COPIAH COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2017

COPIAH COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Copiah County 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 Copiah County School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Copiah County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Copiah County School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 5-13, 41-46, 47, and 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Copiah County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 December 29, 2017, on our consideration of the Copiah County 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 solely 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 the effectiveness of the Copiah County School District's 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 Copiah County School District's internal control over financial reporting and compliance.

Lowery, Payn and Leggett, CPAs

Lowery, Payn and Leggett, CPAs

Brookhaven, Mississippi

December 29, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Copiah County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2017. 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 2017 decreased $769,486, which represents a 25% decrease from fiscal year 2016. Total net position for 2016 increased $68,510, which represents a 2% increase from fiscal year 2015.

- General revenues amounted to $17,697,698 and $17,460,162, or 78% and 77% of all revenues for fiscal years 2017 and 2016, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $5,041,127, or 22% of total revenues for 2017, and $5,284,757, or 23% of total revenues for 2016.

- The District had $23,508,311 and $22,676,409 in expenses for fiscal years 2017 and 2016; only $5,041,127 for 2017 and $5,284,757 for 2016 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $17,697,698 for 2017 were not adequate to provide for these programs. General revenues of $17,460,162 for 2016 were adequate to provide for these programs.

- Among major funds, the General Fund had $17,337,977 in revenues and $16,802,408 in expenditures for 2017, and $17,086,320 in revenues and $17,180,247 in expenditures in 2016. The General Fund's fund balance increased by $811,403 from 2016 to 2017, and increased by $397,837 from 2015 to 2016.

- Capital assets, net of accumulated depreciation, decreased by $127,946 for 2017 and decreased by $178,010 for 2016. The decrease for 2017 was due primarily to the increase in accumulated depreciation.

- Long-term debt decreased by $502,853 for 2017 and decreased by $489,383 for 2016. The decrease for 2017 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by S1,784 for 2017 and decreased by $5,849 for 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, 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.

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.

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 $3,832,050 as of June 30, 2017.

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, 2017 and June 30, 2016.

Table 1
Condensed Statement of Net Position

	June 30, 2017	June 30, 2016	Percentage Change
Current assets	$ 17,598,850	$ 16,582,394	6.13 %
Restricted assets	578,203	535,054	8.06 %
Capital assets, net	5,570,681	5,698,627	(2.25) %
Total assets	**23,747,734**	**22,816,075**	**4.08 %**
Deferred outflows of resources	**6,894,108**	**5,316,048**	**29.68 %**
Current liabilities	233,366	292,390	(20.19) %
Long-term debt outstanding	879,947	1,381,016	(36.28) %
Net pension liability	33,221,565	28,683,608	15.82 %
Total liabilities	**34,334,878**	**30,357,014**	**13.10 %**
Deferred inflows of resources	**139,014**	**837,673**	**(83.40) %**
Net position:			
Net investment in capital assets	4,777,548	4,402,641	8.52 %
Restricted	2,640,262	2,234,078	18.18 %
Unrestricted	(11,249,860)	(9,699,283)	(15.99) %
Total net position	**$ (3,832,050)**	**$ (3,062,564)**	**(25.13) %**

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	$ (11,249,860)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	26,466,471
Unrestricted net position, exclusive of the net pension liability effect	$ 15,216,611

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

- Decrease in net capital assets in the amount of $127,946.
- The principal retirement of $502,853 of long-term debt.
- Recognition of the net pension liability in the amount of $33,221,565.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2017 and June 30, 2016 were $22,738,825 and $22,744,919, respectively. The total cost of all programs and services was $23,508,311 for 2017 and $22,676,409 for 2016.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

Table 2
Changes in Net Position

	Year Ended June 30, 2017	Year Ended June 30, 2016	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 645,350	$ 937,532	(31.17) %
Operating grants and contributions	4,395,777	4,347,225	1.12 %
General revenues:			
Property taxes	3,724,334	3,652,986	1.95 %
Grants and contributions not restricted	13,549,184	13,220,033	2.49 %
Investment earnings	130,703	126,661	3.19 %
Sixteenth section sources	211,027	389,121	(45.77) %
Other	82,450	71,361	15.54 %
Total revenues	**22,738,825**	**22,744,919**	**(0.03) %**
Expenses:			
Instruction	10,138,713	10,001,180	1.38 %
Support services	7,225,729	7,914,076	(8.70) %
Non-instructional	1,898,268	1,848,295	2.70 %
Sixteenth section	46,773	68,532	(31.75) %
Pension expense	4,160,793	2,791,041	49.08 %
Interest on long-term liabilities	38,035	53,285	(28.62) %
Total expenses	**23,508,311**	**22,676,409**	**3.67 %**
Increase (Decrease) in net position	**(769,486)**	**68,510**	**(1,223.17) %**
Net Position, July 1	**(3,062,564)**	**(3,131,074)**	2.19 %
Net Position, June 30	**$ (3,832,050)**	**$ (3,062,564)**	**(25.13) %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2017	2016	Change
Instruction	$ 10,138,713	$ 10,001,180	1.38 %
Support services	7,225,729	7,914,076	(8.70) %
Non-instructional	1,898,268	1,848,295	2.70 %
Sixteenth section	46,773	68,532	(31.75) %
Pension Expense	4,160,793	2,791,041	49.08 %
Interest on long-term liabilities	38,035	53,285	(28.62) %
Total expenses	**$ 23,508,311**	**$ 22,676,409**	**3.67 %**

