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Attala County School District
Audited Financial Statements
For the Year Ended June 30, 2014

Fortenberry & Ballard, PC
Certified Public Accountants

**Attala County 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
Attala 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 Attala County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Attala 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 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.

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 Attala County School District, as of June 30, 2014, 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 and budgetary comparison information on pages 8 to 18 and 48 to 50 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 Attala County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived

from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2014, on our consideration of the Attala 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 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 Attala County School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
August 20, 2014

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The following discussion and analysis of Attala County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. 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 2014 increased \$222,635, which represents a 2% increase from fiscal year 2013. Total net position for 2013 increased \$137,302, including a prior period adjustment of \$40,313, which represents a 1% increase from fiscal year 2012.
- General revenues amounted to \$9,371,895 and \$9,093,879, or 79% and 78% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,529,076, or 21% of total revenues for 2014, and \$2,516,262, or 22% of total revenues for 2013.
- The District had \$11,678,336 and \$11,513,152 in expenses for fiscal years 2014 and 2013; only \$2,529,076 for 2014 and \$2,516,262 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$9,371,895 for 2014 and \$9,093,879 for 2013 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$8,072,148 in revenues and \$8,183,349 in expenditures for 2014, and \$8,034,364 in revenues and \$8,387,991 in expenditures for 2013. The General Fund's fund balance increased by \$245,127 from 2013 to 2014, and decreased by \$170,968 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$345,006 for 2014 and increased by \$48,470 for 2013. The decrease for 2014 was due primarily to the recording of depreciation expense.
- Long-term debt decreased by \$371,316 for 2014 and decreased by \$360,428 for 2013. This decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$8,416 for 2014 and decreased by \$8,766 for 2013.

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.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Government-wide Financial Statements

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section 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.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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.

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. Assets exceeded liabilities by \$13,615,614 as of June 30, 2014.

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, 2014 and June 30, 2013.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 1
Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 5,159,982	4,957,492	4%
Restricted assets	242,291	240,572	1%
Capital assets, net	<u>9,380,025</u>	<u>9,725,031</u>	(4)%
Total assets	<u>14,782,298</u>	<u>14,923,095</u>	(1)%
Deferred outflows of resources	<u>14,536</u>		
Current liabilities	100,935	86,931	16%
Long-term debt outstanding	<u>1,080,285</u>	<u>1,443,185</u>	(25)%
Total liabilities	<u>1,181,220</u>	<u>1,530,116</u>	(23)%
Net position:			
Net investment in capital assets	8,482,561	8,531,200	(1)%
Restricted	1,349,243	1,376,091	(2)%
Unrestricted	<u>3,783,810</u>	<u>3,485,688</u>	9%
Total net position	<u>\$ 13,615,614</u>	<u>13,392,979</u>	2%

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

- Due to the implementation of GASB Statement No. 65, bond issuance costs were expensed during the year.
- The principal retirement of \$371,316 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$11,900,971 and \$11,610,141, respectively. The total cost of all programs and services was \$11,678,336 for 2014 and \$11,513,152 for 2013.

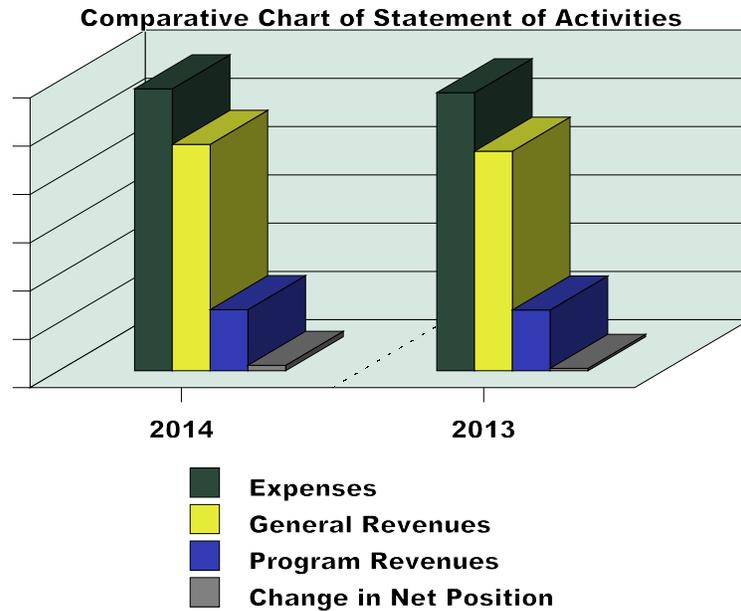
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 2
Changes in Net Position

