interest	Total
2016	$	21,725	10,064	31,789
2017		22,939	8,850	31,789
2018		24,221	7,568	31,789
2019		25,575	6,214	31,789
2020		27,004	4,785	31,789
2021 - 2022		58,620	53,653	112,273
Total	$	180,084	91,134	271,218

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated December 2, 2011, was executed by and between the district, the lessee, and Musco Finance, LLC, the lessor.

The agreement authorized the borrowing of $238,600 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

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

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

D. Qualified school construction bonds payable

As more fully explained in Note 10, debt has been issued by the School District that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	0.95%	11-06-09	11-06-25	$ 3,000,000	3,000,000

E. 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 Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate.

The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were $2,500,982, $2,449,931, and $2,306,223, respectively, which equaled the required contributions for each year.

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

At June 30, 2015, the school district reported a liability of $30,899,288 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the school district's proportion was 0.254563 percent.

For the year ended June 30, 2015, the District recognized pension expense of $1,719,586. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 482,020	$
Net difference between projected and actual earnings on pension plan investments		4,479,079
Change of assumptions		
Changes in proportion and differences between District contributions and proportionate share of contributions		1,037,226
District contributions subsequent to the measurement date	2,500,982	
Total	$ 2,983,002	$ 5,516,305

$2,500,982 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	$	(1,319,484)
2017		(1,319,484)
2018		(1,275,547)
2019		(1,119,770)
Total	$	(5,034,285)

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

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

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

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	$ 42,124,943	$ 30,899,288	$ 21,535,421

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

Note 8 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 77 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess up 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.

Note 9 - Contingencies

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

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

Note 10 - 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 the 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 form the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was $1,230,650. 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	$ 244,546
2017	196,500
2018	148,500
2019	148,500
2020	148,500
2021 - 2025	742,500
2026	148,500
Total	$ 1,777,546

Note 11 - Insurance Recovery

The Clarksdale Municipal School District received $4,273 in insurance loss recoveries related to a bus accident during the 2014-2015 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as general revenues.

Note 12 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($32,237,161) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The $2,983,002 balance of deferred outflow of resources, at June 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of ($32,237,161) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The $5,516,305 balance of deferred inflow of resources at June 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

Note 13 - Prior Period Adjustment

A summary of significant Net Position adjustments is as follows:

Explanation		Amount
1. Implementation of GASB 68 and 71:		$
Net pension liability (06-30-14)	(36,663,918)	
Deferred outflows - contributions made during fiscal year 2014	2,449,931	
Total prior period adjustment related to GASB 68 and 71		(34,213,987)
Sub-Total		(34,213,987)
2. Adjustment was made to correctly report an item that was not properly depreciated in prior year		(3,180)
Total		$ (34,217,167)

Note 14 - Other

Clarksdale Municipal School District was selected for a Race to the Top - District award for $10 million on December 27, 2013 through December 27, 2017. The District received $2,836,509 as of June 30, 2015. The Race to the Top - District 2013 competition was sponsored by the United States Department of Education as a grant opportunity for districts demonstrating how they can personalize education for all students in their schools. It is a four year grant that will create opportunities for students to identify and pursue areas of personal academic interest - all while ensuring that each student masters critical areas identified in college and career-ready standards or college and career-ready high school graduation requirements. The goal of the Clarksdale Municipal School District Race to the Top plan is to replicate what we learn in other district feeders freeing up resources district wide for additional innovative programming to be developed and implemented.

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Clarksdale Municipal School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

A $425,000 Master Lease Program was approved at the September 17, 2015 Board meeting for the leasing of 5 buses. The term of the lease is 7 years and will bear interest at 4.33%.

