

**Canton Public School District**

Audited Financial Statements  
For the Year Ended June 30, 2015

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Canton Public School District  
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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## **Opinions**

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

## **Emphasis of Matter**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and the Schedules of the District’s Proportionate Share of the Net Pension Liability and of the District Contributions on pages 8 to 15 and 54 to 57 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 Canton Public School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All

not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2016, on our consideration of the Canton Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canton Public School District's internal control over financial reporting and compliance.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 23, 2016

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS



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

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

**FINANCIAL HIGHLIGHTS**

- Total net position for 2015 decreased \$29,348,283, including a prior period adjustment of (\$31,137,478) due primarily to the recording of the net pension liability, which represents a 117% decrease from fiscal year 2014. Total net position for 2014 increased \$573,984, including a prior period adjustment of \$419,790, which represents a 2% increase from fiscal year 2013.
- General revenues amounted to \$25,810,042 and \$22,872,152, or 79% and 77% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,728,359, or 21% of total revenues for 2015, and \$6,705,782, or 23% of total revenues for 2014.
- The District had \$30,749,206 and \$29,423,740 in expenses for fiscal years 2015 and 2014; only \$6,728,359 for 2015 and \$6,705,782 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$25,810,042 for 2015 and \$22,872,152 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$23,931,885 in revenues and \$22,417,236 in expenditures for 2015, and \$20,920,023 in revenues and \$20,190,725 in expenditures in 2014. The General Fund's fund balance increased by \$5,968,133, including the fund reclass of Sixteenth Section Interest Funds from Special Revenue Fund to General Fund in the amount of \$1,393,010 and a prior period adjustment of (\$1,041), from 2014 to 2015, and increased by \$50,690, including a prior period adjustment of \$51,020, from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$893,397 for 2015 and decreased by \$670,626 for 2014. The decrease for 2015 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$31,648,794 for 2015 and decreased by \$1,291,519 for 2014. The increase for 2015 was due primarily to the issuance of general obligation bonds during the fiscal year. The liability for compensated absences decreased by \$62 for 2015 and increased by \$22,475 for 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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



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

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

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

**Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$4,231,755 as of June 30, 2015.



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

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

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

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

**Table 1**  
**Condensed Statement of Net Position**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage</u> <u>Change</u>
Current assets	\$ 10,799,792	\$ 9,947,572	8.57 %
Restricted assets	37,474,185	1,497,813	2,401.93 %
Capital assets, net	46,642,983	47,536,380	(1.88) %
<b>Total assets</b>	<b>94,916,960</b>	<b>58,981,765</b>	<b>60.93 %</b>
<b>Deferred outflows of resources</b>	<b>3,082,096</b>	<b>307,563</b>	<b>902.10 %</b>
Current liabilities	2,340,383	1,992,763	17.44 %
Long-term debt outstanding	66,618,338	32,180,037	107.02 %
Net pension liability	28,482,578	-	N/A %
<b>Total liabilities</b>	<b>97,441,299</b>	<b>34,172,800</b>	<b>185.14 %</b>
<b>Deferred inflows of resources</b>	<b>4,789,512</b>	<b>-</b>	<b>N/A %</b>
<b>Net position:</b>			
Net investment in capital assets	16,007,670	16,303,089	(1.81) %
Restricted	3,457,880	4,061,655	(14.87) %
Unrestricted	(23,697,305)	4,751,784	(598.70) %
<b>Total net position (deficit)</b>	<b>\$ (4,231,755)</b>	<b>\$ 25,116,528</b>	<b>(116.85) %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (23,697,305)
Less unrestricted deficit in net position resulting from implementation of GASB Statements No.68 and 71	30,454,272
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 6,756,967</u>

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

- Decrease in net capital assets in the amount of \$893,397.
- Implementation of GASB Statements No. 68 and 71 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.
- The issuance of long-term debt in the amount of \$33,500,000.
- The principal retirement of \$1,851,206 of long-term debt.
- The net pension liability in the amount of \$28,482,578.

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

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$32,538,401 and \$29,577,934, respectively. The total cost of all programs and services was \$30,749,206 for 2015 and \$29,423,740 for 2014.

