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**North Tippah Consolidated School District**

Audited Financial Statements  
For the Year Ended June 30, 2014

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

**North Tippah Consolidated School District  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North Tippah Consolidated School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Tippah Consolidated School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Tippah Consolidated School District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **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 North Tippah Consolidated 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 16 and 41 to 46 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 North Tippah Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, on our consideration of the North Tippah Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Tippah Consolidated School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
November 14, 2014

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

The following discussion and analysis of North Tippah Consolidated 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 decreased \$397,070, which represents a 6.18% decrease from fiscal year 2013. Total net position for 2013 decreased \$66,993, which represents a 1.03% decrease from fiscal year 2012.
- General revenues amounted to \$8,487,651 and \$8,386,927 or 79.13% and 79.77% 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 \$2,238,380 or 20.87% of total revenues for 2014, and \$2,126,776 or 20.23% of total revenues for 2013.
- The District had \$11,123,101 and \$10,580,696 in expenses for fiscal years 2014 and 2013; only \$2,238,380 for 2014 and \$2,126,776 for 2013 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$8,487,651 for 2014 and \$8,386,927 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$8,842,950 in revenues and \$9,261,505 in expenditures for 2014, and \$8,627,879 in revenues and \$8,860,566 in expenditures for 2013. The General Fund's fund balance decreased by \$341,185 from 2013 to 2014, and decreased by \$228,804 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$124,191 for 2014 and increased by \$35,402 for 2013. The net decrease for 2014 was due to the addition of furniture and equipment and construction expenditures coupled with the increase in accumulated depreciation and the disposal of furniture and equipment.
- The liability for compensated absences decreased by \$29,495 for 2014 and increased by \$8,390 for 2013.

**OVERVIEW OF 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.

**NORTH TIPPAH CONSOLIDATED 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 and non-instructional.

**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 the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

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

**Notes to the Financial Statements**

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 statement 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 \$6,023,481 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 as of June 30, 2014 and June 30, 2013.

**NORTH TIPPAH CONSOLIDATED 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	\$ 2,938,694	\$ 3,208,316	-8.40%
Capital assets, net	3,248,887	3,373,078	-3.68%
<b>Total assets</b>	<b><u>6,187,581</u></b>	<b><u>6,581,394</u></b>	<b><u>-5.98%</u></b>
Current liabilities	74,135	41,383	79.14%
Long-term liabilities	89,965	119,460	-24.69%
<b>Total liabilities</b>	<b><u>164,100</u></b>	<b><u>160,843</u></b>	<b><u>2.02%</u></b>
<b>Net position:</b>			
Net investment in capital assets	3,248,887	3,373,078	-3.68%
Restricted	429,000	390,189	9.95%
Unrestricted	2,345,594	2,657,284	-11.73%
<b>Total net position</b>	<b><u>\$ 6,023,481</u></b>	<b><u>\$ 6,420,551</u></b>	<b><u>-6.18%</u></b>

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

- Decrease in net capital assets in the amount of \$124,191.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$10,726,031 and \$10,513,703, respectively. The total cost of all programs and services was \$11,123,101 for 2014 and \$10,580,696 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.

**NORTH TIPPAH CONSOLIDATED 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>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 613,189	\$ 602,266	1.81%
Operating grants and contributions	1,625,191	1,504,934	7.99%
Capital grants and contributions	-	19,576	-100.00%
General revenues:			
Property taxes	1,321,842	1,416,846	-6.71%
Grants and contributions not restricted	7,012,568	6,897,969	1.66%
Investment earnings	50,843	53,831	-5.55%
Other	102,398	18,281	460.13%
<b>Total revenues</b>	<b><u>10,726,031</u></b>	<b><u>10,513,703</u></b>	<b><u>2.02%</u></b>
<b>Expenses:</b>			
Instruction	6,664,083	6,400,736	4.11%
Support services	3,580,547	3,321,565	7.80%
Non-instructional	878,471	856,520	2.56%
Interest on long-term liabilities	-	1,875	-100.00%
<b>Total expenses</b>	<b><u>11,123,101</u></b>	<b><u>10,580,696</u></b>	<b><u>5.13%</u></b>
<b>Decrease in net position</b>	<b><u>(397,070)</u></b>	<b><u>(66,993)</u></b>	<b><u>-492.70%</u></b>
<b>Net Position, July 1</b>	<b><u>6,420,551</u></b>	<b><u>6,487,544</u></b>	<b><u>-1.03%</u></b>
<b>Net Position, June 30</b>	<b><u>\$ 6,023,481</u></b>	<b><u>\$ 6,420,551</u></b>	<b><u>-6.18%</u></b>