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REQUIRED SUPPLEMENTARY INFORMATION

CLARKSDALE MUNICIPAL SCHOOL DISTRICT Exhibit 1

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 4,013,131	4,039,693	3,406,688	26,562	(633,005)
State sources	14,036,617	14,153,978	14,153,978	117,361	-
Federal sources	160,000	383,603	383,603	223,603	-
Sixteenth section sources	-	-	94,505	-	94,505
Total Revenues	18,209,748	18,577,274	18,038,774	367,526	(538,500)
Expenditures:					
Instruction	10,748,110	11,072,743	10,650,175	(324,633)	422,568
Support services	7,918,376	8,172,247	7,762,759	(253,871)	409,488
Noninstructional services	-	269	262	(269)	7
Facilities acquisition and construction	-	-	55,855	-	(55,855)
Debt service:					
Principal	31,789	31,789	20,575	-	11,214
Interest			11,214	-	(11,214)
Total Expenditures	18,698,275	19,277,048	18,500,840	(578,773)	776,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	(488,527)	(699,774)	(462,066)	(211,247)	237,708
Other Financing Sources (Uses):					
Insurance recovery	-	4,273	4,273	4,273	-
Operating transfers in	2,771,640	2,523,257	197,193	(248,383)	(2,326,064)
Operating transfers out	(2,866,326)	(2,951,326)	(408,024)	(85,000)	2,543,302
Total Other Financing Sources (Uses)	(94,686)	(423,796)	(206,558)	(329,110)	217,238
Net Change in Fund Balances	(583,213)	(1,123,570)	(668,624)	(540,357)	454,946
Fund Balances:					
July 1, 2014	1,332,716	2,095,233	2,095,233	762,517	-
June 30, 2015	$ 749,503	971,663	1,426,609	222,160	454,946

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT Exhibit 2

Budgetary Comparison Schedule

Title I - A Basic Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 2,500,142	2,723,193	2,723,193	223,051	-
Total Revenues	2,500,142	2,723,193	2,723,193	223,051	-
Expenditures:					
Instruction	589,224	625,945	531,032	(36,721)	94,913
Support services	1,798,845	2,477,268	2,005,356	(678,423)	471,912
Noninstructional services	128,364	143,040	125,203	(14,676)	17,837
Total Expenditures	2,516,433	3,246,253	2,661,591	(729,820)	584,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,291)	(523,060)	61,602	(506,769)	584,662
Other Financing Sources (Uses):					
Operating transfers in	54,896			(54,896)	
Operating transfers out	(38,605)	(75,098)	(61,597)	(36,493)	13,501
Total Other Financing Sources (Uses)	16,291	(75,098)	(61,597)	(91,389)	13,501
Net Change in Fund Balances	-	(598,158)	5	(598,158)	598,163
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	$ -	(598,158)	5	(598,158)	598,163

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

CLARKSDALE MUNICIPAL SCHOOL DISTRICT Exhibit 3

Budgetary Comparison Schedule

Excellence For All Fund

For the Year Ended June 30, 2014

				Variances Positive (Negative)	
	Budgeted Amounts		Actual	Original	Final
	Original	Final	(GAAP Basis)	to Final	to Actual
Revenues:					
State sources	$ -	165,072	165,072	165,072	-
Total Revenues	-	165,072	165,072	165,072	-
Expenditures:					
Instruction		233,474	165,072	(233,474)	68,402
Total Expenditures	0	233,474	165,072	(233,474)	68,402
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(68,402)	-	(68,402)	68,402
Net Change in Fund Balances	0	(68,402)	-	(68,402)	68,402
Fund Balances:					
July 1, 2014	-	-	-	-	-
June 30, 2015	$ 0	(68,402)	-	(68,402)	68,402

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

Clarksdale Municipal School District

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

		2015
District's proportion of the net pension liability (asset)	$	30,899,288
District's proportionate share of the net pension liability (asset)		0.254563%
District's covered - employee payroll		15,555,117
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll		198.643874%
Plan fiduciary net position as a percentage of the total pension liability		67.207687%

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

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

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

Clarksdale Municipal School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years*

		2015
Contractually required contribution	$	2,500,982
Contributions in relation to the contractually required contribution		2,500,982
Contribution deficiency (excess)	$	-
District's covered - employee payroll		15,879,251
Contributions as a percentage of covered - employee payroll		15.75%

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

Clarksdale Municipal School District

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

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

None.