	Net (Expense) Revenue		Percentage
	2017	2016	Change
Instruction	$ (8,531,698)	$ (8,421,133)	1.31 %
Support services	(6,017,719)	(6,357,837)	(5.35) %
Non-instructional	311,524	250,710	24.26 %
Sixteenth section	(30,463)	(19,066)	59.78 %
Pension Expense	(4,160,793)	(2,791,041)	49.08 %
Interest on long-term liabilities	(38,035)	(53,285)	(28.62) %
Total net (expense) revenue	**$ (18,467,184)**	**$ (17,391,652)**	**6.18 %**

- Net cost of governmental activities ($18,467,184 for 2017 and $17,391,652 for 2016) was financed by general revenue, which is primarily made up of property taxes ($3,724,334 for 2017 and $3,652,986 for 2016) and state and federal revenues ($13,549,184 for 2017 and $13,220,033 for 2016). In addition, there was $211,027 and $389,121 in Sixteenth Section sources for 2017 and 2016, respectively.

- Investment earnings amounted to $130,703 for 2017 and $126,661 for 2016.

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 $17,952,093, an increase of $1,112,749, which includes an increase in inventory of $3,469. $14,694,653, or 82% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $3,257,440, or 18% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $811,403. The fund balance of Other Governmental Funds showed an increase in the amount of $38,881. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
Child Nutrition Fund	$	281,195
Title I Fund		no increase or decrease
Title II Fund		no increase or decrease
IDEA Part B Fund		no increase or decrease
Forestry Escrow Fund	$	(18,730)

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. Budget revisions during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the District's total capital assets were $14,461,338, including land, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of $256,500 from 2016 due to the purchase of various items of mobile equipment during the fiscal year. Total accumulated depreciation as of June 30, 2017, was $8,890,657, and total depreciation expense for the year was $384,446, resulting in total net capital assets of $5,570,681.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2017	June 30, 2016	Percentage Change
Land	$ 229,922	$ 229,922	- %
Buildings	3,799,085	3,943,529	(3.66) %
Building improvements	112,842	118,781	(5.00) %
Improvements other than buildings	34,091	38,607	(11.70) %
Mobile equipment	1,328,151	1,275,878	4.10 %
Furniture and equipment	66,590	91,910	(27.55) %
Total	**$ 5,570,681**	**$ 5,698,627**	**(2.25) %**

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

Debt Administration. At June 30, 2017, the District had $879,947 in outstanding long-term debt, of which $520,491 is due within one year. During the fiscal year, the District made principal payments totaling $502,853 on outstanding long-term debt. The liability for compensated absences increased $1,784 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2017	June 30, 2016	Percentage Change
Limited obligation bonds payable	$ 425,000	$ 835,000	(49.10) %
Three mill notes payable	368,133	460,986	(20.14) %
Compensated absences payable	86,814	85,030	2.10 %
Total	**$ 879,947**	**$ 1,381,016**	**(36.28) %**

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

CURRENT ISSUES

The Copiah County School District is financially stable. The District is proud of its community support of the public schools.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Copiah County School District, 254 W. Gallatin, Hazlehurst, MS 39083.

FINANCIAL STATEMENTS

Statement of Net Position **Exhibit A**

June 30, 2017

		Governmental Activities
Assets		
Cash and cash equivalents	$	16,816,742
Due from other governments		759,935
Accrued interest receivable		
Inventories		22,173
Restricted assets		578,203
Capital assets, non-depreciable:		
Land		229,922
Capital assets, net of accumulated depreciation:		
Buildings		3,799,085
Building improvements		112,842
Improvements other than buildings		34,091
Mobile equipment		1,328,151
Furniture and equipment		66,590
Total Assets		23,747,734
Deferred Outflows of Resources		
Deferred outflows - pensions		6,894,108
Total deferred outflows of resources		6,894,108
Liabilities		
Accounts payable and accrued liabilities		212,674
Due to other governments		12,286
Interest payable on long-term liabilities		8,406
Long-term liabilities, due within one year:		
Capital related liabilities		516,150
Non-capital related liabilities		4,341
Long-term liabilities, due beyond one year:		
Capital related liabilities		276,983
Non-capital related liabilities		82,473
Net pension liability		33,221,565
Total Liabilities		34,334,878
Deferred Inflows of Resources		
Deferred inflows - pensions		139,014
Total deferred inflows of resources		139,014
Net Position		
Net investment in capital assets		4,777,548
Restricted for:		
Expendable:		
School-based activities		1,325,652
Debt service		478,648
Forestry improvements		198,063
Unemployment benefits		78,822
Non-expendable:		
Sixteenth section		559,077
Unrestricted		(11,249,860)
Total Net Position (Deficit)	$	(3,832,050)

