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UNION PUBLIC SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2015

Charles L. Shivers, CPA, LLC  
Ridgeland, MS

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INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Union Public School District

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Union Public School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Union Public 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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my 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 Union Public School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability and schedule of district contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union Public School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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, I do not express an opinion or provide any assurance on it.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 12, 2015, on my consideration of the Union Public School District's internal control over financial reporting and on my 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 my 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 Union Public School District's internal control over financial reporting and compliance.

*Charles L Shivers, CPA, LLC*

Ridgeland, MS  
October 12, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of the 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 \$8,164,510, including a prior period adjustment of (\$8,504,850), which represents a 108.2% decrease from fiscal year 2014. Total net position for 2014 increased \$235,413, which represents a 3.2% increase from fiscal year 2013.
- General revenues amounted to \$6,543,841 and \$6,035,600, or 81.5% and 79.1% 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 \$1,481,230, or 18.5% of total revenues for 2015, and \$1,594,111, or 20.9% of total revenues for 2014.
- The District had \$7,684,731 and \$7,394,298 in expenses for fiscal years 2015 and 2014; only \$1,481,230 for 2015 and \$1,594,111 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$6,543,841 for 2015 and \$6,035,600 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,612,483 in revenues and \$6,508,138 in expenditures for 2015, and \$6,145,741 in revenues and \$6,005,446 in expenditures in 2014. The General Fund's fund balance increased by \$65,041 from 2014 to 2015, and increased by \$183,864 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$128,155 for 2015 and decreased by \$17,524 for 2014. The decrease for 2015 was due to the disposal of capital assets coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$66,381 for 2015 and decreased by \$55,000 for 2014. This decrease for 2015 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$8,381 for 2015 and decreased by \$1,526 for 2014.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-wide Financial Statements

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section, 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, schedule of the district's proportionate share of the net pension liability and schedule of district contributions as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

## Supplementary Information

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

## Other Information

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$619,987 as of June 30, 2015.

The District's financial position is a product of several financial transactions including the net result of activities, the payment of debt, 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	\$ 4,245,062	\$ 4,057,579	4.62 %
Restricted assets	416,791	388,679	7.23 %
Capital assets, net	3,615,476	3,743,631	(3.42) %
<b>Total assets</b>	<b>8,277,329</b>	<b>8,189,889</b>	<b>1.07 %</b>
 <b>Deferred outflows of resources</b>	 <b>770,589</b>	 <b>0</b>	 <b>N/A</b>
Current liabilities	510,709	362,006	41.08 %
Long-term debt outstanding	216,979	283,360	(23.43) %
Net pension liability	8,011,192	0	N/A
<b>Total liabilities</b>	<b>8,738,880</b>	<b>645,366</b>	<b>1254.10 %</b>
 <b>Deferred inflows of resources</b>	 <b>929,025</b>	 <b>0</b>	 <b>N/A</b>
 <b>Net position:</b>			
Net investment in capital assets	3,443,476	3,513,631	(2.00) %
Restricted	379,257	377,406	0.49 %
Unrestricted	(4,442,720)	3,653,486	(221.60) %
<b>Total net position</b>	<b>\$ (619,987)</b>	<b>\$ 7,544,523</b>	<b>(108.22) %</b>

### Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	(\$4,442,720)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	8,011,192
Unrestricted net position, exclusive of the net pension liability effect	<u>\$3,568,472</u>

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

- Decrease in net capital assets in the amount of \$128,155.
- The principal retirement of \$58,000 of long-term debt.
- Inclusion of net pension liability of \$8,011,192.

#### Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$8,025,071 and \$7,629,711, respectively. The total cost of all programs and services was \$7,684,731 for 2015 and \$7,394,298 for 2014.