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SUPPLEMENTARY INFORMATION

Clarksdale Municipal School District **Schedule 1**

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 the Mississippi Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$	554,748
National School Lunch Program	10.555		1,614,709
Summer Food Service Program for Children	10.559		44,894
Total Child Nutrition Cluster			2,214,351
Fresh Fruits and Vegetables Program	10.582		99,472
Total passed-through Mississippi Department of Education			2,313,823
Total U. S. Department of Agriculture			2,313,823
U. S. Department of Defense			
Direct Program:			
Reserve Officers' Training Corps	12.xxx		65,241
Total U. S. Department of Defense			65,241
Federal Communications Commission			
Administered through Universal Service Administrative Company:			
The School and Libraries Program of the Universal Service Fund	32.xxx		288,196
Total Federal Communications Commission			288,196
U. S. Department of Education			
Passed-through the Mississippi Department of Education:			
Title I Grants to Local Educational Agencies	84.010		2,723,188
Career and Technical Education - Basic Grant to States	84.048		67,838
Magnet Schools Assistance	84.165		1,739,127
Twenty-First Century Community Learning Centers	84.287		149,600
Rural Education	84.358		45,939
Improving Teacher Quality - State Grants	84.367		294,677
School Improvement Grants	84.377		374,946
Race to the Top - District Grants	84.416		2,836,509
Subtotal			8,231,824
Special Education Cluster:			
Special Education - Grants to States	84.027		779,698
Special Education - Preschool Grants	84.173		28,178
Total Special Education Cluster			807,876
Total passed-through the Mississippi Department of Education			9,039,700
Total U. S. Department of Education			9,039,700
U.S. Department of Health and Human Services			
Passed-through the Mississippi Department of Education			
Medical Assistance Program	93.778		30,166
Total passed-through the Mississippi Department of Education			30,166
Total U. S. Department of Health and Human Services			
TOTAL FOR ALL FEDERAL AWARDS		$	11,737,126

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.

Schedule 2

Clarksdale Municipal School District

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2015

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	21,769,752	15,833,245	1,769,376	1,636,863	2,530,268
Other		10,889,631	5,463,360	605,342	30,187	4,790,742
Total	$	32,659,383	21,296,605	2,374,718	1,667,050	7,321,010
Total number of students *		2,990				
Cost per student	$	10,923	7,123	794	558	2,448

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

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

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

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

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

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

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OTHER INFORMATION

CLARKSDALE MUNICIPAL SCHOOL DISTRICT "UNAUDITED"

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

	2015	2014*	2013*	2012*
Revenues:				
Local sources	$ 3,406,688	3,507,057	3,491,024	3,619,051
State sources	14,153,978	14,059,868	14,802,470	15,582,798
Federal sources	383,603	252,520	126,469	365,631
Sixteenth section sources	94,505	-	-	-
Total Revenues	18,038,774	17,819,445	18,419,963	19,567,480
Expenditures:				
Instruction	10,650,175	10,693,657	11,875,147	11,156,043
Support services	7,762,759	8,352,657	7,949,318	7,548,110
Noninstructional	262	1,723	2,364	2,946
Facilities acquisition and construction	55,855	-	-	886,243
Debt service:				
Principal	20,575	-	-	-
Interest	11,214	-	-	-
Total Expenditures	18,500,840	19,048,037	19,826,829	19,593,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	(462,066)	(1,228,592)	(1,406,866)	(25,862)
Other Financing Sources (Uses):				
Inception of leases	-	-	-	238,600
Insurance recovery	4,273	199,920	14,451	-
Operating transfers in	197,193	191,917	233,032	308,584
Other financing sources	-	-	-	-
Operating transfers out	(408,024)	(408,533)	(425,884)	(375,246)
Other financing uses	-	-	-	-
Total Other Financing Sources (Uses)	(206,558)	(16,696)	(178,401)	171,938
Net Change in Fund Balances	(668,624)	(1,245,288)	(1,585,267)	146,076
Fund Balances:				
July 1,	2,095,233	3,340,521	4,925,788	4,779,712
June 30,	$ 1,426,609	2,095,233	3,340,521	4,925,788

*SOURCE - PRIOR YEAR AUDIT REPORTS

CLARKSDALE MUNICIPAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances "UNAUDITED"