**Governmental activities**

The following table presents the cost of four major District functional activities: instruction, support services, non-instructional 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.

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage</b>
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Instruction	\$ 6,664,083	\$ 6,400,736	4.11%
Support services	3,580,547	3,321,565	7.80%
Non-instructional	878,471	856,520	2.56%
Interest on long-term liabilities	-	1,875	-100.00%
<b>Total expenses</b>	<b>\$11,123,101</b>	<b>\$10,580,696</b>	<b>5.13%</b>

  

	<b>Net (Expense) Revenue</b>		<b>Percentage</b>
	<b>2014</b>	<b>2013</b>	<b>Change</b>
Instruction	\$ (5,541,180)	\$ (5,337,149)	3.82%
Support services	(3,265,659)	(3,077,633)	6.11%
Non-instructional	(77,882)	(37,263)	109.01%
Interest on long-term liabilities	-	(1,875)	-100.00%
<b>Total net (expense) revenue</b>	<b>\$ (8,884,721)</b>	<b>\$ (8,453,920)</b>	<b>5.10%</b>

- Net cost of governmental activities, (\$8,884,721 for 2014 and \$8,453,920 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$1,321,842 for 2014 and \$1,416,846 for 2013) and state and federal revenues (\$7,012,568 for 2014 and \$6,897,969 for 2013).
- Investment earnings amounted to \$50,843 for 2014 and \$53,831 for 2013.

**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 \$2,864,559, a decrease of \$302,374, which includes a decrease in inventory of \$2,524. \$2,242,173 or 78.27% 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 \$622,386 or 21.73% is either non-spendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$341,185. The fund balance of Other Governmental Funds showed a decrease of \$8,804. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
School Food Service Fund	\$ 47,615
Title I	no increase or decrease
EHA Part B Fund	no increase or decrease

**BUDGETARY HIGHLIGHTS**

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$6,673,453, including land, school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$18,092 from 2013. Total accumulated depreciation as of June 30, 2014 was \$3,424,566 and total depreciation expense for the year was \$148,270, resulting in total net capital assets of \$3,248,887.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 101,780	\$ 101,780	0.00%
Construction in progress	-	94,824	-100.00%
Buildings	2,261,245	2,204,002	2.60%
Building improvements	434,870	457,790	-5.01%
Improvements other than buildings	18,668	21,001	-11.11%
Mobile equipment	359,766	418,208	-13.97%
Furniture and equipment	72,558	75,473	-3.86%
<b>Net Capital Assets</b>	<b><u>\$ 3,248,887</u></b>	<b><u>\$ 3,373,078</u></b>	<b><u>-3.68%</u></b>

Additional information on the District's capital assets can be found in Note 4 included in this report.

**Debt Administration.** At June 30, 2014, the District had no outstanding long-term debt. The liability for compensated absences decreased \$29,495 from the prior year.

**NORTH TIPPDAH CONSOLIDATED SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Table 5  
Outstanding Long-Term Debt**

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Compensated absences payable	\$ 89,965	\$ 119,460	-24.69%

Additional information of the District’s long-term liabilities can be found in Note 5 included in this report.

**CURRENT ISSUES**

The North Tippah Consolidated School District includes Chalybeate Elementary School, Falkner Elementary and High Schools, and Walnut Elementary and High Schools.