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

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

**Table 2**  
**Changes in Net Position**

	Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 309,299	\$ 307,596	0.55 %
Operating grants and contributions	1,171,931	1,286,515	(8.91) %
General revenues:			
Property taxes	991,303	973,511	1.83 %
Grants and contributions not restricted	5,458,384	5,021,834	8.69 %
Investment earnings	8,251	8,131	1.48 %
Sixteenth section sources	84,303	32,124	162.43 %
Other	1,600	0	N/A
<b>Total revenues</b>	<b>8,025,071</b>	<b>7,629,711</b>	<b>5.18 %</b>
<b>Expenses:</b>			
Instruction	4,173,071	4,209,238	(0.86) %
Support services	2,681,040	2,692,073	(0.41) %
Non-instructional	461,722	476,555	(3.11) %
Sixteenth section	16,742	5,401	209.98 %
Pension expense	343,372	0	N/A
Interest on long-term liabilities	8,784	11,031	(20.37) %
<b>Total expenses</b>	<b>7,684,731</b>	<b>7,394,298</b>	<b>3.93 %</b>
<b>Increase (Decrease) in net position</b>	<b>340,340</b>	<b>235,413</b>	<b>44.57 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>7,544,523</b>	<b>0</b>	<b>N/A</b>
<b>Prior Period Adjustment</b>	<b>(8,504,850)</b>	<b>0</b>	<b>N/A</b>
<b>Net Position, July 1, as restated</b>	<b>(960,327)</b>	<b>7,309,110</b>	<b>(113.14) %</b>
<b>Net Position, June 30</b>	<b>\$ (619,987)</b>	<b>\$ 7,544,523</b>	<b>(108.22) %</b>

#### Governmental activities

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

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



**Table 3**  
**Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage</b>
	<b>2015</b>	<b>2014</b>	<b>Change</b>
Instruction	\$ 4,173,071	\$ 4,209,238	(0.86) %
Support services	2,681,040	2,692,073	(0.41) %
Non-instructional	461,722	476,555	(3.11) %
Sixteenth section	16,742	5,401	209.98 %
Pension Expense	343,372	0	N/A
Interest on long-term liabilities	8,784	11,031	(20.37) %
<b>Total expenses</b>	<b>\$ 7,684,731</b>	<b>\$ 7,394,298</b>	<b>3.93 %</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage</b>
	<b>2015</b>	<b>2014</b>	<b>Change</b>
Instruction	\$ (3,550,688)	\$ (3,560,796)	(0.28) %
Support services	(2,291,333)	(2,189,013)	4.67 %
Non-instructional	7,418	(33,946)	(121.85) %
Sixteenth section	(16,742)	(5,401)	209.98 %
Pension Expense	(343,372)	0	N/A
Interest on long-term liabilities	(8,784)	(11,031)	(20.37) %
<b>Total net (expense) revenue</b>	<b>\$ (6,203,501)</b>	<b>\$ (5,800,187)</b>	<b>6.95 %</b>

- Net cost of governmental activities (\$6,203,501 for 2015 and \$5,800,187 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$991,303 for 2015 and \$973,511 for 2014) and state and federal revenues (\$5,458,384 for 2015 and \$5,021,834 for 2014). In addition, there was \$84,303 and \$32,124 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$8,251 for 2015 and \$8,131 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 \$4,152,900, an increase of \$66,314, which includes an increase in inventory of \$1,870. \$2,661,708 or 64% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,491,192 or 36% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$65,041. The fund balance of Other Governmental Funds showed an increase in the amount of \$1,273, which includes an increase in reserve for inventory of \$1,870. The decrease in the fund balance for the other major fund was as follows:

<u>Major Fund</u>	<u>Increase / (Decrease)</u>
Title I-A Basic Fund	No increase or decrease

#### **BUDGETARY HIGHLIGHTS**

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original

budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and major special revenue fund(s) 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 \$6,588,167, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a decrease of \$30,945 from 2014. Total accumulated depreciation as of June 30, 2015, was \$2,972,691, and total depreciation expense for the year was \$159,513, resulting in total net capital assets of \$3,615,476.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 118,180	\$ 118,180	0.00 %
Buildings	2,609,034	2,678,670	(2.60) %
Building improvements	46,246	67,092	(31.07) %
Improvements other than buildings	564,405	589,821	(4.31) %
Mobile equipment	241,078	284,415	(15.24) %
Furniture and equipment	36,533	5,453	569.96 %
<b>Total</b>	<b>\$ 3,615,476</b>	<b>\$ 3,743,631</b>	<b>(3.42) %</b>

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 \$216,979 in outstanding long-term debt, of which \$63,598 is due within one year. The liability for compensated absences decreased \$8,381 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Three mill notes payable	172,000	230,000	(25.22) %
Compensated absences payable	44,979	53,360	(15.71) %
<b>Total</b>	<b>\$ 216,979</b>	<b>\$ 283,360</b>	<b>(23.43) %</b>

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

## CURRENT ISSUES

The Union Public School District is financially stable. The District is proud of its community support of the public schools. The District has committed itself to financial excellence for many years.