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

Statement of Activities **Exhibit B**

For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 10,138,713	$ 336,566	$ 1,270,449	$	$ (8,531,698)
Support services	7,225,729	135,200	1,072,810		(6,017,719)
Non-instructional	1,898,268	157,274	2,052,518		311,524
Sixteenth section	46,773	16,310			(30,463)
Pension expense	4,160,793				(4,160,793)
Interest on long-term liabilities	38,035				(38,035)
Total Governmental Activities	$ 23,508,311	$ 645,350	$ 4,395,777	$ 0	$ (18,467,184)

General Revenues:	
Taxes:	
General purpose levies	3,614,594
Debt purpose levies	109,740
Unrestricted grants and contributions:	
State	13,187,767
Federal	361,417
Unrestricted investment earnings	130,703
Sixteenth section sources	211,027
Other	82,450
Total General Revenues	17,697,698
Change in Net Position	(769,486)
Net Position (Deficit) - Beginning	(3,062,564)
Net Position (Deficit) - Ending	$ (3,832,050)

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet **Exhibit C**

June 30, 2017

	Major Funds							
	General Fund	Child Nutrition Fund	Title I Fund	Title II Fund	IDEA Part B Fund	Forestry Escrow Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 15,044,580	$ 1,061,582	$	$	$	$ 255,019	$ 998,206	$ 17,359,387
Cash with fiscal agents							35,558	35,558
Due from other governments	223,515	2,945	151,038	52,664	75,026		254,607	759,795
Due from other funds	283,024							283,024
Advance to other funds							16,432	16,432
Inventories		22,173						22,173
Total assets	15,551,119	1,086,700	151,038	52,664	75,026	255,019	1,304,803	18,476,369
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	$ 141,085	$ 2,068	$ 1,705	$	$ 10,860	$ 56,956	$	$ 212,674
Due to other funds	12,286		149,333	52,664	64,166		16,721	295,170
Advances from other funds	16,432							16,432
Total Liabilities	169,803	2,068	151,038	52,664	75,026	56,956	16,721	524,276
Nonspendable:								
Inventory		22,173						22,173
Permanent fund principal							542,645	542,645
Advances							16,432	16,432
Restricted:								
Debt service							487,054	487,054
Forestry improvement purposes						198,063		198,063
Grant activities							15,787	15,787
Unemployment benefits							78,822	78,822
Ad valorem escrow	224,610							224,610
Child Nutrition		1,062,459					623	1,063,082
Assigned:								
Activity funds	296,493							296,493
School based activities							146,719	146,719
School improvements	165,560							165,560
Unassigned	14,694,653							14,694,653
Total Fund Balances	15,381,316	1,084,632	0	0	0	198,063	1,288,082	17,952,093
Total Liabilities and Fund Balances	$ 15,551,119	$ 1,086,700	151,038	52,664	75,026	255,019	$ 1,304,803	$ 18,476,369

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**

June 30, 2017

Total fund balances for governmental funds			$	17,952,093
Amounts reported for governmental activities in the statement of net position are different because:				
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:				
Land	$	229,922		
Buildings		9,277,574		
Building improvements		148,476		
Improvements other than buildings		112,900		
Mobile equipment		3,831,250		
Furniture and equipment		861,216		
Accumulated depreciation		(8,890,657)		5,570,681
2. Some of the district's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.				
3. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:				
Net pension liability		(33,221,565)		
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:				
Deferred outflows of resources related to pensions		6,894,108		
Deferred inflows of resources related to pensions		(139,014)		(26,466,471)
4. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:				
Limited obligation bonds		(425,000)		
Notes payable		(368,133)		
Compensated absences payable		(86,814)		
Accrued interest payable		(8,406)		(888,353)
Net position of governmental activities			$	(3,832,050)

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

COPIAH COUNTY SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2017

	Major Funds						Other	Total
	General Fund	Child Nutrition Fund	Title I Fund	Title II Fund	IDEA Part B Fund	Forestry Escrow Fund	Other Governmental Funds	Total Governmental Funds
Revenues:								
Local sources	$ 4,115,212	$ 186,052	$	$	$	$ 2,244	$ 123,048	$ 4,426,556
State sources	12,651,371	19,478					839,982	13,510,831
Federal sources	361,417	2,107,344	985,825	251,071	594,204		134,270	4,434,131
Sixteenth section sources	209,977					17,360	4,770	232,107
Total Revenues	17,337,977	2,312,874	985,825	251,071	594,204	19,604	1,102,070	22,603,625
Expenditures:								
Instruction	9,885,532		368,202	240,777	335,817		377,430	11,207,758
Support services	6,768,056	108,888	554,390	5,412	247,940		163,899	7,848,585
Noninstructional services	135,611	1,796,949	44,818				2,283	1,979,661
Sixteenth section	8,439					38,334		46,773
Debt service:								
Principal							502,853	502,853
Interest	4,770						39,145	43,915
Total Expenditures	16,802,408	1,905,837	967,410	246,189	583,757	38,334	1,085,610	21,629,545
Excess (Deficiency) of Revenues over (under) Expenditures	535,569	407,037	18,415	4,882	10,447	(18,730)	16,460	974,080
Other Financing Sources (Uses):								
Insurance recovery	135,200							135,200
Operating transfers in	171,939						31,305	203,244
Operating transfers out	(31,305)	(129,311)	(18,415)	(4,882)	(10,447)		(8,884)	(203,244)
Total Other Financing Sources (Uses)	275,834	(129,311)	(18,415)	(4,882)	(10,447)	0	22,421	135,200
Net Change in Fund Balances	811,403	277,726	0	0	0	(18,730)	38,881	1,109,280
Fund Balances:								
July 1, 2016	14,569,913	803,437	0	0	0	216,793	1,249,201	16,839,344
Increase (Decrease) in reserve for inventory		3,469						3,469
June 30, 2017	$ 15,381,316	$ 1,084,632	$ 0	$ 0	$ 0	$ 198,063	$ 1,288,082	$ 17,952,093