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

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

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 449,869	\$ 441,128	1.98 %
Operating grants and contributions	6,278,490	6,264,654	0.22 %
General revenues:			
Property taxes	11,567,146	9,107,477	27.01 %
Grants and contributions not restricted	13,803,766	13,279,859	3.95 %
Investment earnings	66,628	63,783	4.46 %
Sixteenth section sources	179,073	213,634	(16.18) %
Other	193,429	207,399	(6.74) %
<b>Total revenues</b>	<u><b>32,538,401</b></u>	<u><b>29,577,934</b></u>	<b>10.01 %</b>
<b>Expenses:</b>			
Instruction	14,300,569	15,001,368	(4.67) %
Support services	10,524,628	11,001,620	(4.34) %
Non-instructional	2,375,746	2,371,753	0.17 %
Sixteenth section	35,642	41,234	(13.56) %
Pension expense	1,691,333	-	N/A %
Interest on long-term liabilities	1,821,288	1,007,765	80.73 %
<b>Total expenses</b>	<u><b>30,749,206</b></u>	<u><b>29,423,740</b></u>	<b>4.50 %</b>
<b>Increase (Decrease) in net position</b>	<u><b>1,789,195</b></u>	<u><b>154,194</b></u>	<b>1,060.35 %</b>
<b>Net Position, July 1, as previously reported</b>	<u><b>25,116,528</b></u>	<u><b>24,542,544</b></u>	2.34 %
<b>Prior Period Adjustment</b>	<u><b>(31,137,478)</b></u>	<u><b>419,790</b></u>	(7,517.39) %
<b>Net Position (deficit), July 1, as restated</b>	<u><b>(6,020,950)</b></u>	<u><b>24,962,334</b></u>	(124.12) %
<b>Net Position (deficit), June 30</b>	<u><b>\$ (4,231,755)</b></u>	<u><b>\$ 25,116,528</b></u>	(116.85) %

**Governmental activities**

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

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



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

**Table 3  
Net Cost of Governmental Activities**

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ 14,300,569	\$ 15,001,368	(4.67) %
Support services	10,524,628	11,001,620	(4.34) %
Non-instructional	2,375,746	2,371,753	0.17 %
Sixteenth section	35,642	41,234	(13.56) %
Pension Expense	1,691,333	-	N/A %
Interest on long-term liabilities	1,821,288	1,007,765	80.73 %
<b>Total expenses</b>	<b>\$ 30,749,206</b>	<b>\$ 29,423,740</b>	<b>4.50 %</b>

  

	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ (12,279,798)	\$ (12,844,305)	(4.39) %
Support services	(8,650,628)	(9,016,147)	(4.05) %
Non-instructional	450,674	183,020	146.24 %
Sixteenth section	(28,474)	(32,761)	(13.09) %
Pension Expense	(1,691,333)	-	N/A %
Interest on long-term liabilities	(1,821,288)	(1,007,765)	80.73 %
<b>Total net (expense) revenue</b>	<b>\$ (24,020,847)</b>	<b>\$ (22,717,958)</b>	<b>5.74 %</b>

- Net cost of governmental activities (\$24,020,847 for 2015 and \$22,717,958 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$11,567,146 for 2015 and \$9,107,477 for 2014) and state and federal revenues (\$13,803,766 for 2015 and \$13,279,859 for 2014). In addition, there was \$179,073 and \$213,634 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$66,628 for 2015 and \$63,783 for 2014.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$46,235,287, an increase of \$36,519,088, which includes a prior period adjustment of (\$1,041) and an increase in inventory of \$7,919. \$7,079,436, or 15% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$39,155,851, or 85% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

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

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 \$5,968,133, which includes a fund reclassification for the Sixteenth Section Interest Fund in the amount of \$1,393,010 and a prior period adjustment of (\$1,041). The fund balance of Other Governmental Funds showed a decrease in the amount of \$420,753, which includes a fund reclassification for the Sixteenth Section Interest Fund in the amount of (\$1,393,010) and an increase in inventory of \$7,919. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I - A Basic Fund	no increase or decrease
Building Projects Fund	\$ 30,971,708