The North Tippah 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. In addition, 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 1% to 1,345 students.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent’s Office of the North Tippah Consolidated School District, P. O. Box 65, Tiplersville, MS 38674.

## FINANCIAL STATEMENTS

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

**Exhibit A**

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,691,140
Due from other governments	225,283
Inventories	22,271
Capital assets, non-depreciable:	
Land	101,780
Capital assets, net of accumulated depreciation:	
Buildings	2,261,245
Building improvements	434,870
Improvements other than buildings	18,668
Mobile equipment	359,766
Furniture and equipment	72,558
<b>Total Assets</b>	<b>\$ 6,187,581</b>
<b>LIABILITIES:</b>	
Accounts payable and accrued liabilities	\$ 74,135
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	89,965
<b>Total Liabilities</b>	<b>164,100</b>
<b>NET POSITION:</b>	
Net investment in capital assets	3,248,887
Restricted for:	
Expendable:	
School-based activities	407,211
Unemployment benefits	21,789
Unrestricted	2,345,594
<b>Total Net Position</b>	<b>\$ 6,023,481</b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

**Exhibit B**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental Activities:				
Instruction	\$ 6,664,083	\$ 463,120	\$ 659,783	\$ (5,541,180)
Support services	3,580,547	-	314,888	(3,265,659)
Non-instructional services	878,471	150,069	650,520	(77,882)
<b>Total Governmental Activities</b>	<b>\$ 11,123,101</b>	<b>\$ 613,189</b>	<b>\$ 1,625,191</b>	<b>\$ (8,884,721)</b>
General Revenues:				
Taxes:				
General purpose levies				1,311,140
Debt purpose levies				10,702
Unrestricted grants and contributions:				
State				6,934,205
Federal				78,363
Unrestricted investment earnings				50,843
Other				102,398
<b>Total General Revenues</b>				<b>8,487,651</b>
<b>Change in Net Position</b>				<b>(397,070)</b>
<b>Net Position - Beginning</b>				<b>6,420,551</b>
<b>Net Position - Ending</b>				<b>\$ 6,023,481</b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

**Exhibit C**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	School Food Service Fund	Title I Fund	EHA Part B Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,285,929	\$ 366,109	\$ -	\$ -	\$ 39,102	\$ 2,691,140
Due from other governments	94,862	-	75,526	29,815	25,080	225,283
Due from other funds	100,800	-	-	-	350	101,150
Inventories	-	22,271	-	-	-	22,271
<b>Total Assets</b>	<b>\$ 2,481,591</b>	<b>\$ 388,380</b>	<b>\$ 75,526</b>	<b>\$ 29,815</b>	<b>\$ 64,532</b>	<b>\$ 3,039,844</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 45,682	\$ 1,180	\$ 26,923	\$ -	\$ 350	\$ 74,135
Due to other funds	350	-	48,603	29,815	22,382	101,150
<b>Total Liabilities</b>	<b>46,032</b>	<b>1,180</b>	<b>75,526</b>	<b>29,815</b>	<b>22,732</b>	<b>175,285</b>
<b>Fund Balances:</b>						
Nonspendable:						
Inventory	-	22,271	-	-	-	22,271
Restricted:						
Unemployment benefits	-	-	-	-	21,789	21,789
Food service	-	364,929	-	-	-	364,929
Grant activities	-	-	-	-	20,011	20,011
Assigned:						
Activity funds	193,386	-	-	-	-	193,386
Unassigned	2,242,173	-	-	-	-	2,242,173
<b>Total Fund Balances</b>	<b>2,435,559</b>	<b>387,200</b>	<b>-</b>	<b>-</b>	<b>41,800</b>	<b>2,864,559</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,481,591</b>	<b>\$ 388,380</b>	<b>\$ 75,526</b>	<b>\$ 29,815</b>	<b>\$ 64,532</b>	<b>\$ 3,039,844</b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2014**