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities **Exhibit D-1**

For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds			$	1,109,280
Amounts reported for governmental activities in the statement of activities are different because:				
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:				
Capital outlay	$	256,500		
Depreciation expense		(384,446)		(127,946)
2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:				
Payments of debt principal		502,853		
Accrued interest payable		5,880		508,733
3. Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:				
Recording of pension expense for the current period		(4,160,793)		
Recording of contributions made subsequent to the measurement date		1,899,555		(2,261,238)
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:				
Change in compensated absences		(1,784)		
Change in inventory		3,469		1,685
Change in Net Position of governmental activities			$	(769,486)

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

COPIAH COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities **Exhibit E**

June 30, 2017

		Agency Funds
Assets		
Cash and cash equivalents	$	871,190
Due from other funds		12,286
Total Assets	$	883,476
Liabilities		
Accounts payable and accrued liabilities	$	838,169
Due to other governments		61
Due to other funds		140
Due to student clubs		45,106
Total Liabilities	$	883,476

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

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, Copiah County 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, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

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

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

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

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

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

The school district reports the following major governmental funds:

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

Child Nutrition Fund – This fund accounts for the federal revenues and expenditures associated with federal funding for Child Nutrition programs.

Title I Fund – this fund accounts for the federal revenues and expenditures associated with federal funding for Title I programs.

Title II Fund – This fund accounts for the federal revenues and expenditures associated with federal funding for Title II programs.

IDEA Part B Fund – This fund accounts for the federal revenues and expenditures associated with federal funding for Special Education programs.

Forestry Escrow Fund – This fund accounts for the revenues and expenditures associated with sixteenth section lands.

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:

Agency funds include accounts payable, payroll clearing accounts and student club accounts.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there 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, 2014,* issued by the U.S. Department of Education.

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bond sinking funds. 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 applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

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

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

See Note 9 and Note 14 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

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

11. Fund Balances

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

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

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

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

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

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

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

It is the 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 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 minimum fund balance.

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

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

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

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 $ 17,359,387 and $871,190, 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. 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. 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, 2017, none of the district's bank balance of $ 21,428,101 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $35,558.

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	$	149,333
	Title II fund		52,664
	IDEA Part B fund		64,166
	Other governmental funds		16,721
	Fiduciary funds		140
Fiduciary funds	General Fund		12,286
Total		$	295,310

The primary purpose of the interfund receivables and payables is to close our federal program funds at the year end. All interfund receivables and payables are expected to be repaid within one year.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund		Amount
Other governmental funds	General Fund	$	16,432
Total		$	16,432

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances. The interest rate on the sixteenth section principal loans payable as of June 30, 2017 is four percent.

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

Year Ending June 30		Principal		Interest		Total
2018	$	10,593	$	4,770	$	15,363
2019		5,839		2,653		8,492
						-
Total	$	16,432	$	7,423	$	23,855

C. **Inter-fund Transfers**

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	31,305
Child Nutrition fund	General Fund		129,311
Title I fund	General Fund		18,415
Title II fund	General Fund		4,882
IDEA Part B fund	General Fund		10,447
Other governmental funds	General Fund		8,884
Total		$	203,244

The primary purpose of the interfund transfers was to transfer General Fund monies to various other governmental funds for operating purposes. These transfers were consistent with the activities of the fund making the transfer.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling $542,645 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 cash balance totaling $35,558 of the MAEP Limited Obligation Bond/Note Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Governmental Activities:				
Non-depreciable capital assets:				
Land	$ 229,922	$	$	$ 229,922
Total non-depreciable capital assets	229,922	-	-	229,922
Depreciable capital assets:				
Buildings	9,277,574			9,277,574
Building improvements	148,476			148,476
Improvements other than buildings	112,900			112,900
Mobile equipment	3,574,750	256,500		3,831,250
Furniture and equipment	861,216			861,216
Total depreciable capital assets	13,974,916	256,500	-	14,231,416
Less accumulated depreciation for:				
Buildings	5,334,045	144,444		5,478,489
Building improvements	29,695	5,939		35,634
Improvements other than buildings	74,293	4,516		78,809
Mobile equipment	2,298,872	204,227		2,503,099
Furniture and equipment	769,306	25,320		794,626
Total accumulated depreciation	8,506,211	384,446	-	8,890,657
Total depreciable capital assets, net	5,468,705	(127,946)	-	5,340,759
Governmental activities capital assets, net	$ 5,698,627	$ (127,946)	$ -	$ 5,570,681