The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future. The District actively pursues grant funding to supplement the local, state and federal revenues.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Union Public School District, 417 South Decatur Street, Union, MS 39365.

BASIC FINANCIAL STATEMENTS

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UNION PUBLIC SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2015

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 4,060,920
Due from other governments	166,990
Inventories	15,694
Prepaid items	1,458
Restricted assets (Note 4)	416,791
Non-depreciable capital assets (Note 5)	118,180
Depreciable capital assets, net (Note 5)	3,497,296
Total Assets	<u>8,277,329</u>
Deferred Outflows of Resources	
Deferred outflow - pensions (Note ??)	770,589
Total Deferred Outflows of Resources	<u>770,589</u>
Liabilities	
Accounts payable and accrued liabilities	508,953
Interest payable on long-term liabilities	1,756
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	60,000
Non-capital related liabilities	3,598
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	112,000
Non-capital related liabilities	41,381
Net pension liability (Note 7)	8,011,192
Total Liabilities	<u>8,738,880</u>
Deferred Inflows of Resources	
Deferred inflows - pensions (Note 7)	929,025
Total Deferred Inflows of Resources	<u>929,025</u>
Net Position	
Net investment in capital assets	3,443,476
Restricted net position	
Expendable	
School-based activities	247,483
Debt service	26,068
Forestry improvements	86,045
Unemployment benefits	17,036
Non-expendable	
Sixteenth section	2,625
Unrestricted	<u>(4,442,720)</u>
Total Net Position	<u>\$ (619,987)</u>

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

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

Exhibit B

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 4,173,071	157,822	464,561	(3,550,688)
Support services	2,681,040	151,477	238,230	(2,291,333)
Non-instructional	461,722		469,140	7,418
Sixteenth section	16,742			(16,742)
Pension expense	343,372			(343,372)
Interest on long-term liabilities	8,784			(8,784)
Total Governmental Activities	<u>7,684,731</u>	<u>309,299</u>	<u>1,171,931</u>	<u>(6,203,501)</u>
General Revenues				
Taxes				
General purpose levies				947,282
Debt purpose levies				44,021
Unrestricted grants and contributions				
State				5,407,172
Federal				51,212
Unrestricted investment earnings				8,251
Sixteenth section sources				84,303
Other				1,600
Total General Revenues				<u>6,543,841</u>
Changes in Net Position				<u>340,340</u>
Net Position - Beginning, as previously reported				7,544,523
Prior Period Adjustments (Note 9)				(8,504,850)
Net Position - Beginning - as restated				<u>(960,327)</u>
Net Position - Ending				<u>\$ (619,987)</u>

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

UNION PUBLIC SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2015

Exhibit C

	Major Funds			
	General Fund	Title I-A Basic Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 2)	\$ 4,060,920		416,791	4,477,711
Due from other governments	69,516	61,314	36,160	166,990
Due from other funds (Note 3)	62,957			62,957
Inventories			15,694	15,694
Prepaid items	1,458			1,458
<b>Total Assets</b>	<b>4,194,851</b>	<b>61,314</b>	<b>468,645</b>	<b>4,724,810</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable & accrued liabilities	422,964	16,065	69,924	508,953
Due to other funds (Note 3)		45,249	17,708	62,957
<b>Total Liabilities</b>	<b>422,964</b>	<b>61,314</b>	<b>87,632</b>	<b>571,910</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventory			15,694	15,694
Permanent fund principal			2,625	2,625
Prepaid items	1,458			1,458
<b>Restricted</b>				
Debt service			27,824	27,824
Forestry improvements			86,045	86,045
Unemployment benefits			17,036	17,036
Grant activities			231,789	231,789
<b>Assigned</b>				
School activities	147,205			147,205
Technology	20,757			20,757
Facility additions/renovations	940,759			940,759
<b>Unassigned</b>	<b>2,661,708</b>			<b>2,661,708</b>
<b>Total Fund Balances</b>	<b>3,771,887</b>	<b>0</b>	<b>381,013</b>	<b>4,152,900</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,194,851</b>	<b>61,314</b>	<b>468,645</b>	<b>4,724,810</b>

