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West Tallahatchie Consolidated School District

Audited Financial Statements
For the Year Ended June 30, 2015

Fortenberry & Ballard, PC
Certified Public Accountants

West Tallahatchie Consolidated School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
West Tallahatchie Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Tallahatchie Consolidated School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Tallahatchie Consolidated School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, the Schedule of the District’s Proportionate Share of the Net Pension Liability and the Schedule of District’s Contributions on pages 8 to 19 and 60 to 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Tallahatchie Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All

Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2016, on our consideration of the West Tallahatchie Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Tallahatchie Consolidated School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 28, 2016

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Tallahatchie Consolidated School District

Management's Discussion and Analysis

For the Year Ended June 30, 2015

The following discussion and analysis of West Tallahatchie Consolidated 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 \$9,005,563, including a prior period adjustment of (\$9,792,181), which represents a (146%) decrease from fiscal year 2014. Total net position for 2014 increased \$823,516, including a prior period adjustment of \$192,511, which represents a 15% increase from fiscal year 2013
- General revenues amounted to \$6,917,804 and \$6,947,823, or 75% and 76% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,268,819, or 25% of total revenues for 2015 and \$2,247,772, or 24% of total revenues for 2014.
- The District had \$8,400,005 and \$8,564,590 in expenses for fiscal years 2015 and 2014; only \$2,268,819 for 2015 and \$2,247,772 for 2014 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$6,917,804 for 2015 and \$6,947,823 for 2014 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$6,871,791 in revenues and \$6,422,122 in expenditures for 2015, and \$6,415,798 in revenues and \$6,346,274 in expenditures for 2014. The General Fund's fund balance increased by \$1,457,292, including a fund reclassification of \$999,572 and a prior period adjustment of (\$1,998), from 2014 to 2015, and decreased by \$75,361, including a prior period adjustment of \$1,115, from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$116,094 for 2015 and increased by \$108,662 for 2014. The decrease for 2015 was primarily due to the increase in accumulated depreciation.
- Long-term debt increased by \$1,233,500 for 2015 and decreased by \$255,500 for 2014. This increase for 2015 was due primarily to the issuance of a qualified school construction bond during the fiscal year. The liability for compensated absences decreased by \$561 for 2015 and decreased by \$2,587 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,

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences between them 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.

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
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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.

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$2,827,021) as of June 30, 2015.

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

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

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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

Table 1
Condensed Statement of Net Position

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 5,253,019	3,270,297	61%
Restricted assets	29,540	30,853	(4)%
Capital assets, net	4,232,775	4,348,869	(3)%
Total assets	9,515,334	7,650,019	24%
 Deferred outflows of resources	 847,622	 	 N/A
 Current liabilities	 109,358	 84,959	 29%
Long-term debt outstanding	2,619,457	1,386,518	89%
Net pension liability	8,934,906		N/A
Total liabilities	11,663,721	1,471,477	693%
 Deferred inflows of resources	 1,526,256	 	 N/A
 Net position:			
Net investment in capital assets	2,972,808	3,009,869	(1)%
Restricted	767,523	1,585,224	(52)%
Unrestricted	(6,567,352)	1,583,449	(515)%
Total net position (deficit)	\$ (2,827,021)	6,178,542	(146)%

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (6,567,352)
Less unrestricted deficit in net position resulting from implementation of GASB Statement No. 68 and No. 71	9,613,540
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 3,046,188</u>

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

- Implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.
- Decrease in net capital assets in the amount of \$116,094.
- The principal retirement of \$266,500 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$9,186,623 and \$9,195,595, respectively. The total cost of all programs and services was \$8,400,005 for 2015 and \$8,564,590 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.

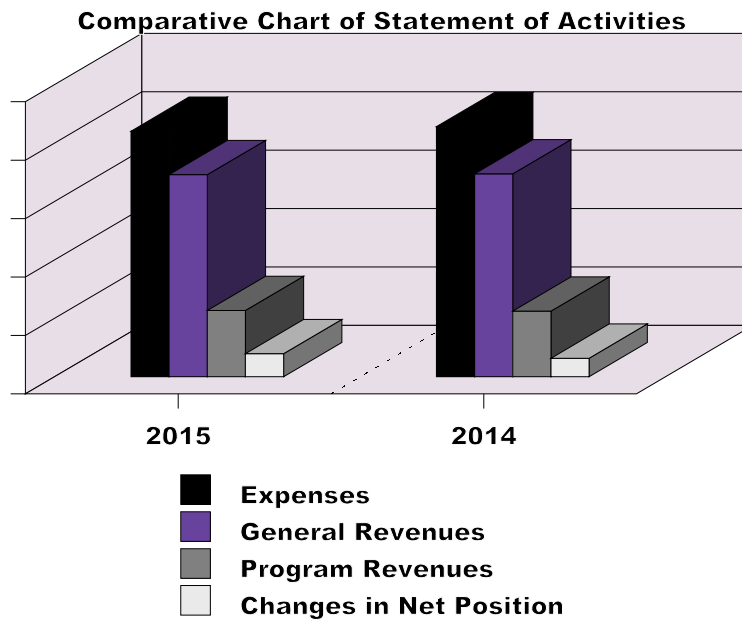
GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Table 2
Changes in Net Position

	Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 413,416	374,664	10%
Operating grants and contributions	1,831,134	1,848,963	(1)%
Capital grants and contributions	24,269	24,145	1%
General revenues:			
Property taxes	2,422,957	2,374,187	2%
Grants and contributions not restricted	4,077,462	4,086,047	0%
Unrestricted investment earnings	1,397	2,846	(51)%
Sixteenth section sources	320,464	392,024	(18)%
Other	95,524	92,719	3%
Total revenues	9,186,623	9,195,595	0%
Expenses:			
Instruction	3,760,077	4,100,713	(8)%
Support services	3,419,712	3,671,875	(7)%
Non-instructional	653,408	698,083	(6)%
Sixteenth section		40,106	(100)%
Pension expense	522,005		N/A
Interest on long-term liabilities	44,803	53,813	(17)%
Total expenses	8,400,005	8,564,590	(2)%
Increase (Decrease) in net position	786,618	631,005	25%
Net Position, July 1, as previously reported	6,178,542	5,355,026	15%
Prior period adjustment	(9,792,181)	192,511	5187%
Net Position, July 1, as restated	(3,613,639)	5,547,537	(165)%
Net Position, June 30	\$ (2,827,021)	6,178,542	(146)%

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015



Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, pension expense and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and 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.