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 145,358
Support services	227,084
Non-instructional	12,004
Total depreciation expense - Governmental activities	$ 384,446

Note 6 – Long-term Liabilities

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Amounts due within one year
A. Limited obligation bonds payable	$ 835,000	$	$ 410,000	$ 425,000	$ 425,000
B. Three mill notes payable	460,986		92,853	368,133	91,150
C. Compensated absences payable	85,030	1,784		86,814	4,341
Total	$ 1,381,016	$ 1,784	$ 502,853	$ 879,947	$ 520,491

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 imp Refunding bonds Series 2011	2-3%	3/30/2011	2/1/2018	$ 2,755,000	$ 425,000
Total				$ 2,755,000	$ 425,000

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

Limited obligation bond issue of 3/30/2011:

Year Ending June 30	Principal	Interest	Total
2018	$ 425,000	$ 12,750	$ 437,750
			-
Total	$ 425,000	$ 12,750	$ 437,750

This debt will be retired from the MAEP Debt Service Fund.

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	3.40%	5/6/2011	10/1/2020	$	869,634	$	368,133
Total				$	869,634	$	368,133

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

Three mill notes payable issue of 5/6/2011:

Year Ending June 30		Principal		Interest		Total
2018	$	91,150	$	10,967	$	102,117
2019		89,299		7,899		97,198
2020		92,385		4,811		97,196
2021		95,299		1,620		96,919
						-
Total	$	368,133	$	25,297	$	393,430

This debt will be retired from the Debt Service Fund.

C. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Copiah County School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2017, $455,000 of bonds outstanding are defeased.

Note 8 – Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Thirteen copiers, $3,815 monthly lease payment
2. Three copiers, $1,175 monthly lease payment
3. Two copiers, $362 monthly lease payment
4. Five copiers, $188.92 monthly lease payment
5. Two copiers, $330 monthly lease payment
6. Two copiers, $299 monthly lease payment
7. One copier, $85 monthly lease payment

Lease expenditures for the year ended June 30, 2017, amounted to $75,059.

Future lease payments for these leases are as follows:

Year Ending June 30		Amount
2018	$	72,273
2019		72,103
2020		68,495
2021		45,780
Total	$	258,651

Note 9 – Defined Benefit Pension Plan

General Information about the Pension Plan

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

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

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2017 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2017, 2016 and 2015 were $1,899,555, $1,873,918 and $1,825,835, 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, 2017, the school district reported a liability of $33,221,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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. The school district's proportionate share used to calculate the June 30, 2017 net pension liability was 0.185985 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.000427 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $4,160,793. At June 30, 2017 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	$ 923,817	$
Net difference between projected and actual earnings on pension plan investments	2,283,791	
Changes of assumptions	1,562,540	88,280
Changes in proportion and differences between District contributions and proportionate share of contributions	224,405	50,734

District contributions subsequent to the measurement date	1,899,555	
Total	$ 6,894,108	$ 139,014

$1,899,555 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	$ 1,703,160
2019	1,325,627
2020	1,170,453
2021	656,299

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75-19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.75 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 the current employer contribution 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 members. 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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	$ 42,597,495	$ 33,221,565	$ 25,442,582

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

Note 10 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2018	$ 36,442
2019	15,196
2020	15,196
2021	14,696
2022	6,645
2023 – 2027	13,065
2028 – 2032	27,104
2033 – 2037	23,775
2038 – 2042	19,569
Total	$ 171,688

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 disallowances resulting from the grantor audit may become a liability of the school district.

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

Note 12 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 71 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. [The district has not had an additional assessment for excess losses incurred by the pool.]

Note 13 - Insurance loss recoveries

The Copiah County School District received $ 135,200 in insurance loss recoveries related to tornado damage during the 2016-2017 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
$	0%	Instruction
135,200	100%	Support services
	0%	Non-instructional
$ 135,200	100%	

Note 14 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of ($11,249,860) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of $1,899,555 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The $4,994,553 balance of the deferred outflow of resources related to pensions at June 30, 2017 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 3 years. The $139,014 balance of the deferred inflow of resources related to pensions at June 30, 2017 will be recognized as a reduction of pension expense and will increase the unrestricted net position amount over the next 4 years.