**Exhibit C-1**

<b>Total Fund Balances for Governmental Funds</b>	<b>\$</b>	<b>2,864,559</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>1. Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds:</p>		
Land	\$	101,780
Buildings		4,459,906
Building improvements		573,003
Improvements other than buildings		58,334
Mobile equipment		1,204,386
Furniture and equipment		276,044
Accumulated depreciation		<u>(3,424,566)</u>
		3,248,887
<p>2. Long-term liabilities and related accrued interest are not due and payable in the current period, and, therefore, are not reported in the funds:</p>		
Compensated absences payable		<u>(89,965)</u>
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>6,023,481</u></u></b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Exhibit D**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	School Food Service Fund	Title I Fund	EHA Part B Fund		
<b>REVENUES:</b>						
Local sources	\$ 1,861,177	\$ 154,847	\$ -	\$ -	\$ 11,026	\$ 2,027,050
State sources	6,898,614	8,207	-	-	240,756	7,147,577
Federal sources	83,159	722,882	249,529	311,436	123,175	1,490,181
<b>Total Revenues</b>	<b>8,842,950</b>	<b>885,936</b>	<b>249,529</b>	<b>311,436</b>	<b>374,957</b>	<b>10,664,808</b>
<b>EXPENDITURES:</b>						
Instruction	5,920,134	-	194,674	219,496	273,606	6,607,910
Support services	3,206,130	90,917	26,561	91,940	122,302	3,537,850
Non-instructional services	124,582	744,880	-	-	-	869,462
Facilities acquisition and construction	10,659	-	-	-	-	10,659
<b>Total Expenditures</b>	<b>9,261,505</b>	<b>835,797</b>	<b>221,235</b>	<b>311,436</b>	<b>395,908</b>	<b>11,025,881</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(418,555)</b>	<b>50,139</b>	<b>28,294</b>	<b>-</b>	<b>(20,951)</b>	<b>(361,073)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Insurance recovery	61,223	-	-	-	-	61,223
Operating transfers in	17,213	-	-	-	29,360	46,573
Operating transfers out	(1,066)	-	(28,294)	-	(17,213)	(46,573)
<b>Total Other Financing Sources (Uses)</b>	<b>77,370</b>	<b>-</b>	<b>(28,294)</b>	<b>-</b>	<b>12,147</b>	<b>61,223</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(341,185)</b>	<b>50,139</b>	<b>-</b>	<b>-</b>	<b>(8,804)</b>	<b>(299,850)</b>
<b>FUND BALANCES:</b>						
July 1, 2013	2,776,744	339,585	-	-	50,604	3,166,933
Decrease in Inventory	-	(2,524)	-	-	-	(2,524)
<b>June 30, 2014</b>	<b>\$ 2,435,559</b>	<b>\$ 387,200</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,800</b>	<b>\$ 2,864,559</b>

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

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

**Exhibit D-1**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (299,850)**

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

1. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlays	\$ 24,139	
Depreciation expense	(148,270)	(124,131)

2. In the Statement of Activities, only the gain/loss on the disposal of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed. (60)

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

These activities include:

Change in compensated absences	29,495	
Change in inventory	(2,524)	26,971

**Change in Net Position of Governmental Activities** **\$ (397,070)**

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2014**

**Exhibit E**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 545,778
<b>Total Assets</b>	<b>\$ 545,778</b>
<b>LIABILITIES:</b>	
Accounts payable and accrued liabilities	\$ 488,202
Due to student clubs	57,576
<b>Total Liabilities</b>	<b>\$ 545,778</b>

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

**North Tippah Consolidated School District**

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

**NORTH TIPPAH CONSOLIDATED 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 is elected by the citizens of each defined county district.

For financial reporting purposes, North Tippah Consolidated School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

**B. Government-wide and Fund Financial Statements**

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets 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.

**NORTH TIPPAH CONSOLIDATED 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.

School Food Service Fund - This is a special revenue fund that accounts for food distribution under the national school breakfast and lunch programs.

Title I Fund – This fund accounts for a federal grant which is used to supplement educational services for disadvantaged children.