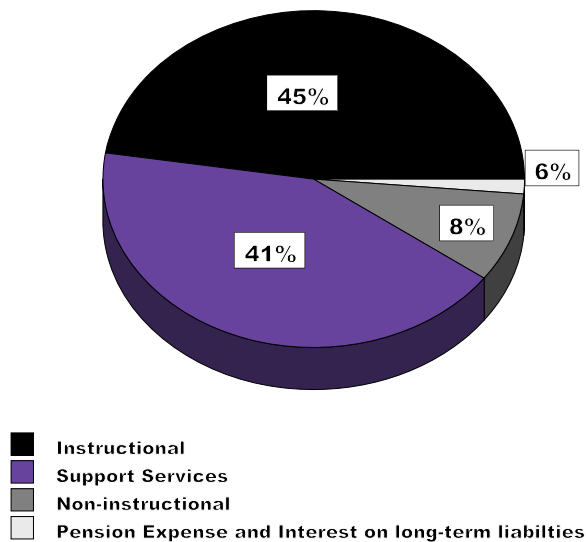
Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 3,760,077	4,100,713	(8)%
Support services	3,419,712	3,671,875	(7)%
Non-instructional	653,408	698,083	(6)%
Sixteenth section		40,106	(100)%
Pension expense	522,005		N/A
Interest on long-term liabilities	44,803	53,813	(17)%
Total expenses	\$ 8,400,005	8,564,590	(2)%

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

	Net (Expense) Revenue		
	2015	2014	Percentage Change
Instruction	\$ (2,886,999)	(3,200,985)	(10)%
Support services	(2,855,086)	(2,993,400)	(5)%
Non-instructional	177,707	(32,290)	(650)%
Sixteenth section		(36,330)	(100)%
Pension expense	(522,005)		N/A
Interest on long-term liabilities	(44,803)	(53,813)	(17)%
Total net (expense) revenue	\$ (6,131,186)	(6,316,818)	(3)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$6,131,186 for 2015 and \$6,316,818 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$2,422,957 for 2015 and \$2,374,187 for 2014) and state and federal revenues (\$4,077,462 for 2015 and \$4,086,047 for 2014). In addition, there was \$320,464 and \$392,024 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$1,397 for 2015 and \$2,846 for 2014.

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$5,187,817, an increase of \$1,953,415, which includes a prior period adjustment of (\$1,998) and a increase in inventory of \$10,638. \$3,021,164 or 58% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$2,166,653 or 42% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,457,292, including a fund reclassification of \$999,572 and a prior period adjustment of (\$1,998). The fund balance of Other Governmental Funds showed a decrease in the amount of \$816,410, which includes a fund reclassification of (\$999,572) and a increase in inventory of \$10,638. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Fund	no increase or decrease
QSCB - 2015 Fund	\$ 1,312,533

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 each major special revenue fund is provided in this report as required supplementary information.

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$7,430,611, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$57,092 from 2014. Total accumulated depreciation as of June 30, 2015, was \$3,197,836, and total depreciation expense for the year was \$173,186, resulting in total net capital assets of \$4,232,775.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 15,491	15,491	0%
Buildings	2,915,727	2,990,381	(2)%
Building improvements	554,532	579,314	(4)%
Improvements other than buildings	173,079	183,896	(6)%
Mobile equipment	541,770	537,528	1%
Furniture and equipment	32,176	42,259	(24)%
Total	<u>\$ 4,232,775</u>	<u>4,348,869</u>	<u>(3)%</u>

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

Debt Administration. At June 30, 2015, the District had \$2,619,457 in outstanding long-term debt, of which \$274,848 is due within one year. The liability for compensated absences decreased \$561 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 562,500	754,000	(25)%
Three mill notes payable	510,000	585,000	(13)%
Qualified school construction bond	1,500,000		N/A
Compensated absences payable	46,957	47,518	(1)%
Total	<u>\$ 2,619,457</u>	<u>1,386,518</u>	<u>89%</u>

West Tallahatchie Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2015

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

CURRENT ISSUES

The West Tallahatchie Consolidated School District is financially stable. The District is proud of its community support of the public schools.

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

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

Enrollment for the 2014 - 2015 year decreased by 6% to 747 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the West Tallahatchie Consolidated School District, PO Box 129, Webb, MS 38966.

FINANCIAL STATEMENTS

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 4,751,561
<i>Due from other governments</i>	486,761
<i>Other receivables, net</i>	66
<i>Inventories</i>	14,631
<i>Restricted assets</i>	29,540
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	15,491
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	2,915,727
<i>Building improvements</i>	554,532
<i>Improvements other than buildings</i>	173,079
<i>Mobile equipment</i>	541,770
<i>Furniture and equipment</i>	32,176
Total Assets	<u>9,515,334</u>
Deferred Outflows of Resources	
Deferred charges on debt refunding	847,622
Total Deferred Outflows of Resources	<u>847,622</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	94,742
<i>Interest payable on long-term liabilities</i>	14,616
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	272,500
<i>Non-capital related liabilities</i>	2,348
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	2,300,000
<i>Non-capital related liabilities</i>	44,609
<i>Net pension liability</i>	8,934,906
Total Liabilities	<u>11,663,721</u>
Deferred Inflows of Resources	
Pension related	1,526,256
Total Deferred inflows of Resources	<u>1,526,256</u>
Net Position	
Net investment in capital assets	2,972,808
Restricted for:	
Expendable:	
School based activities	429,724
Debt service	265,147
Capital projects	1,741
Forestry escrow	25,873
Unemployment benefits	17,969
Non-expendable:	
Nonexpendable	27,069
Unrestricted	(6,567,352)
Total Net Position	<u>\$ (2,827,021)</u>

The accompanying notes are an integral part of this statement.