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 331,303	293,143	13%
Operating grants and contributions	2,153,542	2,223,119	(3)%
Capital grants and contributions	44,231		
General revenues:			
Property taxes	3,936,720	3,935,865	0%
Grants and contributions not restricted	4,943,342	4,929,848	0%
Unrestricted investment earnings	9,176	35,095	(74)%
Sixteenth section resources	425,930	152,140	180%
Other	56,727	40,931	39%
Total revenues	<u>11,900,971</u>	<u>11,610,141</u>	3%
Expenses:			
Instruction	6,685,764	6,694,481	0%
Support services	3,940,113	3,933,636	0%
Non-instructional	823,942	720,853	14%
Sixteenth section	183,965	108,739	69%
Interest on long-term debt	44,552	55,443	(20)%
Total expenses	<u>11,678,336</u>	<u>11,513,152</u>	1%
Increase (Decrease) in net position	<u>222,635</u>	<u>96,989</u>	130%
Net Position, July 1, as previously reported	13,392,979	13,255,677	1%
Prior period adjustment		40,313	(100)%
Net Position, July 1, as restated	<u>13,392,979</u>	<u>13,295,990</u>	1%
Net Position, June 30	<u>\$ 13,615,614</u>	<u>13,392,979</u>	2%

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014



Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section 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

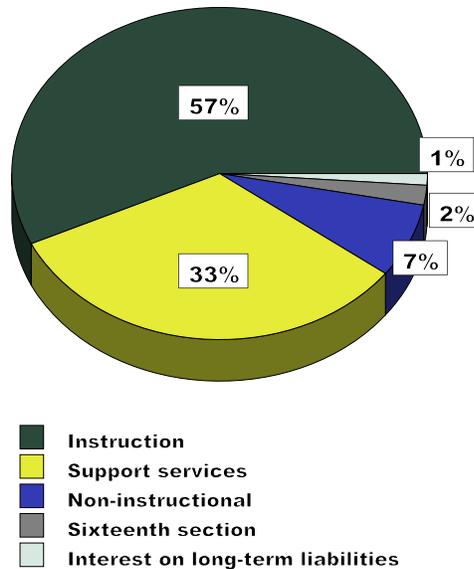
	Total Expenses		
	2014	2013	Percentage Change
Instruction	\$ 6,685,794	6,694,481	0%
Support services	3,940,113	3,933,636	0%
Non-instructional	823,942	720,853	14%
Sixteenth section	183,965	108,739	69%
Interest on long-term liabilities	44,552	55,443	(20)%
Total expenses	\$ 11,678,366	11,513,152	1%

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Net (Expense) Revenue

	2014	2013	Percentage Change
Instruction	\$ (5,716,788)	(5,478,193)	4%
Support services	(3,533,646)	(3,384,895)	4%
Non-instructional	274,986	17,961	1431%
Sixteenth section	(129,260)	(96,320)	34%
Interest on long-term liabilities	(44,552)	(55,443)	(20)%
Total net (expense) revenue	\$ (9,149,260)	(8,996,890)	2%

Chart of Expenses as per Statement of Activities



- Net cost of governmental activities (\$9,149,260 for 2014 and \$8,996,890 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$3,936,720 for 2014 and \$3,935,865 for 2013) and state and federal revenues of (\$4,943,342 for 2014 and \$4,929,848 for 2013).
- Investment earnings amounted to \$9,176 for 2014 and \$35,095 for 2013.

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 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 \$5,315,085, an increase of \$213,470, which includes a decrease in inventory of \$649. \$2,398,738, or 45% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$2,916,347 or 55% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$245,127. The fund balance of Other Governmental Funds showed a decrease in the amount of \$601. The increase (decrease) in the fund balances for the other major fund was as follows:

Major Fund	Increase (Decrease)
Forestry Escrow Fund	\$ (31,056)

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 Attala County School District.

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

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were \$15,271,976, including land, school buildings, building improvements, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$29,000 from 2013. Total accumulated depreciation as of June 30, 2014, was \$5,891,951, and total depreciation expense for the year was \$374,006, resulting in total net capital assets of \$9,380,025.