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

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

Exhibit C-1

		<u>Amount</u>
Total Fund Balance - Governmental Funds		\$ 4,152,900
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	118,180	
Buildings	4,223,529	
Building improvements	211,553	
Improvement other than buildings	1,038,941	
Mobile equipment	840,570	
Furniture and equipment	155,394	
Accumulated depreciation	<u>(2,972,691)</u>	3,615,476
Some of the district's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(8,011,192)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions	770,589	
Deferred inflows of resources related to pensions	<u>(929,025)</u>	(158,436)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(172,000)	
Compensated absences	(44,979)	
Accrued interest payable	<u>(1,756)</u>	(218,735)
Total Net Position - Governmental Activities		<u>\$ (619,987)</u>

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



## UNION PUBLIC SCHOOL DISTRICT

Exhibit D

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

	Major Funds		Other	Total
	General	Title I-A	Governmental	Governmental
	Fund	Basic	Funds	Funds
		Fund		
Revenues				
Local sources	\$ 1,112,728		196,426	1,309,154
State sources	5,364,448		108,346	5,472,794
Federal sources	51,212	251,986	854,022	1,157,220
Sixteenth section sources	84,095		208	84,303
Total Revenues	6,612,483	251,986	1,159,002	8,023,471
Expenditures				
Instruction	3,941,114	158,102	338,732	4,437,948
Support services	2,553,137	93,567	201,961	2,848,665
Noninstructional services			528,158	528,158
Sixteenth section	13,887		2,855	16,742
Debt service				
Principal (Note 6)			58,000	58,000
Interest			9,362	9,362
Total Expenditures	6,508,138	251,669	1,139,068	7,898,875
Excess (Deficiency) of Revenues Over Expenditures	104,345	317	19,934	124,596
Other Financing Sources (Uses)				
Sale of transportation equipment	1,600			1,600
Operating transfers in (Note 3)	55,707		72,037	127,744
Operating transfers out (Note 3)	(34,859)	(317)	(92,568)	(127,744)
Other financing uses	(61,752)			(61,752)
Total Other Financing Sources (Uses)	(39,304)	(317)	(20,531)	(60,152)
Net Change in Fund Balances	65,041	0	(597)	64,444
Fund Balances				
July 1, 2014	3,706,846	0	379,740	4,086,586
Increase in reserve for inventory			1,870	1,870
June 30, 2015	\$ 3,771,887	0	381,013	4,152,900

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

UNION PUBLIC SCHOOL DISTRICT

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

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balance - Governmental Funds	\$ 64,444

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:

Capital outlay	38,281	
Depreciation expense	<u>(159,513)</u>	(121,232)

In the Statement of Activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(6,923)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal	58,000	
Accrued interest payable	<u>578</u>	58,578

Reconciling items applicable to pension liability and related accounts:

Pension contributions made subsequent to the measurement date	678,678	
Pension expense for the current year	(343,372)	
Pension rounding differences	<u>(84)</u>	335,222

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

Change in compensated absences	8,381	
Change in inventory reserve	<u>1,870</u>	<u>10,251</u>

Changes in Net Position of Governmental Activities	<u>\$ 340,340</u>
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The notes to the financial statements are an integral part of this statement.

UNION PUBLIC SCHOOL DISTRICT  
Statement of Net Position - Fiduciary Funds  
June 30, 2015

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 2)	\$ 7,313	44,404
Total Assets	7,313	44,404
Liabilities		
Accounts payable and accrued liabilities	0	6,945
Due to student clubs	0	37,459
Total Liabilities	0	44,404
Net Position		
Reserved for endowments	7,313	
Total Net Position	\$ 7,313	

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

Exhibit F

UNION PUBLIC SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2015

	Private-Purpose Trust Funds
Total Additions	\$ 0
Total Deductions	0
Changes in Net Assets	0
Net Position	
July 1, 2014	7,313
June 30, 2015	\$ 7,313

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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For 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 Union 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, the 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:

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

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 Special Revenue Fund is used to account for the Federal funds whose use is restrict for services associated with educationally deprived students.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing - This fund is used as a clearing account for non-payroll transactions.

Student Club Accounts - These funds are used to account for the transaction of student clubs.

Scholarship Fund - This fund is used to account for the scholarships paid to students.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

#### FIDUCIARY FUNDS

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

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

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

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

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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

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 maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

**1. Cash, Cash 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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

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.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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 limited to use by Federal Programs and others 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. Also, the nonexpendable portion of the Permanent Fund is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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



UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

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

7. Deferred outflows/inflows of resources

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

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

See Note 1, E, 10 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

In the government-wide financial statements, outstanding debt is reported as liabilities.