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:					Governmental Activities
<i>Instruction</i>	3,760,077	381,609	467,200	24,269	(2,886,999)
<i>Support services</i>	3,419,712	--	564,626	--	(2,855,086)
<i>Noninstructional services</i>	653,408	31,807	799,308	--	177,707
<i>Pension expense</i>	522,005	--	--	--	(522,005)
<i>Interest on long-term liabilities</i>	44,803	--	--	--	(44,803)
Total Governmental Activities	<u>\$ 8,400,005</u>	<u>\$ 413,416</u>	<u>\$ 1,831,134</u>	<u>\$ 24,269</u>	<u>(6,131,186)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					2,317,302
<i>Debt purpose levies</i>					105,655
Unrestricted grants and contributions:					
<i>State</i>					4,012,368
<i>Federal</i>					65,094
<i>Unrestricted investment earnings</i>					1,397
<i>Sixteenth section sources</i>					320,464
<i>Other</i>					95,524
Total General Revenues					<u>6,917,804</u>
Change in Net Position					<u>786,618</u>
Net Position - Beginning, as previously reported					6,178,542
Prior Period Adjustment					(9,792,181)
Net Position (Deficit) - Beginning, as restated					<u>(3,613,639)</u>
Net Position (Deficit) - Ending					<u>\$ (2,827,021)</u>

The accompanying notes are an integral part of this statement.

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WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2015

EXHIBIT C

	General Fund	Title I Fund
	<hr/>	<hr/>
Assets		
<i>Cash and cash equivalents</i>	\$ 2,960,035	\$ --
<i>Investments</i>	--	--
<i>Due from other governments</i>	92,413	133,653
<i>Other receivables, net</i>	66	--
<i>Due from other funds</i>	269,317	478
<i>Inventories</i>	--	--
Total Assets	<u>\$ 3,321,831</u>	<u>\$ 134,131</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 92,672	\$ 2,028
Due to other funds	<u>136,014</u>	<u>132,103</u>
Total Liabilities	<u>228,686</u>	<u>134,131</u>
Fund Balances:		
Nonspendable:		
Permanent fund principal	--	--
Inventory	--	--
Restricted:		
Unemployment benefits	--	--
Forestry improvement purposes	--	--
Capital projects	--	--
Debt service	--	--
Grant activities	--	--
Food Service	--	--
Assigned:		
Activity funds	8,604	--
Alternative school	40,922	--
Renovation fund	22,455	--
Unassigned	<u>3,021,164</u>	<u>--</u>
Total Fund Balances	<u>3,093,145</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 3,321,831</u>	<u>\$ 134,131</u>

The accompanying notes are an integral part of this statement.

QSCB - 2015 Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,312,533	\$ 478,993	\$ 4,751,561
--	29,540	29,540
--	244,102	470,168
--	--	66
--	150,203	419,998
--	14,631	14,631
<u>\$ 1,312,533</u>	<u>\$ 917,469</u>	<u>\$ 5,685,964</u>
\$ --	\$ 42	\$ 94,742
--	135,288	403,405
<u>--</u>	<u>135,330</u>	<u>498,147</u>
--	27,069	27,069
--	14,631	14,631
--	17,969	17,969
--	25,873	25,873
1,312,533	1,741	1,314,274
--	279,763	279,763
--	115,923	115,923
--	299,170	299,170
--	--	8,604
--	--	40,922
--	--	22,455
--	--	3,021,164
<u>1,312,533</u>	<u>782,139</u>	<u>5,187,817</u>
<u>\$ 1,312,533</u>	<u>\$ 917,469</u>	<u>\$ 5,685,964</u>

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET POSITION**JUNE 30, 2015*

Total fund balances for governmental funds	\$ 5,187,817
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,232,775
Liabilities due in one year are reported in the SNP.	(274,848)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,865,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(14,616)
Payables for notes which are not due in the current period are not reported in the funds.	(435,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(44,609)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(8,934,906)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(1,526,256)
Deferred Outflows of Resource related to the pension plan are not reported in the funds.	847,622
Net position of governmental activities	\$ <u>(2,827,021)</u>

The accompanying notes are an integral part of this statement.

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WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT**EXHIBIT D**

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

	General Fund	Title I Fund
Revenues:		
Local sources	\$ 2,785,155	\$ --
State sources	3,700,557	--
Federal sources	65,094	513,916
Sixteenth section sources	320,985	--
Total Revenues	<u>6,871,791</u>	<u>513,916</u>
Expenditures:		
Instruction	3,547,586	169,774
Support services	2,824,415	277,906
Noninstructional services	50,121	66,236
Debt service:		
Principal	--	--
Interest	--	--
Other	--	--
Total Expenditures	<u>6,422,122</u>	<u>513,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>449,669</u>	<u>--</u>
Other Financing Sources (Uses):		
Proceeds of loans	--	--
Insurance recovery	10,049	--
Other financing uses	--	--
Total Other Financing Sources (Uses)	<u>10,049</u>	<u>--</u>
Net Change in Fund Balances	459,718	--
Fund Balances:		
July 1, 2014, as previously reported	1,635,853	--
Fund reclassification	999,572	--
Prior period adjustments	(1,998)	--
July 1, 2014, as restated	<u>2,633,427</u>	<u>--</u>
Increase (decrease) in inventory	--	--
June 30, 2015	<u>\$ 3,093,145</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

QSCB - 2015 Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 137,568	\$ 2,922,723
--	452,710	4,153,267
--	1,200,588	1,779,598
--	1	320,986
--	1,790,867	9,176,574
--	394,797	4,112,157
187,467	334,608	3,624,396
--	569,117	685,474
--	266,500	266,500
--	47,048	47,048
--	1,350	1,350
187,467	1,613,420	8,736,925
(187,467)	177,447	439,649
1,500,000	--	1,500,000
--	--	10,049
--	(4,923)	(4,923)
1,500,000	(4,923)	1,505,126
1,312,533	172,524	1,944,775
--	1,598,549	3,234,402
--	(999,572)	--
--	--	(1,998)
--	598,977	3,232,404
--	10,638	10,638
\$ 1,312,533	\$ 782,139	\$ 5,187,817

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 1,944,775
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	47,500
The depreciation of capital assets used in governmental activities is not reported in the funds.	(173,186)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	191,500
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	75,000
(Increase) decrease in accrued interest from beginning of period to end of period.	3,595
Change in inventory affects fund balance in the funds but affects expense in SOA.	10,638
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	561
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,500,000)
Pension contributions made after the measurement date.	708,240
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(522,005)
Change in net position of governmental activities - Statement of Activities	\$ <u>786,618</u>

The accompanying notes are an integral part of this statement.