Table 4
Capital Assets, Net Accumulated Depreciation

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 31,441	31,441	0%
Buildings	8,393,376	8,622,985	(3)%
Improvements other than buildings	299,543	319,069	(6)%
Mobile equipment	617,847	695,188	(11)%
Furniture and equipment	37,818	56,348	(33)%
Total	<u>\$ 9,380,025</u>	<u>9,725,031</u>	<u>(4)%</u>

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

Debt Administration. At June 30, 2014, the District had \$1,080,285 in outstanding long-term debt, of which \$384,256 is due within one year. The liability for compensated absences increased \$8,416 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 754,000	902,000	(16)%
Three mill note payable	158,000	310,000	(49)%
Shortfall notes payable	73,256	144,572	(49)%
Compensated absences payable	95,029	86,613	10%
Total	<u>\$ 1,080,285</u>	<u>1,443,185</u>	<u>(25)%</u>

Attala County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

CURRENT ISSUES

The Attala 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.

Enrollment for the 2013-2014 year increased by 3% to 1,121 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Attala County School District, 100 Courthouse Building, Suite 3, Kosciusko, MS 39090.

FINANCIAL STATEMENTS

ATTALA COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 4,968,650
<i>Investments</i>	2,232
<i>Due from other governments</i>	180,008
<i>Inventories</i>	9,092
<i>Restricted assets</i>	242,291
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	31,441
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	8,393,376
<i>Improvements other than buildings</i>	299,543
<i>Mobile equipment</i>	617,847
<i>Furniture and equipment</i>	37,818
Total Assets	<u>14,782,298</u>
Deferred Outflows of Resources	
Charges on debt refunding	14,536
Total Deferred Outflows of Resources	<u>14,536</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	30,968
<i>Other payables</i>	56,220
<i>Interest payable on long-term liabilities</i>	13,747
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	311,000
<i>Non-capital related liabilities</i>	73,256
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	601,000
<i>Non-capital related liabilities</i>	95,029
Total Liabilities	<u>1,181,220</u>
Net Position	
Net Investment in Capital Assets	8,482,561
Restricted For:	
Expendable:	
School-based activities	280,233
Debt service	417,134
Forestry improvements	585,508
Unemployment benefits	37,358
Sixteenth section	251
Non-expendable:	
Sixteenth section	28,759
Unrestricted	3,783,810
Total Net Position	<u>\$ 13,615,614</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:				Governmental Activities	
<i>Instruction</i>	6,685,764	171,373	754,333	43,270	(5,716,788)
<i>Support services</i>	3,940,113	--	405,506	961	(3,533,646)
<i>Noninstructional services</i>	823,942	105,225	993,703	--	274,986
<i>Sixteenth section</i>	183,965	54,705	--	--	(129,260)
<i>Interest on long-term liabilities</i>	44,552	--	--	--	(44,552)
Total Governmental Activities	<u>\$ 11,678,336</u>	<u>\$ 331,303</u>	<u>\$ 2,153,542</u>	<u>\$ 44,231</u>	<u>(9,149,260)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					3,705,151
<i>Debt purpose levies</i>					231,569
Unrestricted grants and contributions:					
<i>State</i>					4,886,914
<i>Federal</i>					56,428
<i>Unrestricted investment earnings</i>					9,176
<i>Sixteenth section sources</i>					425,930
<i>Other</i>					56,727
Total General Revenues					<u>9,371,895</u>
Change in Net Position					<u>222,635</u>
Net Position- Beginning					13,392,979
Net Position - Ending					<u>\$ 13,615,614</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Forestry Escrow Fund	Other Governmental Funds	Total Governmental Funds
Assets				
<i>Cash and cash equivalents</i>	\$ 3,956,878	\$ 585,508	\$ 588,990	\$ 5,131,376
<i>Investments</i>	2,232	--	79,565	81,797
<i>Due from other governments</i>	79,056	--	100,952	180,008
<i>Due from other funds</i>	682	--	--	682
<i>Inventories</i>	--	--	9,092	9,092
Total Assets	\$ 4,038,848	\$ 585,508	\$ 778,599	\$ 5,402,955
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 30,533	\$ --	\$ 435	\$ 30,968
Due to other funds	--	--	682	682
Other payables	56,220	--	--	56,220
Total Liabilities	86,753	--	1,117	87,870
Fund Balances:				
Nonspendable:				
Permanent fund principal	--	--	28,759	28,759
Inventory	--	--	9,092	9,092
Restricted:				
Unemployment benefits	--	--	37,358	37,358
Forestry improvements	--	585,508	--	585,508
Debt service	--	--	430,881	430,881
Grant activities	--	--	77,295	77,295
Food service	--	--	193,831	193,831
Sixteenth section interest	--	--	15	15
Assigned:				
Special Education	709	--	--	709
At Risk	27,930	--	--	27,930
General Activity	109,083	--	--	109,083
Timber sales	1,415,635	--	--	1,415,635
Other purposes	--	--	251	251
Unassigned	2,398,738	--	--	2,398,738
Total Fund Balances	3,952,095	585,508	777,482	5,315,085
Total Liabilities and Fund Balances	\$ 4,038,848	\$ 585,508	\$ 778,599	\$ 5,402,955