**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 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, 2015, the District's total capital assets were \$61,804,167, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$460,644 from 2014. Total accumulated depreciation as of June 30, 2015, was \$15,161,184, and total depreciation expense for the year was \$1,508,544, resulting in total net capital assets of \$46,642,983.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 68,710	\$ 68,710	0.00 %
Construction in Progress	388,982	-	N/A %
Buildings	40,958,537	41,934,799	(2.33) %
Building improvements	1,355,729	1,450,408	(6.53) %
Improvements other than buildings	2,892,158	3,055,754	(5.35) %
Mobile equipment	224,215	274,623	(18.36) %
Furniture and equipment	754,652	752,086	0.34 %
<b>Total</b>	<b>\$ 46,642,983</b>	<b>\$ 47,536,380</b>	<b>(1.88) %</b>

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

**Debt Administration.** At June 30, 2015, the District had \$63,807,915 in outstanding long-term debt, of which \$1,907,758 is due within one year. During the fiscal year, the District received proceeds from the issuance of general obligation bonds in the amount of \$33,500,000. The District made principal payments totaling \$1,851,206 on outstanding long-term debt. The liability for compensated absences decreased \$62 from the prior year.



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

The District maintains an A1 bond rating from Moody's and an S&P bond rating of AA.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 40,505,000	\$ 8,330,000	386.25 %
Certificates of participation payable	14,645,000	14,825,000	(1.21) %
Three mill notes payable	1,210,000	1,365,000	(11.36) %
Shortfall notes payable	332,650	523,856	(36.50) %
Qualified school construction bonds payable	7,000,000	7,000,000	0.00 %
Compensated absences payable	115,265	115,327	(0.05) %
<b>Total</b>	<b><u>\$ 63,807,915</u></b>	<b><u>\$ 32,159,183</u></b>	<b>98.41 %</b>

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

**CURRENT ISSUES**

The Canton Public School District is financially stable. The District is proud of its community support of the public schools.

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Canton Public School District, 403 East Lincoln Street, Canton, MS 39046.

FINANCIAL STATEMENTS



**CANTON PUBLIC SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2015**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 9,793,238
Due from other governments	967,669
Inventories	38,885
Restricted assets	37,474,185
Capital assets, non-depreciable:	
Land	68,710
Construction in progress	388,982
Capital assets, net of accumulated depreciation:	
Buildings	40,958,537
Building improvements	1,355,729
Improvements other than buildings	2,892,158
Mobile equipment	224,215
Furniture and equipment	754,652
Total Assets	94,916,960
 <b>Deferred Outflows of Resources</b>	
Deferred outflow from advance refunding of debt	264,278
Deferred outflow related to pensions	2,817,818
Total Deferred Outflows of Resources	3,082,096
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	2,038,690
Interest payable on long-term liabilities	301,693
Long-term liabilities, due within one year:	
Capital related liabilities	1,705,000
Non-capital related liabilities	202,758
Long-term liabilities, due beyond one year:	
Capital related liabilities	57,488,481
Capital related bond premium	2,810,423
Non-capital related liabilities	4,411,676
Net pension liability	28,482,578
Total Liabilities	97,441,299
 <b>Deferred Inflows of Resources</b>	
Deferred inflow related to pensions	4,789,512
Total Deferred Inflows of Resources	4,789,512
 <b>Net Position</b>	
Net investment in capital assets	16,007,670
Restricted for:	
Expendable:	
School-based activities	1,001,731
Debt service	1,967,947
Forestry improvements	57,507
Unemployment benefits	72,195
Non-expendable:	
Sixteenth section	358,500
Unrestricted	(23,697,305)
Total Net Position (deficit)	\$ (4,231,755)

**CANTON PUBLIC SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 14,300,569	\$ 188,637	\$ 1,832,134	\$ (12,279,798)
Support services	10,524,628	9,462	1,864,538	(8,650,628)
Non-instructional	2,375,746	244,602	2,581,818	450,674
Sixteenth section	35,642	7,168	-	(28,474)
Pension expense	1,691,333	-	-	(1,691,333)
Interest on long-term liabilities	1,821,288	-	-	(1,821,288)
<b>Total Governmental Activities</b>	<b>\$ 30,749,206</b>	<b>\$ 449,869</b>	<b>\$ 6,278,490</b>	<b>\$ (24,020,847)</b>