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT**EXHIBIT E**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2015

	Private-Purpose Trust Fund	Agency Funds
Assets:		
<i>Cash and other deposits</i>	\$ 1,462	\$ 318,063
<i>Due from other funds</i>	--	12,105
Total Assets	<u>\$ 1,462</u>	<u>\$ 330,168</u>
Liabilities:		
<i>Accounts payable and accrued liabilities</i>		\$ 280,283
<i>Due to student clubs</i>		18,073
<i>Due to other funds</i>		28,698
<i>Other payables</i>		2,967
Total Liabilities		<u>\$ 330,168</u>
Net Position		
Reserved for endowments	\$ 1,462	
Total Net Position	<u>\$ 1,462</u>	

The accompanying notes are an integral part of this statement.

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2015*

	Private - Purpose Trust Fund
Deductions:	
General supplies	400
Total Deductions	400
Change in Net Position	(400)
July 1, 2014	1,862
June 30, 2015	\$ 1,462

The accompanying notes are an integral part of this statement.

West Tallahatchie Consolidated School District

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

West Tallahatchie Consolidated School District

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

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

For financial reporting purposes, West Tallahatchie Consolidated 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, deferred outflows of resources, liabilities and deferred inflows of resources, 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.

West Tallahatchie Consolidated School District

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

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

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

QSCB - 2015 Fund - This fund is used to account for the qualified school construction bond received for construction, upgrade and repair of school facilities.

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

The District's fiduciary funds include the following:

Accounts Payable Clearing Fund - This fund is used to report the accounts payable resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

West Tallahatchie Consolidated School District

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

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

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets and liabilities) and do not involve measurement of results of operations.

Scholarship Fund - This private purpose trust fund is financed from private sources and is used to provide scholarships to graduating seniors.

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

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

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

FIDUCIARY FUNDS

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

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.

West Tallahatchie Consolidated School District

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

West Tallahatchie Consolidated School District

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

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

West Tallahatchie Consolidated School District

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

obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

West Tallahatchie Consolidated School District

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

West Tallahatchie Consolidated School District

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

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

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 pension that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 13 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).

West Tallahatchie Consolidated School District

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

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

9. Long-term Liabilities and Bond Discounts/ Premiums

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

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

10. Pensions

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

11. Fund Balances

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

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

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid

West Tallahatchie Consolidated School District

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

amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

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

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

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

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

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

West Tallahatchie Consolidated School District

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

12. New Pronouncement

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

Note 2 - Cash and Cash Equivalents and Investments

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

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

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

West Tallahatchie Consolidated School District

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

Investment income of \$100 or more of any fund must be credited to that fund.
Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,751,561 and \$319,525, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2015, none of the district's bank balance of \$5,629,998 was exposed to custodial credit risk.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Certificates of Deposit	N/A	More than a year	\$ 27,069
Money Market Funds	N/A	Short Term	2,471
Total			\$ <u>29,540</u>

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

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

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

West Tallahatchie Consolidated School District

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

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

Issuer	Fair Value	% of Total Investments
Certificates of Deposit	\$ 27,069	92%
Money Market Funds	2,471	8%
Total	\$ 29,540	100%

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 131,646
	Other Governmental Funds	111,139
	Fiduciary Funds	26,532
Title I Fund	General Fund	78
	Fiduciary Funds	400
Other Governmental Funds	General Fund	125,968
	Other Governmental Funds	24,149
	Fiduciary Funds	86
Fiduciary Funds	General Fund	9,968
	Title I Fund	457
	Fiduciary Funds	1,680
Total		\$ 432,103

The primary purpose of the inter-fund receivables and payables are to close out the federal programs at year end.

Note 4 - Restricted Assets

The restricted assets represent the investment balance totaling \$27,069 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance totaling \$2,471, of the MAEP Retirement Fund.

West Tallahatchie Consolidated School District

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

Note 5 - Capital Assets

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

	Balance 7-1-2014	Additions	Adjustments	Balance 6-30-2015
<u>Non-depreciable capital assets:</u>				
Land	\$ 15,491			15,491
Total non-depreciable capital assets	15,491	0	0	15,491
<u>Depreciable capital assets:</u>				
Buildings	5,079,454			5,079,454
Building improvements	666,152			666,152
Improvements other than buildings	270,435			270,435
Mobile equipment	1,028,730	47,500	5,373	1,081,603
Furniture and equipment	313,257		4,219	317,476
Total depreciable capital assets	7,358,028	47,500	9,592	7,415,120
<u>Less accumulated depreciation for:</u>				
Buildings	2,089,073	74,654		2,163,727
Building improvements	86,838	24,782		111,620
Improvements other than buildings	86,539	10,817		97,356
Mobile equipment	491,202	48,631		539,833
Furniture and equipment	270,998	14,302		285,300
Total accumulated depreciation	3,024,650	173,186	0	3,197,836
Total depreciable capital assets, net	4,333,378	(125,686)	9,592	4,217,284
Governmental activities capital assets, net	\$ 4,348,869	(125,686)	9,592	4,232,775

Adjustments were made to correctly present the capital assets.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 87,851
Support services	79,966
Non-instructional	5,369
Total depreciation expense	\$ 173,186