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances for governmental funds	\$ 5,315,085
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	9,380,025
Liabilities due in one year are recognized in the SNP but not in the funds.	(384,256)
Payables for bond principal not due in the current period are not reported in the funds.	(601,000)
Payables for bond interest not due in the current period are not reported in the funds.	(13,747)
Payables for compensated absences not due in the current period are not reported in the funds.	(95,029)
Deferred amount on refunding is an inflow of resources and is amortized in the SNP.	<u>14,536</u>
Net position of governmental activities	<u>\$ 13,615,614</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**IN FUND BALANCES - GOVERNMENTAL FUNDS**FOR THE YEAR ENDED JUNE 30, 2014*

	General Fund	Forestry Escrow Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 3,575,444	\$ --	\$ 702,110	\$ 4,277,554
State sources	4,448,394	--	832,639	5,281,033
Federal sources	48,310	--	1,811,772	1,860,082
Sixteenth section sources	--	54,728	426,071	480,799
Total Revenues	<u>8,072,148</u>	<u>54,728</u>	<u>3,772,592</u>	<u>11,899,468</u>
Expenditures:				
Instruction	5,095,666	--	1,381,818	6,477,484
Support services	3,087,683	--	784,705	3,872,388
Noninstructional services	--	--	744,625	744,625
Sixteenth section	--	85,784	98,181	183,965
Debt service:				
Principal	--	--	371,316	371,316
Interest	--	--	35,823	35,823
Total Expenditures	<u>8,183,349</u>	<u>85,784</u>	<u>3,416,468</u>	<u>11,685,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	(111,201)	(31,056)	356,124	213,867
Other Financing Sources (Uses):				
Sale of other property	1,502	--	--	1,502
Transfers in	375,017	--	20,191	395,208
Transfers out	(20,191)	--	(375,017)	(395,208)
Other financing uses	--	--	(1,250)	(1,250)
Total Other Financing Sources (Uses)	<u>356,328</u>	<u>--</u>	<u>(356,076)</u>	<u>252</u>
Net Change in Fund Balances	245,127	(31,056)	48	214,119
Fund Balances:				
July 1, 2013	3,706,968	616,564	778,083	5,101,615
Increase (decrease) in inventory	--	--	(649)	(649)
June 30, 2014	<u>\$ 3,952,095</u>	<u>\$ 585,508</u>	<u>\$ 777,482</u>	<u>\$ 5,315,085</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014*

Net change in fund balances - total governmental funds	\$ 214,119
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	29,000
The depreciation of capital assets used in governmental activities is not reported in the funds.	(374,006)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	148,000
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	223,316
(Increase) decrease in accrued interest from beginning of period to end of period.	4,809
Change in inventory affects fund balance in the funds but affects expense in the SOA.	(649)
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	(8,416)
Amortization of amount deferred on refunding.	(3,633)
Bond issuance costs were expensed based on new GASB 65 implementation.	(9,905)
	<hr/>
Change in net position of governmental activities	\$ <u>222,635</u>

The accompanying notes are an integral part of this statement.

ATTALA COUNTY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Agency Funds
Assets:	
<i>Cash and other deposits</i>	\$ 401,191
Total Assets	<u>\$ 401,191</u>
Liabilities:	
<i>Accounts payable and accrued liabilities</i>	\$ 327,617
<i>Due to student clubs</i>	73,038
<i>Other payables</i>	536
Total Liabilities	<u>\$ 401,191</u>

The accompanying notes are an integral part of this statement.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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 board is elected by the citizens of each defined county district.