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.

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

11. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is documented in the board minutes of the school board. Currently there is no committed fund balance for this school district.

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the superintendent of education and/or the business manager pursuant to authorization established by the school board.

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

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

It is the policy of the School District to maintain a minimum fund balance in the General Fund that is not less than 10% of the total revenues.

**Note 2 – Cash and Cash Equivalents**

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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.

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,477,711 and \$51,717, respectively. The carrying amount of deposits reported in the government-wide financial statements was \$4,060,920.

*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.

**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	Major fund - Title I-A Basic Fund	\$ 45,249
	Other governmental funds	17,708
Total		<u>\$ 62,957</u>

The purpose of the more significant inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 34,859
Major fund - Title I-A Basic Fund	General Fund	317
Other governmental funds	General Fund	55,390
	Other governmental funds	37,178
Total		<u>\$ 127,744</u>

The transfer out of the General Fund was for the purpose of funding the vocational program in the Other Governmental Funds. The transfer to General Fund from Other governmental was to transfer indirect costs and interest. The transfer within the Other Governmental Funds was to fund debt service payments.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance (\$416,791) of certain funds including the Sixteenth Section Principal Fund (Permanent Fund) which are legally restricted and may not be used for purposes that support the district's programs.

**Note 5 – Capital Assets**

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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 118,180			118,180
Total non-depreciable capital assets	118,180	0	0	118,180
<u>Depreciable capital assets:</u>				
Buildings	4,223,529			4,223,529
Building improvements	211,553			211,553
Improvements other than buildings	1,038,941			1,038,941
Mobile equipment	909,796		(69,226)	840,570
Furniture and equipment	117,113	38,281		155,394
Total depreciable capital assets	6,500,932	38,281	(69,226)	6,469,987
<u>Less accumulated depreciation for:</u>				
Buildings	1,544,859	69,636		1,614,495
Building improvements	144,461	20,846		165,307
Improvements other than buildings	449,120	25,416		474,536
Mobile equipment	625,381	36,414	(62,303)	599,492
Furniture and equipment	111,660	7,201		118,861
Total accumulated depreciation	2,875,481	159,513	(62,303)	2,972,691
Total depreciable capital assets, net	3,625,451	(121,232)	(6,923)	3,497,296
Governmental activities capital assets, net	\$ 3,743,631	(121,232)	(6,923)	3,615,476

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 80,494
Support services	75,717
Non-instructional	3,302
Total depreciation expense - Governmental activities	\$ 159,513

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. Three mill notes payable	\$ 230,000		58,000	172,000	60,000
B. Compensated absences payable	53,360		8,381	44,979	3,598
Total	\$ 283,360	0	66,381	216,979	63,598

**A. Three mill notes payable**

Debt currently outstanding is as follows:

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, 2003	3.5-4.2	4/1/2003	4/1/2018	\$ 750,000	\$ 172,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 60,000	7,042	67,042
2017	62,000	4,642	66,642
2018	50,000	2,100	52,100
Total	\$ 172,000	13,784	185,784

This debt will be retired from the 1995 Note Retirement Fund (Debt Service Fund).

**B. 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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

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 \$678,678, \$640,068 and \$574,161, 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 \$8,011,192 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 .066 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$343,372. 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	\$ 91,911	\$ 0
Net difference between projected and actual earnings on pension plan investments	0	929,025
Changes of assumptions:		
Changes in proportion and differences between District contributions and proportionate share of contributions	0	0
District contributions subsequent to the measurement date	678,678	
Total	\$ <u>770,589</u>	\$ <u>929,025</u>

\$678,678 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:

<u>Year ended June 30:</u>	
2016	\$ 199,195
2017	199,195
2018	206,468
2019	232,256

*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.

# UNION PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements

For Year Ended June 30, 2015

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 10,921,643	\$ 8,011,192	\$ 5,583,442

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

### Note 8 – Sixteenth Section Lands

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

UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

Year Ending June 30	Amount
2016	\$ 6,803
2017	6,803
2018	6,803
2019	3,961
2020	3,961
2021 – 2025	19,460
2026 – 2030	17,380
2031 – 2035	14,645
Thereafter	9,612
Total	<u>\$ 89,428</u>

**Note 9 – Prior Period Adjustments**

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ 9,144,918
Deferred outflows - contributions made during fiscal year 2014	(640,068)
Total prior period adjustment related to GASB 68 and 71	
Total	<u>\$ 8,504,850</u>

**Note 10 – Contingencies**

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

**Note 11 – Risk Management**

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

**Note 12 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated April 11, 1994, creating a vocational cooperative. This cooperative was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The cooperative includes the Union Public School District and the Newton County School District.