Note 15 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Copiah County School District evaluated the activity of the district through December 29, 2017, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements:

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 4,213,252	$ 3,997,973	$ 4,115,212	$ (215,279)	$ 117,239
State sources	12,801,974	12,660,363	12,651,371	(141,611)	(8,992)
Federal sources	60,000	361,417	361,417	301,417	0
Sixteenth section sources	637,500	209,980	209,977	(427,520)	(3)
Total Revenues	17,712,726	17,229,733	17,337,977	(482,993)	108,244
Expenditures:					
Instruction	10,991,827	10,275,890	9,885,532	715,937	390,358
Support services	10,327,130	7,286,719	6,768,056	3,040,411	518,663
Noninstructional services	182,099	155,023	135,611	27,076	19,412
Sixteenth section	53,500	18,440	8,439	35,060	10,001
Facilities acquisition and construction	171,500	20,817		150,683	20,817
Debt service:					
Interest	5,000	5,000	4,770	0	230
Total Expenditures	21,731,056	17,761,889	16,802,408	3,969,167	959,481
Excess (Deficiency) of Revenues over (under) Expenditures	(4,018,330)	(532,156)	535,569	3,486,174	1,067,725
Other Financing Sources (Uses):					
Insurance recovery	125,000	135,200	135,200	10,200	0
Operating transfers in	922,331	875,939	171,939	(46,392)	(704,000)
Other financing sources	35,000	35,000	0	0	(35,000)
Operating transfers out	(967,980)	(738,305)	(31,305)	229,675	707,000
Total Other Financing Sources (Uses)	114,351	307,834	275,834	193,483	(32,000)
Net Change in Fund Balances	(3,903,979)	(224,322)	811,403	3,679,657	1,035,725
Fund Balances:					
July 1, 2016	13,709,187	14,576,269	14,569,913	867,082	(6,356)
June 30, 2017	$ 9,805,208	$ 14,351,947	$ 15,381,316	$ 4,546,739	$ 1,029,369

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

Budgetary Comparison Schedule
Child Nutrition Fund
For the Year Ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variances Positive (Negative) Original to Final	Variances Positive (Negative) Final to Actual
Revenues:					
Local sources	$ 184,800	$ 186,055	$ 186,052	$ 1,255	$ (3)
State sources	20,000	19,479	19,478	(521)	(1)
Federal sources	2,040,000	2,107,344	2,107,344	67,344	0
Total Revenues	2,244,800	2,312,878	2,312,874	68,078	(4)
Expenditures:					
Support services	154,810	112,462	108,888	42,348	3,574
Noninstructional services	2,278,010	1,839,273	1,796,949	438,737	42,324
Total Expenditures	2,432,820	1,951,735	1,905,837	481,085	45,898
Excess (Deficiency) of Revenues over (under) Expenditures	(188,020)	361,143	407,037	549,163	45,894
Other Financing Sources (Uses):					
Operating transfers out	(30,000)	(129,311)	(129,311)	(99,311)	0
Total Other Financing Sources (Uses)	(30,000)	(129,311)	(129,311)	(99,311)	0
Net Change in Fund Balances	(218,020)	231,832	277,726	449,852	45,894
Fund Balances:					
July 1, 2016	518,705	806,906	803,437	288,201	(3,469)
Increase in inventory			3,469		3,469
June 30, 2017	$ 300,685	$ 1,038,738	$ 1,084,632	$ 738,053	$ 45,894

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

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	1,371,611	997,825	985,825	(373,786)	(12,000)
Total Revenues	1,371,611	997,825	985,825	(373,786)	(12,000)
Expenditures:					
Instruction	472,561	372,913	368,202	99,648	4,711
Support services	758,503	560,135	554,390	198,368	5,745
Noninstructional services	84,820	46,362	44,818	38,458	1,544
Total Expenditures	1,315,884	979,410	967,410	336,474	12,000
Excess (Deficiency) of Revenues over (under) Expenditures	55,727	18,415	18,415	(37,312)	0
Other Financing Sources (Uses):					
Operating transfers out	(32,457)	(18,415)	(18,415)	14,042	0
Total Other Financing Sources (Uses)	(32,457)	(18,415)	(18,415)	14,042	0
Net Change in Fund Balances	23,270	0	0	(23,270)	0
Fund Balances:					
July 1, 2016	0	0	0	0	0
June 30, 2017	$ 23,270	$ 0	$ 0	$ (23,270)	$ 0

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

Budgetary Comparison Schedule
Title II Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	248,430	257,570	251,071	9,140	(6,499)
Total Revenues	248,430	257,570	251,071	9,140	(6,499)
Expenditures:					
Instruction	246,785	241,974	240,777	4,811	1,197
Support services	0	5,412	5,412	(5,412)	0
Noninstructional services	0	0	0	0	0
Total Expenditures	246,785	247,386	246,189	(601)	1,197
Excess (Deficiency) of Revenues over (under) Expenditures	1,645	10,184	4,882	8,539	(5,302)
Other Financing Sources (Uses):					
Operating transfers out	0	(4,882)	(4,882)	(4,882)	0
Total Other Financing Sources (Uses)	0	(4,882)	(4,882)	(4,882)	0
Net Change in Fund Balances	1,645	5,302	0	3,657	(5,302)
Fund Balances:					
July 1, 2016	0	0	0	0	0
June 30, 2017	$ 1,645	$ 5,302	$ 0	$ 3,657	$ (5,302)