For financial reporting purposes, Attala 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 and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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.

Forestry Escrow Fund - This is used to account for money received from the sale of all timber as required by law.

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

The District's fiduciary funds include the following:

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

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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*, 2003, issued by the U.S. Department of Education.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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. 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

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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 of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The school district has a deferred outflow which is presented as a deferred outflow for charges on refunding of debt. See Note 13 for further details.

8. Compensated Absences

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

The liability for these compensated absences is recorded as a long-term

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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.

10. Fund Balances

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

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

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

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

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Note 2 - Cash and Cash Equivalents and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial

Attala County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$5,131,376 and \$401,191, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$5,867,944 was exposed to custodial credit risk.

Investments

As of June 30, 2014, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Federal US Treasury Cash Reserve	AAAm	Less than 1 year	<u>\$ 81,797</u>

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

This amount is reflected as restricted assets on Exhibit A.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. Of the district's investments, \$19,362 of underlying securities are held by the investment's counterparty, not in the name of the district.

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

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

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ <u>682</u>

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 375,017
Other Governmental Funds	General Fund	<u>20,191</u>
Total		\$ <u>395,208</u>

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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

Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$29,010, of the Sixteenth Section Principal 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 and investment balance totaling \$133,716 and \$79,565, respectively, of the MAEP Retirement Fund.

Note 5 - Capital Assets

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

	Balance 7-1-2013	Additions	Balance 6-30-2014
<u>Non-depreciable capital assets:</u>			
Land	\$ 31,441		31,441
Total non-depreciable capital assets	<u>31,441</u>	<u>0</u>	<u>31,441</u>
<u>Depreciable capital assets:</u>			
Buildings	12,219,199		12,219,199
Improvements other than buildings	488,148		488,148
Mobile equipment	1,931,116	29,000	1,960,116
Furniture and equipment	573,072		573,072
Total depreciable capital assets	<u>15,211,535</u>	<u>29,000</u>	<u>15,240,535</u>
<u>Less accumulated depreciation for:</u>			
Buildings	3,596,214	229,609	3,825,823
Improvements other than buildings	169,079	19,526	188,605
Mobile equipment	1,235,928	106,341	1,342,269
Furniture and equipment	516,724	18,530	535,254
Total accumulated depreciation	<u>5,517,945</u>	<u>374,006</u>	<u>5,891,951</u>
Total depreciable capital assets, net	<u>9,693,590</u>	<u>(345,006)</u>	<u>9,348,584</u>
Governmental activities capital assets, net	<u>\$ 9,725,031</u>	<u>(345,006)</u>	<u>9,380,025</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 199,864
Support services	96,724
Non-instructional	77,418
Total depreciation expense	<u>\$ 374,006</u>

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 - Long-term liabilities

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

	Balance 7-1-2013	Additions	Reductions	Balance 6-30-2014	Amount due within one year
A. Limited obligation bonds payable	\$ 902,000		148,000	754,000	153,000
B. Three mill notes payable	310,000		152,000	158,000	158,000
C. Shortfall notes payable	144,572		71,316	73,256	73,256
D. Compensated absences payable	86,613	8,416		95,029	
Total	\$ 1,443,185	8,416	371,316	1,080,285	384,256

A. Limited obligation bonds payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited obligation bonds Series 2008	3.47%	07-01-08	05-01-18	\$ <u>1,381,000</u>	<u>754,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 153,000	23,509	176,509
2016	158,000	18,113	176,113
2017	163,000	12,544	175,544
2018	280,000	6,784	286,784
Total	\$ <u>754,000</u>	<u>60,951</u>	<u>814,951</u>

This debt will be retired from the MAEP Retirement Fund.

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

B. Three mill notes payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Series 2011	1-5-2.5%	03-01-11	03-01-15	\$ <u>600,000</u>	<u>158,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ <u>158,000</u>	<u>3,555</u>	<u>161,555</u>

This debt will be retired from the Building Project Three Mill Fund.

C. Shortfall notes payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Shortfall Note	2.72%	08-17-11	08-17-14	\$ <u>214,000</u>	<u>73,256</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ <u>73,256</u>	<u>1,993</u>	<u>75,249</u>

This debt will be retired from the District Maintenance Fund.

D. Compensated absences payable

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 7 - Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of 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.