General Revenues:

Taxes:

General purpose levies 9,962,534

Debt purpose levies 1,604,612

Unrestricted grants and contributions:

State 13,478,601

Federal 325,165

Unrestricted investment earnings 66,628

Sixteenth section sources 179,073

Other 193,429

Total General Revenues 25,810,042

Change in Net Position 1,789,195

Net Position - Beginning, as previously reported 25,116,528

Prior Period Adjustments (31,137,478)

Net Position (deficit) - Beginning, as restated (6,020,950)

Net Position (deficit) - Ending \$ (4,231,755)

**CANTON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Balance Sheet**  
**June 30, 2015**

**Exhibit C**

	Major Funds					Total Governmental Funds
	General Fund	Title I-A Basic Fund	Building Projects Fund	Other Governmental Funds		
<b>Assets</b>						
Cash and cash equivalents	\$ 12,010,921	\$ 364	\$ 31,322,702	\$ 2,314,047		\$ 45,648,034
Cash with fiscal agents	-	-	-	1,619,389		1,619,389
Due from other governments	472,339	256,281	5,272	233,777		967,669
Due from other funds	307,158	-	-	2,343		309,501
Inventories	-	-	-	38,885		38,885
Total assets	<u>\$ 12,790,418</u>	<u>\$ 256,645</u>	<u>\$ 31,327,974</u>	<u>\$ 4,208,441</u>		<u>\$ 48,583,478</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,416,674	\$ 147,545	\$ 223,661	\$ 250,810		\$ 2,038,690
Due to other funds	2,343	109,100	-	198,058		309,501
Total Liabilities	<u>1,419,017</u>	<u>256,645</u>	<u>223,661</u>	<u>448,868</u>		<u>2,348,191</u>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	38,885		38,885
Permanent fund principal	-	-	-	358,500		358,500
<b>Restricted:</b>						
Debt service	-	-	-	2,269,640		2,269,640
Capital improvements	-	-	31,104,313	-		31,104,313
Forestry improvement purposes	-	-	-	57,507		57,507
Grant activities	-	-	-	65,811		65,811
Unemployment benefits	-	-	-	72,195		72,195
Food service	-	-	-	889,960		889,960
Technology Initiative	4,166,519	-	-	-		4,166,519
Sixteenth section	-	-	-	7,075		7,075
<b>Assigned:</b>						
Activity funds	125,446	-	-	-		125,446
<b>Unassigned</b>						
	7,079,436	-	-	-		7,079,436
Total Fund Balances	<u>11,371,401</u>	<u>-</u>	<u>31,104,313</u>	<u>3,759,573</u>		<u>46,235,287</u>
Total Liabilities and Fund Balances	<u>\$ 12,790,418</u>	<u>\$ 256,645</u>	<u>\$ 31,327,974</u>	<u>\$ 4,208,441</u>		<u>\$ 48,583,478</u>

**CANTON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2015**

**Exhibit C-1**

**Total fund balances for governmental funds** \$ 46,235,287

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	\$ 68,710	
Construction in progress	388,982	
Buildings	50,639,288	
Building improvements	2,366,978	
Improvements other than buildings	4,089,901	
Mobile equipment	1,213,192	
Furniture and equipment	3,037,116	
Accumulated depreciation	<u>(15,161,184)</u>	46,642,983

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

Net pension liability (28,482,578)

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	2,817,818	
Deferred inflows of resources related to pensions	<u>(4,789,512)</u>	(1,971,694)

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

General obligation bonds	(40,505,000)	
Other bonds payable	(7,000,000)	
Notes payable	(1,542,650)	
Certificates of participation	(14,645,000)	
Compensated absences	(115,265)	
Unamortized charges	264,278	
Unamortized premiums	(2,810,423)	
Accrued interest payable	<u>(301,693)</u>	(66,655,753)