All Governmental Funds

Last Four Years

		2015	2014*	2013*	2012*
Revenues:					
Local sources	$	4,438,967	4,740,893	4,506,192	4,881,921
State sources		16,080,060	15,506,017	16,125,856	16,942,357
Federal sources		11,732,128	8,999,587	8,677,150	10,610,838
Sixteenth section sources		94,505	88,205	87,989	42,079
Total Revenues		32,345,660	29,334,702	29,397,187	32,477,195
Expenditures:					
Instruction		14,948,707	13,908,275	14,690,853	15,370,100
Support services		14,008,470	12,949,311	12,454,415	12,365,834
Noninstructional services		2,355,413	2,444,427	2,371,582	2,419,246
Facilities acquisition and construction		55,855	-	-	1,388,570
Debt service:					
Principal		1,105,575	1,069,486	1,023,455	970,000
Interest		184,113	223,897	260,618	527,740
Other		1,250	3,200	5,377	35,836
Total Expenditures		32,659,383	30,598,596	30,806,300	33,077,326
Excess (Deficiency) of Revenues Over (Under) Expenditures		(313,723)	(1,263,894)	(1,409,113)	(600,131)
Other Financing Sources (Uses):					
Inception of leases		-	-	-	238,600
Insurance recovery		4,273	199,920	14,451	-
Transfer from QSCB debt service agent		274,996	244,546	244,529	-
Payment to QSCB debt escrow agent		(274,996)	(244,546)	(244,529)	-
Operating transfers in		636,810	858,929	903,206	708,287
Other financing sources		-	30,450	-	274,973
Operating transfers out		(636,810)	(858,929)	(903,206)	(708,287)
Other financing uses		-	(30,450)	(23,109)	-
Total Other Financing Sources (Uses)		4,273	199,920	(8,658)	513,573
Net Change in Fund Balances		(309,450)	(1,063,974)	(1,417,771)	(86,558)
Fund Balances:					
July 1,		4,995,248	6,049,727	7,471,569	7,552,768
Increase (Decrease) in inventory		665	9,495	(4,071)	5,359
June 30,	$	4,686,463	4,995,248	6,049,727	7,471,569

*SOURCE - PRIOR YEAR AUDIT REPORTS

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REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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

Superintendent and School Board
Clarksdale Municipal 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 Clarksdale Municipal School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clarksdale Municipal School District's basic financial statements, and have issued our report thereon dated November 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the school district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

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

1929 Spillway Road
Brandon, Mississippi 39047
Telephone 601-992-5292 Fax 601-992-2033

Compliance and Other Matters

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC Certified Public Accountants
November 3, 2015

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Clarksdale Municipal School District

Report on Compliance for Each Major Federal Program

We have audited Clarksdale Municipal School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Clarksdale Municipal School District's major federal program for the year ended June 30, 2015. The Clarksdale Municipal School District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Brandon, Mississippi 39047
Telephone 601-992-5292 Fax 601-992-2033

Opinion on Each Major Federal Program

In our opinion, the Clarksdale Municipal 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 program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Clarksdale Municipal 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 Clarksdale Municipal School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC Certified Public Accountants
November 3, 2015

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Clarksdale Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clarksdale Municipal School District as of and for the year ended June 30, 2015, which collectively comprise the Clarksdale Municipal School District's basic financial statements and have issued our report thereon dated November 3, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure 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.

1929 SPILLWAY ROAD
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC Certified Public Accountants
November 3, 2015

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.

2. Internal control over financial reporting:
   a. Material weakness(es) identified? No.
   b. Significant deficiency(ies) identified? None reported.

3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? No.
   b. Significant deficiency(ies) identified? None reported.

5. Type of auditor's report issued on compliance for major programs: Unmodified.

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.416	Race to the Top - District Grants
84.377	School Improvement Grants

8. Dollar threshold used to distinguish between type A and type B programs: $300,000.

9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S SUMMARY OF PRIOR AUDIT FINDINGS

CLARKSDALE MUNICIPAL SCHOOL DISTRICT
Dennis Dupree Sr., Superintendent
101 McGuire Street
P.O. Box 1088
Clarksdale, MS 38614

SUMMARY OF PRIOR AUDIT FINDINGS

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

Finding	Status
2014-001	Corrected

CMSD

"Education of Our Children: TOP PRIORITY"

Phone: 662-627-8500 Email: www.cmsd.k12.ms.us Fax: 662-627-8542