Funding Policy. 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, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$970,810, \$863,434, and \$740,760, respectively, which equaled the required contributions for each year.

Note 8 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 9 - Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and 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
2015	\$ 63,470
2016	52,101
2017	31,760
2018	19,217
2019	18,141
2020 - 2024	90,706
2025 - 2029	71,564
2030 - 2034	24,960
2035 - 2039	9,656
2040 - 2044	3,001
Thereafter	2,800
Total	\$ <u>387,376</u>

Note 10 - Contingencies

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

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

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 11 - Alternative School Consortium

The school district entered into an Alternative School Agreement dated September 14, 1993 creating the Kosciusko-Attala County Alternative Education Cooperative. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Kosciusko School District and Attala County School District.

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

The Kosciusko School District has been designated as the lead school district for the Kosciusko-Attala County Alternative Education Cooperative, and the operations of the consortium are included in its financial statements.

Note 12 - Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated September 18, 1990 creating the Kosciusko - Attala Vocational-Technical Complex. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Attala County School District and the Kosciusko Municipal School District.

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

The Attala County School District has been designated as the fiscal agent for the Kosciusko - Attala Vocational-Technical Complex, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures and Changes in Fund Balances is presented to detail the financial activity of the Kosciusko - Attala Vocational-Technical Complex.

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2014

Revenues

Local sources		
Ad valorem	\$	361,598
Interest income		101
Total Local sources		<u>361,699</u>
State sources		519,734
Federal sources		38,143
Total revenues		<u>919,576</u>

Expenditures

Salaries		579,077
Employee benefits		193,588
Purchased property services		54,641
Other purchased services		25,482
Supplies		31,441
Property		25,883
Other		1,205
Total Expenditures		<u>911,317</u>

Excess (Deficiency) of Revenues Over Expenditures 8,259

Other Financing Sources/Uses:

Other Transfers Out		<u>(6,000)</u>
Total Other Financing Sources/Uses		<u>(6,000)</u>
Net Change in Fund Balance		<u>2,259</u>

Fund Balance:

July 1, 2013		<u>71,803</u>
June 30, 2014	\$	<u><u>74,062</u></u>

Note 13 - Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$8,482,561 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from charges on refunding of debt. The \$14,536 balance of deferred outflow of resources at June 30, 2014 will be recognized as an expense and will decrease the net investment in capital assets net position over the next 4 years.

Note 14 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the

Attala County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Statement of Net Position date require disclosure in the accompanying notes. Management of the Attala County School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

A contract was signed in August 2014 with Renasant Bank to purchase the building located at 104 East Washington Street, Kosciusko, MS in the amount of \$85,000.

REQUIRED SUPPLEMENTARY INFORMATION

ATTALA COUNTY SCHOOL DISTRICT

Exhibit 1

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,598,812	3,575,446	3,575,444	(23,366)	(2)
State sources	4,472,072	4,448,393	4,448,394	(23,679)	1
Federal sources	30,100	48,310	48,310	18,210	-
Total Revenues	<u>8,100,984</u>	<u>8,072,149</u>	<u>8,072,148</u>	<u>(28,835)</u>	<u>(1)</u>
Expenditures:					
Instruction	5,223,557	5,095,667	5,095,666	127,890	1
Support services	2,858,061	3,087,682	3,087,683	(229,621)	(1)
Total Expenditures	<u>8,081,618</u>	<u>8,183,349</u>	<u>8,183,349</u>	<u>(101,731)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,366</u>	<u>(111,200)</u>	<u>(111,201)</u>	<u>(130,566)</u>	<u>(1)</u>
Other Financing Sources (Uses):					
Sale of other property	-	1,502	1,502	1,502	-
Transfers in	162,414	420,939	375,017	258,525	(45,922)
Transfers out	(125,000)	(66,114)	(20,191)	58,886	45,923
Total Other Financing Sources (Uses)	<u>37,414</u>	<u>356,327</u>	<u>356,328</u>	<u>318,913</u>	<u>1</u>
Net Change in Fund Balances	<u>56,780</u>	<u>245,127</u>	<u>245,127</u>	<u>188,347</u>	<u>-</u>
Fund Balances:					
July 1, 2013	<u>3,692,724</u>	<u>3,706,969</u>	<u>3,706,968</u>	<u>14,245</u>	<u>(1)</u>
June 30, 2014	<u>\$ 3,749,504</u>	<u>3,952,096</u>	<u>3,952,095</u>	<u>202,592</u>	<u>(1)</u>