**Net Position of governmental activities** \$ (4,231,755)



**CANTON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D**

	Major Funds				
	General Fund	Title I-A Basic Fund	Building Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 10,383,108	\$ -	\$ 5,322	\$ 1,864,021	\$ 12,252,451
State sources	13,153,317	-	-	875,987	14,029,304
Federal sources	210,117	1,752,195	-	4,090,640	6,052,952
Sixteenth section sources	185,343	-	-	8,889	194,232
<b>Total Revenues</b>	<b>23,931,885</b>	<b>1,752,195</b>	<b>5,322</b>	<b>6,839,537</b>	<b>32,528,939</b>
<b>Expenditures:</b>					
Instruction	12,467,754	806,635	-	1,360,685	14,635,074
Support services	9,126,221	650,054	-	1,450,623	11,226,898
Noninstructional services	10,750	23,293	-	2,404,028	2,438,071
Sixteenth section	30,707	-	-	4,935	35,642
Facilities acquisition and construction	-	-	388,982	-	388,982
Debt service:					
Principal	-	-	-	1,851,206	1,851,206
Interest	-	-	-	1,090,631	1,090,631
Other	781,804	-	-	14,230	796,034
<b>Total Expenditures</b>	<b>22,417,236</b>	<b>1,479,982</b>	<b>388,982</b>	<b>8,176,338</b>	<b>32,462,538</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,514,649	272,213	(383,660)	(1,336,801)	66,401
<b>Other Financing Sources (Uses):</b>					
Bonds and notes issued	4,166,519	-	29,333,481	-	33,500,000
Insurance recovery	9,462	-	-	-	9,462
Payments held by escrow agent	-	-	-	466,667	466,667
Premiums on bonds issued	781,804	-	2,154,543	-	2,936,347
Payment to QSCB debt escrow agent	-	-	-	(466,667)	(466,667)
Operating transfers in	325,917	-	-	2,511,727	2,837,644
Operating transfers out	(2,222,187)	(272,213)	(132,656)	(210,588)	(2,837,644)
<b>Total Other Financing Sources (Uses)</b>	<b>3,061,515</b>	<b>(272,213)</b>	<b>31,355,368</b>	<b>2,301,139</b>	<b>36,445,809</b>
<b>Net Change in Fund Balances</b>	<b>4,576,164</b>	<b>-</b>	<b>30,971,708</b>	<b>964,338</b>	<b>36,512,210</b>
<b>Fund Balances:</b>					
July 1, 2014, as previously reported	5,403,268	-	132,605	4,180,326	9,716,199
Fund reclassification	1,393,010	-	-	(1,393,010)	-
Prior period adjustments	(1,041)	-	-	-	(1,041)
July 1, 2014, as restated	6,795,237	-	132,605	2,787,316	9,715,158
Increase (Decrease) in inventory	-	-	-	7,919	7,919
<b>June 30, 2015</b>	<b>\$ 11,371,401</b>	<b>\$ -</b>	<b>\$ 31,104,313</b>	<b>\$ 3,759,573</b>	<b>\$ 46,235,287</b>

**CANTON PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 36,512,210

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	\$ 620,751	
Depreciation expense	<u>(1,508,544)</u>	(887,793)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold. (5,604)

3. 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:

Bonds and notes issued	(33,500,000)	
Premiums on bonds and refunding bonds issued	(2,936,347)	
Payments of debt principal	1,851,206	
Accrued interest payable	<u>(38,116)</u>	(34,623,257)

4. 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	(1,691,333)	
Recording of contributions made subsequent to the measurement date	<u>2,373,498</u>	682,165

5. 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	62	
Change in inventory	7,919	
Amortization of deferred charges, premiums and discounts	<u>103,493</u>	111,474

**Change in Net Position of governmental activities** \$ 1,789,195

CANTON PUBLIC SCHOOL DISTRICT

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2015**

**Exhibit E**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 85,725
Total Assets	<u>\$ 85,725</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 53,191
Due to student clubs	32,534
Total Liabilities	<u>\$ 85,725</u>