EHA Part B Fund – This is a special revenue fund that accounts for federal funds to assist states in providing a free appropriate public education to all children with disabilities.

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 is used as a clearing account for payroll and payroll related transactions.

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

Student Club Funds – These funds are used to account for the transactions of student clubs.

Additionally, the school district reports on 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.

**FIDUCIARY FUNDS**

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

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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.

**D. Encumbrances**

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

**E. Assets, Liabilities, and Net Position/Fund Balances**

1. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**Investments**

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

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

Investments for the district are reported at fair market value.

**2. Receivables and Payables**

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

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

**3. Due from Other Governments**

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

**4. Inventories and Prepaid Items**

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds.

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 activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

The following schedule details the capitalization thresholds:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
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	*	*
Intangible assets	\$100,000	**

(\*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

(\*\*) The district has no intangible assets over the threshold.

**7. Compensated Absences**

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

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

**8. 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.

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

9. 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.

*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 school board pursuant to authorization established by state law.

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

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

**NORTH TIPPAH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7% of 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**

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,691,140 and \$545,778, 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 \$3,408,991 was exposed to custodial credit risk.

**NORTH TIPPAH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 48,603
General Fund	EHA Part B Fund	29,815
General Fund	Other governmental funds	22,382
Other governmental funds	General Fund	<u>350</u>
Total		<u><u>\$ 101,150</u></u>

Inter-fund receivables and payables resulted primarily from the general fund's loans to various special revenue funds to cover cash deficits in pooled bank accounts.

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 1,066
Title I Fund	Other governmental funds	28,294
Other governmental funds	General Fund	<u>17,213</u>
Total		<u><u>\$ 46,573</u></u>

Inter-fund transfers were made from the Title I Fund and the Teacher Quality Fund to the Consolidated Administrative Cost Fund for federal program administrative costs. Inter-fund transfers were made from Debt Service Funds to the General Fund.

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4 - CAPITAL ASSETS**

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

	Balance 7-1-2013	Additions	Retirements	Completed Construction	Balance 6-30-2014
<u>Non-depreciable capital assets</u>					
Land	\$ 101,780				101,780
Construction in progress	94,824	10,659		(105,483)	0
Total non-depreciable capital assets	<u>196,604</u>	<u>10,659</u>	<u>0</u>	<u>(105,483)</u>	<u>101,780</u>
<u>Depreciable capital assets:</u>					
Buildings	4,354,423			105,483	4,459,906
Building improvements	573,003				573,003
Improvements other than buildings	58,334				58,334
Mobile equipment	1,204,386				1,204,386
Furniture and equipment	268,611	13,480	6,047		276,044
Total depreciable capital assets	<u>6,458,757</u>	<u>13,480</u>	<u>6,047</u>	<u>105,483</u>	<u>6,571,673</u>
<u>Less accumulated depreciation for:</u>					
Buildings	2,150,421	48,240			2,198,661
Building improvements	115,213	22,920			138,133
Improvements other than buildings	37,333	2,333			39,666
Mobile equipment	786,178	58,442			844,620
Furniture and equipment	193,138	16,335	5,987		203,486
Total accumulated depreciation	<u>3,282,283</u>	<u>148,270</u>	<u>5,987</u>	<u>0</u>	<u>3,424,566</u>
Total depreciable capital assets, net	<u>3,176,474</u>	<u>(134,790)</u>	<u>60</u>	<u>105,483</u>	<u>3,147,107</u>
Governmental activities capital assets, net	<u>\$ 3,373,078</u>	<u>(124,131)</u>	<u>60</u>	<u>0</u>	<u>3,248,887</u>

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instructional	\$ 73,759
Support services	53,516
Non-instructional	20,995
Total depreciation expense	<u>\$ 148,270</u>

**NORTH TIPPAH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5 - LONG-TERM LIABILITIES**

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
A. Compensated absences payable	\$ 119,460	\$ -	\$ 29,495	\$ 89,965

A. Compensated absences payable

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

**NOTE 6 - 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 \$971,771, \$855,130, and \$743,386, respectively, which equaled the required contributions for each year.