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

ATTALA COUNTY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Forestry Escrow Fund
 For the Year Ended June 30, 2014

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,600	-	-	(3,600)	-
Sixteenth section sources	50,000	54,728	54,728	4,728	-
Total Revenues	<u>53,600</u>	<u>54,728</u>	<u>54,728</u>	<u>1,128</u>	<u>-</u>
Expenditures:					
Support services				-	-
Sixteenth section	-	85,784	85,784	(85,784)	-
Total Expenditures	<u>-</u>	<u>85,784</u>	<u>85,784</u>	<u>(85,784)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>53,600</u>	<u>(31,056)</u>	<u>(31,056)</u>	<u>(84,656)</u>	<u>-</u>
Net Change in Fund Balances	<u>53,600</u>	<u>(31,056)</u>	<u>(31,056)</u>	<u>(84,656)</u>	<u>-</u>
Fund Balances:					
July 1, 2013	<u>680,877</u>	<u>616,564</u>	<u>616,564</u>	<u>(64,313)</u>	-
June 30, 2014	<u>\$ 734,477</u>	<u>585,508</u>	<u>585,508</u>	<u>(148,969)</u>	<u>-</u>

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

Attala County School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

Attala County School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 214,864
National School Lunch Program	10.555	483,285
Total Child Nutrition Cluster		<u>698,149</u>
Total passed-through Mississippi Department of Education		<u>698,149</u>
Total U. S. Department of Agriculture		<u>698,149</u>
<u>FEDERAL COMMUNICATION COMMISSION</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	53,606
Total Federal Communications Commission		<u>53,606</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	663,716
Career and Technical Education - Basic Grant to States	84.048	30,025
Rural Education	84.358	19,513
Improving Teacher Quality - State Grants	84.367	107,630
Subtotal		<u>820,884</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	272,292
Special Education - Preschool Grants	84.173	12,331
Total Special Education Cluster		<u>284,623</u>
Total passed-through the Mississippi Department of Education		<u>1,105,507</u>
Total U. S. Department of Education		<u>1,105,507</u>
TOTAL FOR ALL FEDERAL AWARDS		<u>\$ 1,857,262</u>

Notes to Schedule

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

Attala County School District

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2014

Schedule 2

	Total	Instruction and Other Student Expenditures		
		General Administration	School Administration	Other
Salaries and fringe benefits	\$ 8,601,097	647,115	579,608	1,077,654
Other	3,084,504	107,048	61,792	2,055,317
Total	\$ 11,685,601	754,163	641,400	3,132,971
Total number of students *	1,121			
Cost per student	\$ 10,424	673	572	2,795

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 function: Support Services - School Administration.

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

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

OTHER INFORMATION

ATTALA COUNTY SCHOOL DISTRICT

"UNAUDITED"

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 3,575,444	3,572,347	2,716,059	2,767,152
State sources	4,448,394	4,390,542	4,320,128	4,172,137
Federal sources	48,310	71,475	5,756	30,017
Total Revenues	<u>8,072,148</u>	<u>8,034,364</u>	<u>7,041,943</u>	<u>6,969,306</u>
Expenditures:				
Instruction	5,095,666	4,983,388	4,311,583	4,165,820
Support services	3,087,683	3,191,730	3,265,708	2,731,410
Noninstructional	-	-	7,811	4,032
Sixteenth section	-	-	-	3,166
Facilities acquisition and construction	-	212,873	95,153	51,217
Total Expenditures	<u>8,183,349</u>	<u>8,387,991</u>	<u>7,680,255</u>	<u>6,955,645</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(111,201)</u>	<u>(353,627)</u>	<u>(638,312)</u>	<u>13,661</u>
Other Financing Sources (Uses):				
Proceeds of loans	-	-	214,000	-
Insurance loss recoveries	-	14,642	11,146	69,871
Sale of other property	1,502	-	-	-
Sale of transportation equipment	-	-	3,022	-
Operating transfers in	375,017	168,017	949,689	421,816
Operating transfers out	(20,191)	-	(79,283)	(65,970)
Total Other Financing Sources (Uses)	<u>356,328</u>	<u>182,659</u>	<u>1,098,574</u>	<u>425,717</u>
Net Change in Fund Balances	<u>245,127</u>	<u>(170,968)</u>	<u>460,262</u>	<u>439,378</u>
Fund Balances:				
July 1, Beginning, as previously reported	3,706,968	3,877,936	3,203,674	2,764,296
Prior period adjustment	-	-	214,000	-
July 1, Beginning, as restated	<u>3,706,968</u>	<u>3,877,936</u>	<u>3,417,674</u>	<u>2,764,296</u>
June 30,	<u>\$ 3,952,095</u>	<u>3,706,968</u>	<u>3,877,936</u>	<u>3,203,674</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