SUPPLEMENTARY INFORMATION

**Canton Public School District**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2015

**Schedule 1**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 690,581
National School Lunch Program	10.555	1,919,483
Summer Food Service Program for Children	10.559	31,519
Total Child Nutrition Cluster		<u>2,641,583</u>
Fresh Fruits and Vegetables Program	10.582	128,850
Total passed-through the Mississippi Department of Education		<u>2,770,433</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>		<u>2,770,433</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	41,522
<b>TOTAL U. S. DEPARTMENT OF DEFENSE</b>		<u>41,522</u>
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	149,512
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>		<u>149,512</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,753,908
Career and Technical Education - Basic Grants to States	84.048	50,826
English Language Acquisition Grants	84.365	18,016
Improving Teacher Quality - State Grants	84.367	364,238
Subtotal		<u>2,186,988</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	712,970
Special Education - Preschool Grants	84.173	15,874
Total Special Education Cluster		<u>728,844</u>
Total passed-through the Mississippi Department of Education		<u>2,915,832</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>		<u>2,915,832</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
Passed-through the Mississippi Department of Education:		
Medical Assistance Program	93.778	6,098
Total passed-through the Mississippi Department of Education		<u>6,098</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>6,098</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u>\$ 5,883,397</u>

Notes to Schedule

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

**Canton Public School District**

**Schedule 2**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits	\$ 20,690,658	15,741,877	1,169,637	1,468,315	2,310,829
Other	11,771,880	1,796,179	394,950	23,856	9,556,895
Total	<u>\$ 32,462,538</u>	<u>17,538,056</u>	<u>1,564,587</u>	<u>1,492,171</u>	<u>11,867,724</u>
 Total number of students *	 <u>3,209</u>				
 Cost per student	 <u>\$ 10,116</u>	 <u>5,465</u>	 <u>488</u>	 <u>465</u>	 <u>3,698</u>

For purpose 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 functions: Support Services - School Administration.

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

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



OTHER INFORMATION

**CANTON PUBLIC SCHOOL DISTRICT**

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

"UNAUDITED"