West Tallahatchie Consolidated School District

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

Note 6 - Long-term liabilities

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

	Balance 7-1-2014	Additions	Reductions	Balance 6-30-2015	Amounts due within one year
A. Limited obligation bonds payable	\$ 754,000		191,500	562,500	197,500
B. Three mill notes payable	585,000		75,000	510,000	75,000
C. Qualified school construction bond		1,500,000		1,500,000	
D. Compensated absences payable	47,518		561	46,957	2,348
Total	\$ 1,386,518	1,500,000	267,061	2,619,457	274,848

A. Limited Obligation Bonds Payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvements Refunding Bonds, Series 2008	3.19%	03-01-08	02-01-18	\$ 1,705,000	562,500

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 197,500	17,944	215,444
2017	203,500	11,644	215,144
2018	161,500	5,152	166,652
Total	\$ 562,500	34,740	597,240

This debt will be retired from the MAEP Retirement Fund.

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

West Tallahatchie Consolidated School District

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes, series 2005	4.2%	09-01-05	09-01-20	\$ <u>1,065,000</u>	<u>510,000</u>

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 75,000	19,845	94,845
2017	80,000	16,590	96,590
2018	85,000	13,125	98,125
2019	85,000	9,555	94,555
2020	90,000	5,880	95,880
2021	<u>95,000</u>	<u>1,995</u>	<u>96,995</u>
Total	\$ <u>510,000</u>	<u>66,990</u>	<u>576,990</u>

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

C. Qualified school construction bonds payable

As more fully explained in Note 15, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bond	4.49%	09-23-24	08-01-26	\$ <u>1,500,000</u>	<u>1,500,000</u>

D. 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.

West Tallahatchie Consolidated School District

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

Note 7 - Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The

West Tallahatchie Consolidated School District

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

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 \$708,240, \$708,429, and \$660,987, 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 \$8,934,906 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the school district's proportion was 0.073610 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$522,005. 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	\$ 139,382	\$
Net difference between projected and actual earnings on pension plan investments		1,295,180
Change of assumptions		
Changes in proportion and differences between District contributions and proportionate share of contributions		231,076
District contributions subsequent to the measurement date	708,240	
Total	\$ 847,622	\$ 1,526,256

\$708,240 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:

West Tallahatchie Consolidated School District

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

Year ended June 30:

2016	\$ (356,779)
2017	(356,779)
2018	(349,522)
2019	<u>(323,795)</u>
Total	\$ <u><u>(1,386,875)</u></u>

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

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

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

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:

West Tallahatchie Consolidated School District

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 12,180,942	\$ 8,934,906	\$ 6,227,230

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

West Tallahatchie Consolidated School District

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

Note 8 - Risk Management

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

Note 9 - 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 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.

Year Ending June 30	Amount
2016	\$ 320,379
2017	320,379
2018	320,264
2019	320,264
Total	\$ <u>1,281,286</u>

West Tallahatchie Consolidated School District

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

Note 10 - Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation(s)	Amount
1 Implementation of GASB 68 and 71:	\$
Net pension liability (06-30-14)	(10,508,204)
Deferred outflows - contributions made during fiscal year 2014	708,429
Total prior period adjustment related to GASB 68 and 71	(9,799,775)
2 To correctly present capital assets.	9,592
2 See explanation below.	(1,998)
Total	<u><u>\$ (9,792,181)</u></u>

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

Fund	Explanation	Amount
General Fund	Adjustment in prior year cash balances.	\$ (1,998)
Total		<u><u>\$ (1,998)</u></u>

Note 11 - 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 disallowance resulting from the grantor audit may become a liability of the school district.

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

West Tallahatchie Consolidated School District

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

Note 12 - Insurance Loss Recoveries

The West Tallahatchie School District received \$10,049 in insurance loss recoveries related to bus and car damage during 2014 - 2015 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as general revenues.

Note 13 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of \$(6,567,352) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$847,622 balance of deferred outflow of resources, at June 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of \$(6,567,352) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$1,526,256 balance of deferred inflow of resources at June 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next 4 years.

Note 14 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated November 6, 1996 creating the North Delta Alternative School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the West Tallahatchie Consolidated School District, Coahoma County School District, Quitman County School District, Coahoma Agricultural High School, and North Panola School District.

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

The West Tallahatchie Consolidated School District has been designated as the lead school district for the North Delta Alternative School, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balance is presented to detail the financial activity of the North Delta Alternative School.

West Tallahatchie Consolidated School District

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

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

Revenues

Local sources		
Tuition from other LEA's within the state:	\$	290,000
State sources		352,952
Total Revenues		<u>642,952</u>

Expenditures

Employee salaries and benefits		591,620
Purchased technical services		1,668
Purchased property services		38,919
Other purchased services		3,076
Supplies		6,707
Property		885
Dues and fees		77
Total Expenditures		<u>642,952</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>0</u>
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Fund Balance:

July 1, 2014		40,314
June 30, 2015	\$	<u><u>40,314</u></u>

Note 15 - Qualified School Construction Bond

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While the Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2015, the subsidy payments amounted to \$0.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must

West Tallahatchie Consolidated School District

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

be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was \$0. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending 42550		Amount
2016	\$	100,000
2017		100,000
2018		100,000
2019		100,000
2020		100,000
2021 - 2025		700,000
2026 - 2027		300,000
Total	\$	<u>1,500,000</u>

Note 16 - Fund Reclassification

The Sixteenth Section Interest Fund's beginning fund balance of \$999,572 was reclassified from the Special Revenue Fund to the General Fund, effective June 30, 2015. This change was necessary to meet the requirements of GASB 54 and to stay in compliance with the reporting requirements based on Sections 29-3-115 and 29-3-117, Miss. Code of 1972.