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

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	743,721	638,359	594,204	(105,362)	(44,155)
Total Revenues	743,721	638,359	594,204	(105,362)	(44,155)
Expenditures:					
Instruction	386,686	355,041	335,817	31,645	19,224
Support services	321,494	258,650	247,940	62,844	10,710
Noninstructional services	1,836	0	0	1,836	0
Total Expenditures	710,016	613,691	583,757	96,325	29,934
Excess (Deficiency) of Revenues over (under) Expenditures	33,705	24,668	10,447	(9,037)	(14,221)
Other Financing Sources (Uses):					
Operating transfers out	(17,974)	(10,447)	(10,447)	7,527	0
Total Other Financing Sources (Uses)	(17,974)	(10,447)	(10,447)	7,527	0
Net Change in Fund Balances	15,731	14,221	0	(1,510)	(14,221)
Fund Balances:					
July 1, 2016	0	844	0	844	(844)
June 30, 2017	$ 15,731	$ 15,065	$ 0	$ (666)	$ (15,065)

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

Budgetary Comparison Schedule
Forestry Escrow Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 3,000	2,244	$ 2,244	$ (756)	$ 0
Sixteenth section sources	75,000	17,360	17,360	(57,640)	0
Total Revenues	78,000	19,604	19,604	(58,396)	0
Expenditures:					
Sixteenth section	102,600	49,194	38,334	53,406	10,860
Total Expenditures	102,600	49,194	38,334	53,406	10,860
Excess (Deficiency) of Revenues over (under) Expenditures	(24,600)	(29,590)	(18,730)	(4,990)	10,860
Other Financing Sources (Uses):					
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	(24,600)	(29,590)	(18,730)	(4,990)	10,860
Fund Balances:					
July 1, 2016	216,793	216,793	216,793	0	0
June 30, 2017	$ 192,193	$ 187,203	$ 198,063	$ (4,990)	$ 10,860

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

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
Last 10 Fiscal Years*

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.185985%	0.185558%	0.181883%
District's proportionate share of the net pension liability (asset)	$ 33,221,565	28,683,608	22,077,266
District's covered payroll	11,897,892	11,592,603	11,114,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.222276%	247.430255%	198.643746%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	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 Statement No. 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.

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years

	2017	2016	2015
Contractually required contribution	1,899,555	1,873,918	1,825,835
Contributions in relation to the contractually required contribution	$ 1,899,555	1,873,918	1,825,835
Contribution deficiency (excess)	$ 0	0	0
District's covered payroll	12,060,667	11,897,892	11,592,603
Contributions as a percentage of covered payroll	15.75%	15.75%	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 Statement No. 68 was implemented in FYE 6/30/2015, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) Changes of assumptions

2015:

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(2) Changes in benefit provisions

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 655,338
National school lunch program	10.555	1,452,006
Total child nutrition cluster		2,107,344
Total passed-through Mississippi Department of Education		2,107,344
Total U.S. Department of Agriculture		2,107,344
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	350,177
Total Federal Communications Commission		350,177
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,074,014
Career and technical education - basic grants to states	84.048	28,124
Improving teacher quality-State Grants	84.367	251,070
Subtotal		1,353,208
Special education cluster:		
Special education - grants to states	84.027	593,360
Special education - preschool grants	84.173	17,959
Total special education cluster		611,319
Total passed-through Mississippi Department of Education		1,964,527
Total U.S. Department of Education		1,964,527
Total of all Federal Awards		4,422,048

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Copiah County School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of th Copiah County School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Copiah County School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Indirect Cost Rate

The Copiah County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2017

Expenditures		Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$	16,336,101	12,188,151	591,550	1,254,331	2,302,069
Other		5,293,444	1,141,051	414,032	142,338	3,596,023
Total	$	21,629,545	13,329,202	1,005,582	1,396,669	5,898,092
Total number of students *		2,601				
Cost per student	$	8,316	5,125	387	537	2,268

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 and Support Services - Business.

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

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

* 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

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

	2017	2016*	2015*	2014*
Revenues:				
Local sources	$ 4,115,212	$ 4,005,203	$ 3,962,173	$ 3,802,552
State sources	12,651,371	12,570,977	12,270,534	12,027,359
Federal sources	361,417	122,084	110,759	96,123
Sixteenth section sources	209,977	388,056	760,860	
Total Revenues	17,337,977	17,086,320	17,104,326	15,926,034
Expenditures:				
Instruction	9,885,532	9,737,745	9,530,910	9,070,351
Support services	6,768,056	7,257,920	6,384,638	6,492,059
Noninstructional services	135,611	92,491	114,031	114,803
Sixteenth section	8,439	14,171	16,376	
Facilities acquisition and construction		73,150		
Debt service:				
Interest	4,770	4,770	4,770	4,770
Total Expenditures	16,802,408	17,180,247	16,050,725	15,681,983
Excess (Deficiency) of Revenues over (under) Expenditures	535,569	(93,927)	1,053,601	244,051
Other Financing Sources (Uses):				
Insurance recovery	135,200	415,229		11,997
Operating transfers in	171,939	116,535	83,615	57,955
Operating transfers out	(31,305)	(40,000)	(60,679)	(73,433)
Total Other Financing Sources (Uses)	275,834	491,764	22,936	(3,481)
Net Change in Fund Balances	811,403	397,837	1,076,537	240,570
Fund Balances:				
Beginning of period, as previously reported **	14,569,913	14,172,076	5,970,894	5,856,926
Fund reclassification			7,124,831	
Prior period adjustments			(186)	(126,602)
Beginning of period, as restated **	14,569,913	14,172,076	13,095,539	5,730,324
End of Period	$ 15,381,316	$ 14,569,913	$ 14,172,076	$ 5,970,894