**NOTE 7 - CONTINGENCIES**

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

**NORTH TIPPAH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**NOTE 8 - RISK MANAGEMENT**

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

**NOTE 9 - VOCATIONAL SCHOOL CONSORTIUM**

The school district entered into a Vocational Educational Agreement dated August 24, 1981, creating the North and South Tippah County Vocational-Technical Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and was approved by the Mississippi Department of Education. The consortium includes the North Tippah School District and the South Tippah School District. The name of the center has been changed to the Tippah Career and Technology Center.

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 detailed procedures for student admission and transportation services for those students.

The South Tippah School District has been designated as the fiscal agent for the Tippah Career and Technology Center, and the operations of the center are included in its financial statements.

**NOTE 10 – INSURANCE LOSS RECOVERIES**

The North Tippah School District received \$61,223 in insurance loss recoveries related to a construction contract during the 2013-2014 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other general revenues.

**NOTE 11 – 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

**NORTH TIPPAH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

events that provide evidence about conditions that existed at the Statements of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the North Tippah School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statement.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local sources	\$ 1,846,428	\$ 1,861,177	\$ 1,861,177	\$ 14,749	\$ -
State sources	6,675,440	6,898,614	6,898,614	223,174	-
Federal sources	51,310	83,159	83,159	31,849	-
<b>Total Revenues</b>	<b>8,573,178</b>	<b>8,842,950</b>	<b>8,842,950</b>	<b>269,772</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Instruction	6,148,220	5,920,134	5,920,134	228,086	-
Support services	3,004,608	3,206,130	3,206,130	(201,522)	-
Non-instructional services	125,800	124,582	124,582	1,218	-
Facilities acquisition and construction	17,000	10,659	10,659	6,341	-
<b>Total Expenditures</b>	<b>9,295,628</b>	<b>9,261,505</b>	<b>9,261,505</b>	<b>34,123</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(722,450)</b>	<b>(418,555)</b>	<b>(418,555)</b>	<b>303,895</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance recovery	-	61,223	61,223	61,223	-
Operating transfers in	123,826	17,213	17,213	(106,613)	-
Operating transfers out	(134,506)	(1,066)	(1,066)	133,440	-
<b>Total Other Financing Sources (Uses)</b>	<b>(10,680)</b>	<b>77,370</b>	<b>77,370</b>	<b>88,050</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(733,130)</b>	<b>(341,185)</b>	<b>(341,185)</b>	<b>391,945</b>	<b>-</b>
<b>FUND BALANCE:</b>					
<b>July 1, 2013</b>	<b>2,776,774</b>	<b>2,776,744</b>	<b>2,776,744</b>	<b>(30)</b>	<b>-</b>
<b>June 30, 2014</b>	<b>\$ 2,043,644</b>	<b>\$ 2,435,559</b>	<b>\$ 2,435,559</b>	<b>\$ 391,915</b>	<b>\$ -</b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE SCHOOL FOOD SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Local sources	\$ 155,900	\$ 154,847	\$ 154,847	\$ (1,053)	\$ -
State sources	7,700	8,207	8,207	507	-
Federal sources	615,700	722,882	722,882	107,182	-
<b>Total Revenues</b>	<b>779,300</b>	<b>885,936</b>	<b>885,936</b>	<b>106,636</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Support services	94,009	90,917	90,917	3,092	-
Non-instructional services	816,585	744,880	744,880	71,705	-
<b>Total Expenditures</b>	<b>910,594</b>	<b>835,797</b>	<b>835,797</b>	<b>74,797</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(131,294)</b>	<b>50,139</b>	<b>50,139</b>	<b>181,433</b>	<b>-</b>
<b>FUND BALANCE:</b>					
July 1, 2013	339,585	339,585	339,585	-	-
Decrease in inventory	-	(2,524)	(2,524)	(2,524)	-
<b>June 30, 2014</b>	<b>\$ 208,291</b>	<b>\$ 387,200</b>	<b>\$ 387,200</b>	<b>\$ 178,909</b>	<b>\$ -</b>