Note 17 - 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 West Tallahatchie Consolidated School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT
Exhibit 1

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,756,753	2,756,753	2,785,155	-	28,402
State sources	3,781,882	3,781,882	3,700,557	-	(81,325)
Federal sources	42,000	42,000	65,094	-	23,094
Sixteenth section sources	-	-	320,985	-	320,985
Total Revenues	<u>6,580,635</u>	<u>6,580,635</u>	<u>6,871,791</u>	<u>-</u>	<u>291,156</u>
Expenditures:					
Instruction	3,786,043	3,786,043	3,547,586	-	238,457
Support services	2,839,791	2,839,791	2,824,415	-	15,376
Noninstructional services	37,989	37,989	50,121	-	(12,132)
Total Expenditures	<u>6,663,823</u>	<u>6,663,823</u>	<u>6,422,122</u>	<u>-</u>	<u>241,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(83,188)</u>	<u>(83,188)</u>	<u>449,669</u>	<u>-</u>	<u>532,857</u>
Other Financing Sources (Uses):					
Insurance recovery	-	-	10,049	-	10,049
Operating transfers in	101,214	101,214	-	-	(101,214)
Operating transfers out	(35,000)	(35,000)	-	-	35,000
Other financing uses	<u>(2,500)</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Total Other Financing Sources (Uses)	<u>63,714</u>	<u>63,714</u>	<u>10,049</u>	<u>-</u>	<u>(53,665)</u>
Net Change in Fund Balances	<u>(19,474)</u>	<u>(19,474)</u>	<u>459,718</u>	<u>-</u>	<u>479,192</u>
Fund Balances:					
July 1, 2014, beginning, as previously reported	2,151,984	2,151,984	1,635,853	-	(516,131)
Fund reclassification	-	-	999,572	-	999,572
Prior period adjustments	-	-	(1,998)	-	(1,998)
July 1, 2014, beginning, as restated	<u>2,151,984</u>	<u>2,151,984</u>	<u>2,633,427</u>	<u>-</u>	<u>481,443</u>
June 30, 2015	<u>\$ 2,132,510</u>	<u>2,132,510</u>	<u>3,093,145</u>	<u>-</u>	<u>960,635</u>

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

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT
Exhibit 2

Budgetary Comparison Schedule

Title I Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 672,203	672,203	513,916	-	(158,287)
Total Revenues	<u>672,203</u>	<u>672,203</u>	<u>513,916</u>	<u>-</u>	<u>(158,287)</u>
Expenditures:					
Instruction	153,800	153,800	169,774	-	(15,974)
Support services	442,907	442,907	277,906	-	165,001
Noninstructional services	68,778	68,778	66,236	-	2,542
Total Expenditures	<u>665,485</u>	<u>665,485</u>	<u>513,916</u>	<u>-</u>	<u>151,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,718</u>	<u>6,718</u>	<u>-</u>	<u>-</u>	<u>(6,718)</u>
Other Financing Sources (Uses):					
Operating transfers out	(6,719)	(6,719)		-	6,719
Total Other Financing Sources (Uses)	<u>(6,719)</u>	<u>(6,719)</u>	<u>-</u>	<u>-</u>	<u>6,719</u>
Net Change in Fund Balances	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>1</u>
Fund Balances:					
July 1, 2014	(39,874)	(39,874)	-	-	39,874
June 30, 2015	<u><u>\$ (39,875)</u></u>	<u><u>(39,875)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>39,875</u></u>

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

West Tallahatchie Consolidated School District

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

PERS

Last 10 Fiscal Years*

	2015
District's proportion of the net pension liability (asset) \$	<u>8,934,906</u>
District's proportionate share of the net pension liability (asset)	0.073610%
District's covered - employee payroll	4,497,962
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	198.643439%
Plan fiduciary net position as a percentage of the total pension liability	67.207687%

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

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

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

West Tallahatchie Consolidated School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years*

		2015
Contractually required contribution	\$	<u>708,240</u>
Contributions in relation to the contractually required contribution		708,240
Contribution deficiency (excess)	\$	<u><u>-</u></u>
District's covered - employee payroll		4,496,762
Contributions as a percentage of covered - employee payroll		15.75%

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

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

West Tallahatchie Consolidated School District

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

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of benefit terms

None.

(2) Change of assumptions

None.

SUPPLEMENTARY INFORMATION

West Tallahatchie Consolidated School District**Schedule 1**

Schedule of Expenditure of Federal Awards

For the Year Ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
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U. S. Department of Agriculture

Passed-through the Mississippi Department of Education:

Child Nutrition Cluster:

School Breakfast Program	10.553	\$ 174,341
National School Lunch Program	10.555	478,295
Summer Food Service Program for Children	10.559	80,694
Total child Nutrition Cluster		<u>733,330</u>
Total passed-through Mississippi Department of Education		<u>733,330</u>
Total U.S. Department of Agriculture		<u>733,330</u>

Federal Communications Commission

Administered through Universal Service Administrative Company:

The Schools and Libraries Program of the Universal Service Fund	32.xxx	35,722
Total Federal Communications Commission		<u>35,722</u>

U. S. Department of Education

Passed-through the Mississippi Department of Education:

Title I Grants to Local Educational Agencies	84.010	534,903
Career and Technical Education - Basic Grants to States	84.048	9,855
Rural Education	84.358	22,829
Improving Teacher Quality - State Grants	84.367	73,980
Subtotal		<u>641,567</u>

Special Education Cluster:

Special Education - Grants to States	84.027	268,872
Special Education - Preschool Grants	84.173	8,993
Total special education cluster		<u>277,865</u>
Total passed-through the Mississippi Department of Education		<u>277,865</u>
Total U.S. Department of Education		<u>919,432</u>

U. S. Department of Health and Human Services

Passed-through the Mississippi Department of Education:

Children's Health Insurance Program	93.767	644
Medical Assistance Program	93.778	17,755
Total U.S. Department of Health and Human Services		<u>18,399</u>

TOTAL FOR ALL FEDERAL AWARDS	\$	<u><u>1,706,883</u></u>
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Notes to Schedule