ATTALA COUNTY SCHOOL DISTRICT

"UNAUDITED"

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

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 4,277,554	4,277,973	3,302,263	3,331,056
State sources	5,281,033	5,270,876	5,164,242	4,972,002
Federal sources	1,860,082	1,882,091	2,247,530	2,291,823
Sixteenth section sources	480,799	164,559	1,064,697	74,530
Total Revenues	<u>11,899,468</u>	<u>11,595,499</u>	<u>11,778,732</u>	<u>10,669,411</u>
Expenditures:				
Instruction	6,477,484	6,458,153	6,176,800	6,107,828
Support services	3,872,388	3,977,177	4,035,962	3,373,192
Noninstructional services	744,625	713,555	751,149	714,655
Sixteenth section	183,965	108,739	139,596	105,576
Facilities acquisition and construction	-	212,873	699,182	51,217
Debt service:				
Principal	371,316	360,428	280,000	133,000
Interest	35,823	48,914	50,142	43,358
Other	-	1,000	-	-
Total Expenditures	<u>11,685,601</u>	<u>11,880,839</u>	<u>12,132,831</u>	<u>10,528,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>213,867</u>	<u>(285,340)</u>	<u>(354,099)</u>	<u>140,585</u>
Other Financing Sources (Uses):				
Proceeds of bonds and notes issued	-	-	-	600,000
Proceeds of loan	-	-	214,000	-
Insurance loss recoveries	-	14,642	11,146	69,871
Sale of other property	1,502	-	-	-
Sale of transportation equipment	-	-	3,022	-
Operating transfers in	395,208	168,017	1,028,972	487,786
Other financing sources	-	-	-	-
Operating transfers out	(395,208)	(168,017)	(1,028,972)	(487,786)
Other financing uses	(1,250)	-	(1,035)	(1,000)
Total Other Financing Sources (Uses)	<u>252</u>	<u>14,642</u>	<u>227,133</u>	<u>668,871</u>
Net Change in Fund Balances	<u>214,119</u>	<u>(270,698)</u>	<u>(126,966)</u>	<u>809,456</u>
Fund Balances:				
July 1, Beginning, as previously reported	5,101,615	5,374,467	5,289,822	4,476,440
Prior period adjustment	-	-	214,000	-
July 1, Beginning, as restated	<u>5,101,615</u>	<u>5,374,467</u>	<u>5,503,822</u>	<u>4,476,440</u>
Increase (Decrease) in inventory	(649)	(2,154)	(2,389)	3,926
June 30,	<u>\$ 5,315,085</u>	<u>5,101,615</u>	<u>5,374,467</u>	<u>5,289,822</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROLS 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
Attala 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 Attala County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Attala County School District's basic financial statements, and have issued our report thereon dated August 20, 2014.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Attala 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.

This report is intended solely for the information and use of management, the school board, others within the entity, and entities with accreditation overview, and federal awarding agencies, 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
August 20, 2014

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
Attala County School District

Report on Compliance for Each Major Federal Program

We have audited Attala County 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 Attala County School District's major federal programs for the year ended June 30, 2014. The Attala County School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Attala 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the Attala 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, 2014.

Report on Internal Control Over Compliance

Management of the Attala 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 Attala 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 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 out 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.

This report is intended solely for the information and use of management, the school board, others within the entity, entities with accreditation overview, and federal awarding agencies 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
August 20, 2014

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
Attala County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Attala County School District as of and for the year ended June 30, 2014, which collectively comprise the Attala County School District's basic financial statements and have issued our report thereon dated August 20, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$3,409 of classroom supply funds carried over from previous years.

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

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
August 20, 2014

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Attala County School District

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified.
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: Unqualified.
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	Child Nutrition Cluster
84.010	Title I Cluster
84.027 & 84.173	Special Education Cluster

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