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



UNION PUBLIC SCHOOL DISTRICT  
Notes to the Financial Statements  
For Year Ended June 30, 2015

for those students.

The Newton County School District has been designated as the fiscal agent for the cooperative, and the operations of the consortium are included in its financial statements.

**Note 13 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of \$(4,442,720) includes the effect of deferring the recognition of expenses and revenue associated with the net pension liability and related account balances.

**Note 14 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through October 12, 2015 and determined there are no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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UNION PUBLIC SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Local sources	\$ 1,087,675	1,112,728	1,112,728	25,053	0
State sources	5,324,349	5,364,448	5,364,448	40,099	0
Federal sources	44,560	51,212	51,212	6,652	0
Sixteenth section sources	0	84,095	84,095	84,095	0
Total Revenues	<u>6,456,584</u>	<u>6,612,483</u>	<u>6,612,483</u>	<u>155,899</u>	<u>0</u>
Expenditures					
Instruction	4,003,992	3,941,114	3,941,114	62,878	0
Support services	2,663,250	2,553,137	2,553,137	110,113	0
Sixteenth section	0	13,887	13,887	(13,887)	0
Total Expenditures	<u>6,667,242</u>	<u>6,508,138</u>	<u>6,508,138</u>	<u>159,104</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(210,658)</u>	<u>104,345</u>	<u>104,345</u>	<u>315,003</u>	<u>0</u>
Other Financing Sources (Uses)					
Sale of transportation equipment	0	1,600	1,600	1,600	0
Operating transfers in	738,491	656,327	55,707	(82,164)	(600,620)
Other financing sources	650	0	0	(650)	0
Operating transfers out	(752,594)	(635,479)	(34,859)	117,115	600,620
Other financing uses	(300)	(61,752)	(61,752)	(61,452)	0
Total Other Financing Sources (Uses)	<u>(13,753)</u>	<u>(39,304)</u>	<u>(39,304)</u>	<u>(25,551)</u>	<u>0</u>
Net Change in Fund Balances			<u>65,041</u>		
Fund Balances					
July 1, 2014			<u>3,706,846</u>		
June 30, 2015			<u>\$ 3,771,887</u>		

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

UNION PUBLIC SCHOOL DISTRICT  
 Budgetary Comparison Schedule for the Major Special Revenue Fund - Title I-A Basic Fund  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues					
Federal sources	\$ 282,628	251,986	251,986	(30,642)	0
Total Revenues	<u>282,628</u>	<u>251,986</u>	<u>251,986</u>	<u>(30,642)</u>	<u>0</u>
Expenditures					
Instruction	173,610	158,102	158,102	15,508	0
Support services	108,900	93,567	93,567	15,333	0
Total Expenditures	<u>282,510</u>	<u>251,669</u>	<u>251,669</u>	<u>30,841</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>118</u>	<u>317</u>	<u>317</u>	<u>199</u>	<u>0</u>
Other Financing Sources (Uses)					
Operating transfers out	0	(317)	(317)	317	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(317)</u>	<u>(317)</u>	<u>317</u>	<u>0</u>
Net Change in Fund Balances			<u>0</u>		
Fund Balances					
July 1, 2014			<u>0</u>		
June 30, 2015			<u>\$ 0</u>		

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

UNION PUBLIC SCHOOL DISTRICT

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

PERS

Last 10 Fiscal Years

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.066%
District's proportionate share of the net pension liability (asset)	<u>\$ 8,011,192</u>
District's covered-employee payroll	<u>\$ 4,309,053</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>185.92%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>67.21%</u>

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.

UNION PUBLIC SCHOOL DISTRICT  
Schedule of District Contributions  
PERS  
Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 678,678									
Contributions in relation to the contractually required contribution	678,678									
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
District's covered-employee payroll	\$ 4,309,053									
Contributions as a percentage of covered- employee payroll	15.75%									

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.