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

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 6,208,754	4,209,273	685,107	390,142	924,232
Other	2,528,171	432,907	360,699	14,989	1,719,576
Total	<u>\$ 8,736,925</u>	<u>4,642,180</u>	<u>1,045,806</u>	<u>405,131</u>	<u>2,643,808</u>
Total number of students *	<u>747</u>				
Cost per student	<u>\$ 11,695</u>	<u>6,214</u>	<u>1,400</u>	<u>542</u>	<u>3,539</u>

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

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

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

School Administration - includes expenditures for the following functions: Support Services - School Administration

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

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

OTHER INFORMATION

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 2,785,155	2,711,923	2,758,687	2,505,707
State sources	3,700,557	3,654,576	3,798,562	3,814,788
Federal sources	65,094	49,299	14,978	183,388
Sixteenth section sources	320,985	-	-	451,914
Total Revenues	<u>6,871,791</u>	<u>6,415,798</u>	<u>6,572,227</u>	<u>6,955,797</u>
Expenditures:				
Instruction	3,547,586	3,420,074	3,516,369	3,246,562
Support services	2,824,415	2,883,944	2,723,717	2,787,622
Noninstructional services	50,121	42,256	48,997	37,584
Facilities acquisition and construction	-	-	619,544	-
Total Expenditures	<u>6,422,122</u>	<u>6,346,274</u>	<u>6,908,627</u>	<u>6,071,768</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>449,669</u>	<u>69,524</u>	<u>(336,400)</u>	<u>884,029</u>
Other Financing Sources (Uses):				
Insurance recovery	10,049	-	-	-
Operating transfers in	-	-	-	449,541
Operating transfers out	-	(146,000)	-	(202,743)
Other financing uses	-	-	-	(2,000)
Total Other Financing Sources (Uses)	<u>10,049</u>	<u>(146,000)</u>	<u>-</u>	<u>244,798</u>
Net Change in Fund Balances	<u>459,718</u>	<u>(76,476)</u>	<u>(336,400)</u>	<u>1,128,827</u>
Fund Balances:				
July 1, as previously reported	1,635,853	1,711,214	2,296,679	1,185,513
Fund reclassification	999,572	-	-	-
Prior period adjustments	(1,998)	1,115	(249,065)	(17,661)
July 1, as restated	<u>2,633,427</u>	<u>1,712,329</u>	<u>2,047,614</u>	<u>1,167,852</u>
June 30,	<u>\$ 3,093,145</u>	<u>1,635,853</u>	<u>1,711,214</u>	<u>2,296,679</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

WEST TALLAHATCHIE CONSOLIDATED SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2015	2014*	2013*	2012*
Revenues:				
Local sources	\$ 2,922,723	2,839,775	2,881,827	2,639,520
Intermediate sources	-	4,194,777	44,082	72,573
State sources	4,153,267	1,764,378	4,330,021	4,407,599
Federal sources	1,779,598	396,665	1,812,178	2,698,060
Sixteenth section sources	320,986	-	290,493	469,806
Total Revenues	<u>9,176,574</u>	<u>9,195,595</u>	<u>9,358,601</u>	<u>10,287,558</u>
Expenditures:				
Instruction	4,112,157	4,018,065	4,088,524	4,537,807
Support services	3,624,396	3,648,808	3,608,873	3,926,040
Noninstructional services	685,474	692,714	726,400	749,312
Sixteenth section	-	40,106	47,960	-
Facilities acquisition and construction	-	-	619,544	-
Debt service:				
Principal	266,500	255,500	283,679	278,667
Interest	47,048	56,010	50,136	77,229
Other	1,350	1,250	1,250	1,000
Total Expenditures	<u>8,736,925</u>	<u>8,712,453</u>	<u>9,426,366</u>	<u>9,570,055</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>439,649</u>	<u>483,142</u>	<u>(67,765)</u>	<u>717,503</u>
Other Financing Sources (Uses):				
Bonds issued	1,500,000	-	-	-
Insurance recovery	10,049	-	-	-
Operating transfers in	-	146,000	-	652,284
Operating transfers out	-	(146,000)	-	(652,284)
Other financing uses	(4,923)	(26,051)	(4,247)	(16,609)
Total Other Financing Sources (Uses)	<u>1,505,126</u>	<u>(26,051)</u>	<u>(4,247)</u>	<u>(16,609)</u>
Net Change in Fund Balances	<u>1,944,775</u>	<u>457,091</u>	<u>(72,012)</u>	<u>700,894</u>
Fund Balances:				
July 1, as previously reported	3,234,402	2,781,082	2,852,007	2,164,958
Prior period adjustment	(1,998)	(3,771)	-	(9,059)
July 1, as restated	<u>3,232,404</u>	<u>2,777,311</u>	<u>2,852,007</u>	<u>2,155,899</u>
Increase (Decrease) in inventory	10,638	-	1,087	(4,786)
June 30,	<u>\$ 5,187,817</u>	<u>3,234,402</u>	<u>2,781,082</u>	<u>2,852,007</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
West Tallahatchie Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Tallahatchie Consolidated School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Tallahatchie Consolidated School District's basic financial statements, and have issued our report thereon dated April 28, 2016.

Internal Control Over Financial Reporting

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

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

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

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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.

Compliance and Other Matters

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

West Tallahatchie Consolidated School District's Response to Findings

West Tallahatchie Consolidated School District's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. The West Tallahatchie Consolidated School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 28, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
West Tallahatchie Consolidated School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, the West Tallahatchie Consolidated 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-003. Our opinion on each major federal program is not modified with respect to this matter.

West Tallahatchie Consolidated School District's response to the noncompliance finding identified in our audit is described in the accompanying auditee's corrective action plan. West Tallahatchie Consolidated School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2015-003 to be a significant deficiency.

West Tallahatchie Consolidated School District's response to the internal control over compliance finding identified in our audit is described in the accompanying auditee's corrective action plan. West Tallahatchie Consolidated School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 28, 2016

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
West Tallahatchie Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Tallahatchie Consolidated School District as of and for the year ended June 30, 2015, which collectively comprise the West Tallahatchie Consolidated School District's basic financial statements and have issued our report thereon dated April 28, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$4,153 of classroom supply funds carried over from previous years.