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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE TITLE I FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>REVENUES:</b>					
Federal sources	\$ 352,761	\$ 352,761	\$ 249,529	\$ -	\$ (103,232)
<b>Total Revenues</b>	<b>352,761</b>	<b>352,761</b>	<b>249,529</b>	<b>-</b>	<b>(103,232)</b>
<b>EXPENDITURES:</b>					
Instruction	191,024	244,849	194,674	(53,825)	50,175
Support services	33,443	42,675	26,561	(9,232)	16,114
<b>Total Expenditures</b>	<b>224,467</b>	<b>287,524</b>	<b>221,235</b>	<b>(63,057)</b>	<b>66,289</b>
<b>Excess (Deficiency) of Revenues     over (under) Expenditures</b>	<b>128,294</b>	<b>65,237</b>	<b>28,294</b>	<b>(63,057)</b>	<b>(36,943)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers out	(28,294)	(28,294)	(28,294)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(28,294)</b>	<b>(28,294)</b>	<b>(28,294)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>100,000</b>	<b>36,943</b>	<b>-</b>	<b>(63,057)</b>	<b>(36,943)</b>
<b>FUND BALANCE:</b>					
<b>July 1, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2014</b>	<b>\$ 100,000</b>	<b>\$ 36,943</b>	<b>\$ -</b>	<b>\$ (63,057)</b>	<b>\$ (36,943)</b>

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

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE EHA PART B FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Schedule 4

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>REVENUES:</b>					
Federal sources	\$ 354,487	\$ 311,436	\$ 311,436	\$ (43,051)	\$ -
<b>Total Revenues</b>	<b>354,487</b>	<b>311,436</b>	<b>311,436</b>	<b>(43,051)</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Instruction	262,964	219,496	219,496	43,468	-
Support services	91,523	91,940	91,940	(417)	-
<b>Total Expenditures</b>	<b>354,487</b>	<b>311,436</b>	<b>311,436</b>	<b>43,051</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE:</b>					
<b>July 1, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## North Tippah Consolidated 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

**NORTH TIPPAH CONSOLIDATED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 194,353
National School Lunch Program	10.555	486,387
Total Child Nutrition Cluster		<u>680,740</u>
<b>Total U.S. Department of Agriculture</b>		<u>680,740</u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.XXX	48,110
<b>Total Federal Communications Commission</b>		<u>48,110</u>
<b><u>U.S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	249,529
Education Technology - State Grants	84.318	5,898
Rural Education	84.358	22,362
Improving Teacher Quality - State Grants	84.367	89,615
Subtotal		<u>367,404</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	311,141
Special Education - Preschool Grants	84.173	11,199
Total Special Education Cluster		<u>322,340</u>
Total passed-through Mississippi Department of Education		<u>689,744</u>
<b>Total U.S. Department of Education</b>		<u>689,744</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through Mississippi Department of Education:		
Medical Assistance Program	93.778	939
<b>Total U.S. Department of Health and Human Services</b>		<u>939</u>
Total for All Federal Awards		<u>\$ 1,419,533</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.

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 8,508,256	\$ 6,611,739	\$ 293,405	\$ 717,629	\$ 885,483
Other	<u>2,517,625</u>	<u>627,443</u>	<u>127,710</u>	<u>46,135</u>	<u>1,716,337</u>
Total	<u>\$ 11,025,881</u>	<u>\$ 7,239,182</u>	<u>\$ 421,115</u>	<u>\$ 763,764</u>	<u>\$ 2,601,820</u>
Total number of students*	<u>1,345</u>				
Cost per student	<u>\$ 8,198</u>	<u>\$ 5,382</u>	<u>\$ 313</u>	<u>\$ 568</u>	<u>\$ 1,935</u>

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

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

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

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

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

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

## OTHER INFORMATION

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND LAST FOUR YEARS**

"UNAUDITED"