UNION PUBLIC SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2013

(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 following the end of the fiscal year. A budgetary comparison is presented for the general fund and each major special revenue fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States of America.

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SUPPLEMENTARY INFORMATION

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UNION PUBLIC SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 160,495
National school lunch program	10.555	470,784
Summer food service program for children	10.559	3,958
Total child nutrition cluster		<u>635,237</u>
Total U.S. Department of Agriculture		<u>635,237</u>
 Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.xxx	<u>30,233</u>
Total Federal Communications Commission		<u>30,233</u>
 U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	251,986
Twenty first century community learning centers	84.287	114,125
Rural education	84.358	18,713
Improving teacher quality - state grants	84.367	49,228
Total		<u>434,052</u>
Special education cluster:		
Special education - grants to states	84.027	199,660
Special education - preschool grants	84.173	5,121
Total special education cluster		<u>204,781</u>
Total passed-through Mississippi Department of Education		<u>638,833</u>
Total U.S. Department of Education		<u>638,833</u>
 Total for All Federal Awards		<u>\$ 1,304,303</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, applicable, used for the basic financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

UNION PUBLIC SCHOOL DISTRICT  
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2015

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administrative</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 5,895,204	4,557,639	392,245	426,567	518,753
Other	2,003,671	479,293	72,461	20,987	1,430,930
Total	<u>7,898,875</u>	<u>5,036,932</u>	<u>464,706</u>	<u>447,554</u>	<u>1,949,683</u>
Total number of students	<u>964</u>				
Cost per student	<u>\$ 8,193</u>	<u>5,225</u>	<u>482</u>	<u>464</u>	<u>2,022</u>

Notes to the schedule.

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

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

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

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

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

OTHER INFORMATION

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UNION PUBLIC SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years

	UNAUDITED			
	2015	2014*	2013*	2012*
Revenues				
Local sources	\$ 1,112,728	1,090,315	1,090,465	1,033,438
State sources	5,364,448	4,990,407	4,667,682	4,483,704
Federal sources	51,212	31,427	34,336	78,482
Sixteenth section sources	84,095	33,592	32,261	332,973
Total Revenues	<u>6,612,483</u>	<u>6,145,741</u>	<u>5,824,744</u>	<u>5,928,597</u>
Expenditures				
Instruction	3,941,114	3,591,146	3,373,123	3,123,127
Support services	2,553,137	2,409,594	2,052,877	2,132,751
Sixteenth section	13,887	4,706	5,090	21,175
Total Expenditures	<u>6,508,138</u>	<u>6,005,446</u>	<u>5,431,090</u>	<u>5,277,053</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>104,345</u>	<u>140,295</u>	<u>393,654</u>	<u>651,544</u>
Other Financing Sources (Uses)				
Sale of transportation equipment	1,600	1,600	0	0
Sale of other property	0	0	0	2,000
Operating transfers in	55,707	71,248	199,382	450,539
Other financing sources	0	646	820	0
Operating transfers out	(34,859)	(27,901)	(26,579)	(531,864)
Other financing uses	(61,752)	(2,024)	0	0
Total Other Financing Sources (Uses)	<u>(39,304)</u>	<u>43,569</u>	<u>173,623</u>	<u>(79,325)</u>
Net Change in Fund Balances	<u>65,041</u>	<u>183,864</u>	<u>567,277</u>	<u>572,219</u>
Fund Balances				
July 1	<u>3,706,846</u>	<u>3,522,982</u>	<u>2,955,705</u>	<u>2,383,486</u>
June 30	<u>\$ 3,771,887</u>	<u>3,706,846</u>	<u>3,522,982</u>	<u>2,955,705</u>

\* Source - Prior year audit reports.