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

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding 1:

Criteria:

Section 29-3-121, Miss. Code Ann. (1972) provides, “It shall be the duty of the Superintendent of each school district to make or cause to be made annual lists of the children enrolled in the schools of such district and who reside in such district, which lists shall be based upon the end of the first month enrollment required to be reported to the State Department of Education for the then current school year. The lists shall be made separately as to the townships in which such children reside. Such lists shall be filled by the Superintendent of the custodial school district on or before December 31 of each year, and the lists shall be used in making the division of the available funds of each township during the ensuing calendar year.”

Condition:

During test of sixteenth section revenue, we noted that the educable child list was not sent to the LeFlore County School District.

Cause:

The cause of the above condition is primarily due to management not prioritizing adherence with state compliance.

Effect:

Noncompliance with Section 29-3-121, Miss. Code Ann. (1972), could result in the District not receiving their pro rata share of sixteenth section revenue from other school districts or having to repay other districts.

Recommendation:

We recommend that the District implement policies and procedures to ensure all lists are prepared and sent to the appropriate school district by December 31 of each year, in accordance with Section 29-3-121, Miss Code Ann. (1972).

Response:

The District will implement procedures to ensure all lists are prepared and sent to appropriate school districts by December 31 of each year, in accordance with Section 29-3-121, Miss. Code Ann. (1972).

The Office of the State Auditor or a public accounting firm will review, on the subsequent year’s audit engagement, the finding in this report to insure that corrective action has taken.

The West Tallahatchie Consolidated School District’s response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
April 28, 2016

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

West Tallahatchie Consolidated School District

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? Yes.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Material Weaknesses

Finding 2015-001

Criteria:

As part of the procedures, there should be an effective system of internal control with proper segregation of duties to the greatest extent possible.

Condition:

The business manager has access to the general ledger, payroll processing and performs bank reconciliations.

Cause:

This is caused by a limited staff and inadequate job assignments to facilitate proper segregation of duties.

Effect:

There is an increased risk that misstatements due to error or fraud could occur and not be detected in a timely manner.

Recommendation:

We recommend the district strengthen internal controls whereby duties will be divided to the greatest extent possible.

Finding 2015-002

Criteria:

The capital asset and corresponding accumulated depreciation reports should be complete, accurate, and thoroughly reviewed at year-end and updated and/or adjusted to reflect the year-end physical inventory.

Condition:

The capital assets listing and corresponding accumulated depreciation reports provided were not accurate and contained inaccurate information.

Cause:

Internal control procedures were not in place to review and adjust as necessary the capital asset's listing in the software system to agree with the physical inventory at year end.

Effect:

There were several items noted on the capital assets listing that were not capitalized in the correct category. In addition, two items did not have the correct cost of item entered correctly. Audit adjustments were made to properly reflect capital assets.

Recommendation:

Year-end procedures should include review and correction of capital asset inventory information as necessary to properly reflect year end balances.

Section III: Federal Awards Findings and Questioned Costs

The results of our tests disclosed the following finding and questioned costs related to the federal awards.

Significant Deficiency and Noncompliance

Finding 2015-003

Federal Program: Child Nutrition Cluster
CFDA Number: 10.553, 10.555 & 10.559
Compliance Requirement: Cash Management

Criteria:

The auditee should implement controls that process information needed for monthly claims to be submitted in a timely fashion.

Condition:

The deficiency is a regulation set by the Department of Agriculture that requires monthly claims to be submitted by the tenth day of the following month.

Cause:

The staff of the Child Nutrition Department was not able to process information efficiently to be submitted and the director was unable to submit claims timely.

Effect:

The monthly claims were not submitted in a timely fashion to the Department of Agriculture.

Recommendation:

The director should implement policies to ensure staff gather and process information efficiently.

AUDITEE'S CORRECTIVE ACTION PLAN

West Tallahatchie School District

P.O. Box 129

OFFICE OF THE SUPERINTENDENT

Webb, Mississippi 38966

Phone: 662-375-9291

Fax: 662-375-9294

DR. DARRON L. EDWARDS
Superintendent

May 26, 2016

RE: AUDITEE'S CORRECTION ACTION PLAN

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

Finding

2015-001

Corrective Action Plan Details

- a. Temeka S. Jones, Business Manager
662.375.9291 ext. 209.
- b. Duties will be segregated when the Business Office is allowed to hire and retain adequate personnel.
- c. Anticipated effective date of corrective action is July 1, 2016.

Sincerely,



Dr. Darron L. Edwards
Superintendent of Education

West Tallahatchie School District

P.O. Box 129

OFFICE OF THE SUPERINTENDENT

Webb, Mississippi 38966

Phone: 662-375-9291

Fax: 662-375-9294

DR. DARRON L. EDWARDS
Superintendent

May 26, 2016

RE: AUDITEE'S CORRECTION ACTION PLAN

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

Finding

2015-002

Corrective Action Plan Details

- a. Temeka S. Jones, Business Manager
662.375.9291 ext. 209.
- b. With collaboration with the Technology Department, the year-end procedures will be reviewed closely to ensure that capital asset inventory and year end balances are properly reflected.
- c. Anticipated effective date of corrective action is July 1, 2016.

Sincerely,



Dr. Darron L. Edwards
Superintendent of Education

West Tallahatchie School District

P.O. Box 129

OFFICE OF THE SUPERINTENDENT

Webb, Mississippi 38966

Phone: 662-375-9291

Fax: 662-375-9294

DR. DARRON L. EDWARDS
Superintendent

May 26, 2016

RE: AUDITEE'S CORRECTION ACTION PLAN

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

Finding

2015-003

Corrective Action Plan Details

- a. Temeka S. Jones, Business Manager
662.375.9291 ext. 209.
- b. With the hiring of a new Food Service Director, we will ensure that the monthly claims are submitted in a timely manner.
- c. Anticipated effective date of corrective action is July 1, 2016.

Sincerely,



Dr. Darron L. Edwards
Superintendent of Education