	2015	2014*	2013*	2012*
<b>Revenues:</b>				
Local sources	\$ 10,383,108	7,896,855	7,628,296	7,615,095
State sources	13,153,317	12,767,686	12,615,828	12,507,681
Federal sources	210,117	255,482	538,927	180,157
Sixteenth section sources	185,343	-	-	-
Total Revenues	<u>23,931,885</u>	<u>20,920,023</u>	<u>20,783,051</u>	<u>20,302,933</u>
<b>Expenditures:</b>				
Instruction	12,467,754	11,549,093	11,754,867	10,691,476
Support services	9,126,221	8,640,882	8,638,028	7,795,227
Noninstructional services	10,750	750	8,400	18,000
Sixteenth section	30,707	-	-	-
Debt Service:				
Principal	-	-	3,295	4,468
Interest	-	-	1,716	800
Other	781,804	-	-	-
Total Expenditures	<u>22,417,236</u>	<u>20,190,725</u>	<u>20,406,306</u>	<u>18,509,971</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,514,649</u>	<u>729,298</u>	<u>376,745</u>	<u>1,792,962</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	4,166,519	395,049	190,375	-
Insurance recovery	9,462	61,573	4,184	-
Premiums on bonds issued	781,804	-	-	-
Sale of transportation equipment	-	-	-	6,288
Operating transfers in	325,917	698,863	179,255	738,780
Operating transfers out	(2,222,187)	(1,885,113)	(1,623,696)	(1,811,095)
Other financing uses	-	-	-	(3,122)
Total Other Financing Sources (Uses)	<u>3,061,515</u>	<u>(729,628)</u>	<u>(1,249,882)</u>	<u>(1,069,149)</u>
Net Change in Fund Balances	<u>4,576,164</u>	<u>(330)</u>	<u>(873,137)</u>	<u>723,813</u>
<b>Fund Balances:</b>				
July 1, as previously reported	5,403,268	5,352,578	6,227,577	5,525,902
Fund reclassification	1,393,010	-	-	-
Prior period adjustments	(1,041)	51,020	(1,862)	(22,138)
July 1, as restated	<u>6,795,237</u>	<u>5,403,598</u>	<u>6,225,715</u>	<u>5,503,764</u>
June 30,	<u>\$ 11,371,401</u>	<u>5,403,268</u>	<u>5,352,578</u>	<u>\$ 6,227,577</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**CANTON PUBLIC SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2015	2014*	2013*	2012*
<b>Revenues:</b>				
Local sources	\$ 12,252,451	9,740,243	9,475,557	9,879,595
State sources	14,029,304	13,528,856	13,422,814	13,361,459
Federal sources	6,052,952	6,015,658	6,337,303	8,182,689
Sixteenth section sources	194,232	231,604	142,686	326,545
Total Revenues	<u>32,528,939</u>	<u>29,516,361</u>	<u>29,378,360</u>	<u>31,750,288</u>
<b>Expenditures:</b>				
Instruction	14,635,074	13,808,642	14,243,725	14,947,627
Support services	11,226,898	10,862,345	11,613,118	10,557,419
Noninstructional services	2,438,071	2,288,813	2,341,582	2,394,900
Sixteenth section	35,642	41,234	42,820	182,914
Facilities acquisition and construction	388,982	200,000	8,719,010	13,766,344
Debt service:				
Principal	1,851,206	1,686,568	1,398,295	1,729,211
Interest	1,090,631	950,160	991,131	1,202,719
Other	796,034	23,452	119,284	177,627
Total Expenditures	<u>32,462,538</u>	<u>29,861,214</u>	<u>39,468,965</u>	<u>44,958,761</u>
Excess (Deficiency) of Revenues over Expenditures	<u>66,401</u>	<u>(344,853)</u>	<u>(10,090,605)</u>	<u>(13,208,473)</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	33,500,000	395,049	190,375	-
Proceeds of loans	-	-	-	4,000,000
Insurance recovery	9,462	61,573	4,184	-
Refunding bonds issued	-	-	3,645,000	6,845,000
Payments held by escrow agent	466,667	466,667	466,667	200,000
Premiums on refunding bonds issued	2,936,347	-	34,758	-
Payment to refunded bond escrow agent	-	-	(3,584,256)	(6,726,530)
Payment to QSCB debt escrow agent	(466,667)	(466,667)	(466,667)	(200,000)
Sale of transportation equipment	-	-	-	6,288
Operating transfers in	2,837,644	2,867,741	2,416,353	2,794,192
Operating transfers out	(2,837,644)	(2,867,741)	(2,416,353)	(2,794,192)
Other financing uses	-	-	-	(12,788)
Total Other Financing Sources (Uses)	<u>36,445,809</u>	<u>456,622</u>	<u>290,061</u>	<u>4,111,970</u>
Net Change in Fund Balances	<u>36,512,210</u>	<u>111,769</u>	<u>(9,800,544)</u>	<u>(9,096,503)</u>
<b>Fund Balances:</b>				
July 1, as previously reported	9,716,199	9,706,480	19,504,600	28,645,284
Prior period adjustments	(1,041)	(104,966)	21,491	(22,138)
July 1, as restated	<u>9,715,158</u>	<u>9,601,514</u>	<u>19,526,091</u>	<u>28,623,146</u>
Increase (Decrease) in inventory	7,919	2,916	(19,067)	(22,043)
June 30,	<u>\$ 46,235,287</u>	<u>9,716,199</u>	<u>9,706,480</u>	<u>19,504,600</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS



REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Canton Public 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 Canton Public School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Canton Public School District's basic financial statements, and have issued our report thereon dated March 23, 2016.

**Internal Control Over Financial Reporting**

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

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

## **Purpose of this Report**

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 23, 2016

Certified Public Accountants



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Canton Public School District

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

We have audited Canton Public School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Canton Public School District's major federal programs for the year ended June 30, 2015. The Canton Public School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

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

## Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
March 23, 2016

Certified Public Accountants

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



FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Canton Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canton Public School District as of and for the year ended June 30, 2015, which collectively comprise Canton Public School District's basic financial statements and have issued our report thereon dated March 23, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district did not report any classroom supply funds carried over from previous years.

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

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

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

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

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.

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
March 23, 2016

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



**Canton Public School District**

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

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

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

Section II: Financial Statements Findings

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

Section III: Federal Award Findings and Questioned Costs

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

**SEE CHANCERY CLERK'S OFFICE  
FOR ENTIRE DOCUMENT**