UNION PUBLIC SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years

	UNAUDITED			
	2015	2014*	2013*	2012*
Revenues				
Local sources	\$ 1,309,154	1,287,611	1,273,702	1,223,311
State sources	5,472,794	5,150,285	4,824,698	4,652,396
Federal sources	1,157,220	1,158,065	1,207,906	1,532,615
Sixteenth section sources	84,303	33,750	32,777	333,584
Total Revenues	<u>8,023,471</u>	<u>7,629,711</u>	<u>7,339,083</u>	<u>7,741,906</u>
Expenditures				
Instruction	4,437,948	4,136,958	3,936,899	4,004,451
Support services	2,848,665	2,748,238	2,438,390	2,524,867
Noninstructional services	528,158	475,296	461,059	441,270
Sixteenth section	16,742	5,401	14,962	35,912
Facilities acquisition and construction	0	0	20,850	309,744
Debt service				
Principal	58,000	55,000	54,000	51,000
Interest	9,362	11,424	13,449	15,362
Total Expenditures	<u>7,898,875</u>	<u>7,432,317</u>	<u>6,939,609</u>	<u>7,382,606</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>124,596</u>	<u>197,394</u>	<u>399,474</u>	<u>359,300</u>
Other Financing Sources (Uses)				
Sale of transportation equipment	1,600	1,600	0	0
Sale of other property	0	0	426	2,000
Operating transfers in	127,744	135,092	262,017	1,039,349
Other financing sources	0	646	820	0
Operating transfers out	(127,744)	(135,092)	(262,017)	(1,039,349)
Other financing uses	(61,752)	(2,363)	0	0
Total Other Financing Sources (Uses)	<u>(60,152)</u>	<u>(117)</u>	<u>1,246</u>	<u>2,000</u>
Net Change in Fund Balances	<u>64,444</u>	<u>197,277</u>	<u>400,720</u>	<u>361,300</u>
Fund Balances				
July 1, as previously reported	4,086,586	3,890,568	3,484,147	3,125,713
Increase (Decrease) in reserve for inventory	<u>1,870</u>	<u>(1,259)</u>	<u>5,701</u>	<u>(2,866)</u>
June 30	<u>\$ 4,152,900</u>	<u>4,086,586</u>	<u>3,890,568</u>	<u>3,484,147</u>

\* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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# CHARLES L. SHIVERS

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

### Independent Auditor's Report

Superintendent and School Board  
Union Public School District

I 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 Union Public School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Union Public School District's basic financial statements, and have issued my report thereon dated October 12, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Union Public 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union Public School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Union Public 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Union Public School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

*Charles L Shivers, CPA, LLC*

Ridgeland, MS  
October 12, 2015

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

### Independent Auditor's Report

Superintendent and School Board  
Union Public School District

#### **Report on Compliance for Each Major Federal Program**

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

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of Union Public School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 Union Public School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Union Public School District's compliance.

#### ***Opinion on Each Major Federal Program***

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

#### **Report on Internal Control Over Compliance**

Management of Union Public 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 my audit of compliance, I considered Union Public 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, I do not express an opinion on the effectiveness of Union Public 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

*Charles L Shivers, CPA, LLC*

Ridgeland, MS  
October 12, 2015



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

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

Superintendent and School Board  
Union Public School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Union Public School District as of and for the year ended June 30, 2015, which collectively comprise Union Public School District's basic financial statements and have issued my report thereon dated October 12, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, I 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 my audit and, accordingly, I do not express such an opinion.

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

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

The results of my 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, I 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 my audit and, accordingly, I do not express such an opinion.

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, 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.

*Charles L Shivers, CPA, LLC*

Ridgeland, MS  
October 12, 2015

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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UNION PUBLIC SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
June 30, 2015

**Section I: Summary of Auditor's Results**

**Financial Statements:**

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements:                      | Unmodified    |
| 2. | Noncompliance material to the basic financial statements noted?                         | No            |
| 3. | Internal control over financial reporting:  |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiency identified that are not considered to be material weaknesses? | None Reported |

**Federal Awards:**

- |     |  |               |
|-----|--|---------------|
| 4.  | Type of auditor's report issued on compliance for major federal programs:  | Unmodified    |
| 5.  | Internal control over major programs:  |               |
|     | a. Material weaknesses identified?   | No            |
|     | b. Significant deficiency identified that are not considered to be material weaknesses?  | None Reported |
| 6.  | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   | No            |
| 7.  | Federal program identified as major program:   |               |
|     | a. Child nutrition cluster   |               |
|     | CFDA #: 10.553   |               |
|     | CFDA #: 10.555   |               |
|     | CFDA #: 10.559   |               |
|     | b. Special education cluster   |               |
|     | CFDA #: 84.027   |               |
|     | CFDA #: 84.173   |               |
| 8.  | The dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| 9.  | Auditee qualified as a low-risk auditee?   | No            |
| 10. | Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____ .315(b) of OMB Circular A-133? | No            |

**Section II: Financial Statement Findings**

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

**Section III: Federal Award Findings and Questioned Costs**

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

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