*SOURCE - PRIOR YEAR AUDIT REPORTS

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2017	2016*	2015*	2014*
Revenues:				
Local sources	$ 4,426,556	$ 4,319,071	$ 4,295,629	$ 4,361,386
State sources	13,510,831	13,448,903	13,164,115	12,834,543
Federal sources	4,434,131	4,118,359	4,385,544	3,961,967
Sixteenth section sources	232,107	443,357	858,687	740,594
Total Revenues	22,603,625	22,329,690	22,703,975	21,898,490
Expenditures:				
Instruction	11,207,758	11,043,198	11,198,139	10,588,713
Support services	7,848,585	8,431,167	7,604,694	7,749,098
Noninstructional services	1,979,661	1,919,260	1,906,304	1,967,319
Sixteenth section	46,773	68,532	93,904	125,409
Facilities acquisition and construction		73,150		
Debt service:				
Principal	502,853	489,383	475,708	461,863
Interest	43,915	59,012	69,790	80,238
Total Expenditures	21,629,545	22,083,702	21,348,539	20,972,640
Excess (Deficiency) of Revenues over (under) Expenditures	974,080	245,988	1,355,436	925,850
Other Financing Sources (Uses):				
Insurance recovery	135,200	415,229		11,997
Operating transfers in	203,244	156,535	252,617	249,359
Operating transfers out	(203,244)	(156,535)	(252,617)	(249,359)
Total Other Financing Sources (Uses)	135,200	415,229	0	11,997
Net Change in Fund Balances	1,109,280	661,217	1,355,436	937,847
Fund Balances:				
Beginning of period, as previously reported **	16,839,344	16,176,660	14,829,076	14,035,700
Prior period adjustments			(186)	(126,602)
Beginning of period, as restated **	16,839,344	16,176,660	14,828,890	13,909,098
Increase (Decrease) in reserve for inventory	3,469	1,467	(7,666)	(17,869)
End of Period	$ 17,952,093	$ 16,839,344	$ 16,176,660	$ 14,829,076

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Trustees
Copiah County 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 the Copiah County School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Copiah County School District's basic financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lowery, Payn & Leggett, CPAs

Lowery, Payn and Leggett, CPAs

Brookhaven, Mississippi

December 29, 2017

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Copiah County School District

Report on Compliance for Each Major Federal Program

We have audited the Copiah County 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 the Copiah County School District's major federal programs for the year ended June 30, 2017. Copiah County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Copiah County 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Copiah County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Copiah County 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, 2017.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Copiah County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Copiah County 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 the Uniform Guidance, 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 Copiah County School District's internal control over compliance.

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

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

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

Lowery, Payn & Leggett, CPAs

Lowery, Payn and Leggett, CPAs

Brookhaven, Mississippi

December 29, 2017

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

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

Superintendent and School Board
Copiah County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Copiah County School District as of and for the year ended June 30, 2017, which collectively comprise Copiah County School District's basic financial statements and have issued our report thereon dated December 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

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

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

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

<u>Finding</u>

Section 29-3-57, Miss. Code Ann. (1972) requires the superintendent of education to collect promptly all rentals due on sixteenth section leases. This section further stipulates that upon a 60 day default in payment of any rentals according to the terms of the lease, the lease shall be terminated unless the board finds extenuating circumstances were present.

During our test of sixteenth section leases, we observed several instances where sixteenth section leases were more than 60 days past due with no documentation that board action was taken as required by Section 29-3-57, Miss. Code Ann. (1972).

Noncompliance with Section 29-3-57, Miss. Code Ann. (1972), could result in the district not receiving rental income for the use of sixteenth section lands and forfeiture of the related interest income.

Recommendation

We recommend that the district comply with Section 29-3-57, Miss. Code Ann. (1972), when leases are in default for more than 60 days from the due date by declaring the lease terminated unless the board finds extenuating circumstances are present and documents those circumstances in the board minutes.

School District's Response

The school district will comply with Section 29-3-57, Miss. Code Ann. (1972) in regard to collecting rentals on sixteenth section leases and 60 day default in payments.

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 been taken.

The Copiah County 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.

Lowery, Payn & Leggett, CPAs

Lowery, Payn and Leggett, CPAs

Brookhaven, Mississippi

December 29, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COPIAH COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year ended June 30, 2017

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
5.	Type of auditor's report issued on compliance for major programs:	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
7.	Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

8.	Dollar threshold used to distinguish between type A and type B programs:	$750,000
9.	Auditee qualified as low-risk auditee?	Yes

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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