	2014	2013*	2012*	2011*
<b>REVENUES:</b>				
Local sources	\$ 1,861,177	\$ 1,822,644	\$ 1,722,105	\$ 1,601,877
State sources	6,898,614	6,740,699	6,585,361	6,125,364
Federal sources	83,159	64,536	83,971	78,274
	<u>8,842,950</u>	<u>8,627,879</u>	<u>8,391,437</u>	<u>7,805,515</u>
<b>EXPENDITURES:</b>				
Instruction	5,920,134	5,620,043	5,502,611	4,560,531
Support services	3,206,130	2,991,191	3,002,085	2,717,978
Non-instructional services	124,582	141,628	102,226	115,820
Facilities acquisition and construction	10,659	107,704	11,489	-
	<u>9,261,505</u>	<u>8,860,566</u>	<u>8,618,411</u>	<u>7,394,329</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(418,555)</u>	<u>(232,687)</u>	<u>(226,974)</u>	<u>411,186</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds and notes issued	-	-	-	395,000
Insurance recovery	61,223	-	-	-
Sale of transportation equipment	-	3,883	2,577	-
Operating transfers in	17,213	-	72,608	-
Operating transfers out	(1,066)	-	(6,500)	(78,597)
	<u>77,370</u>	<u>3,883</u>	<u>68,685</u>	<u>316,403</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(341,185)</u>	<u>(228,804)</u>	<u>(158,289)</u>	<u>727,589</u>
<b>FUND BALANCES:</b>				
July 1	<u>2,776,744</u>	<u>3,005,548</u>	<u>3,163,837</u>	<u>2,436,248</u>
June 30	<u>\$ 2,435,559</u>	<u>\$ 2,776,744</u>	<u>\$ 3,005,548</u>	<u>\$ 3,163,837</u>

\*SOURCE-PRIOR YEAR AUDIT REPORTS

**NORTH TIPPAAH CONSOLIDATED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS LAST FOUR YEARS**

"UNAUDITED"

	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
<b>REVENUES:</b>				
Local sources	\$ 2,027,050	\$ 2,091,225	\$ 1,995,506	\$ 1,855,326
Intermediate sources	-	19,576	-	-
State sources	7,147,577	7,039,646	6,943,513	6,498,940
Federal sources	1,490,181	1,363,257	1,442,729	2,235,658
Total Revenues	<u>10,664,808</u>	<u>10,513,704</u>	<u>10,381,748</u>	<u>10,589,924</u>
<b>EXPENDITURES:</b>				
Instruction	6,607,910	6,326,716	6,338,625	6,174,760
Support services	3,537,850	3,259,146	3,269,183	3,063,423
Non-instructional services	869,462	878,732	821,634	863,309
Facilities acquisition and construction	10,659	145,914	116,958	-
Debt service:				
Principal	-	104,000	145,000	146,000
Interest	-	2,330	5,578	2,212
Total Expenditures	<u>11,025,881</u>	<u>10,716,838</u>	<u>10,696,978</u>	<u>10,249,704</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(361,073)</u>	<u>(203,134)</u>	<u>(315,230)</u>	<u>340,220</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds and notes issued	-	-	-	395,000
Insurance recovery	61,223	-	-	35,736
Sale of transportation equipment	-	3,883	2,577	-
Operating transfers in	46,573	29,021	114,697	115,066
Operating transfers out	(46,573)	(29,021)	(114,697)	(115,066)
Total Other Financing Sources	<u>61,223</u>	<u>3,883</u>	<u>2,577</u>	<u>430,736</u>
NET CHANGE IN FUND BALANCES	(299,850)	(199,251)	(312,653)	770,956
<b>FUND BALANCES:</b>				
July 1	3,166,933	3,365,392	3,677,803	2,902,791
Increase (Decrease) in Inventory	<u>(2,524)</u>	<u>792</u>	<u>242</u>	<u>4,056</u>
June 30	<u>\$ 2,864,559</u>	<u>\$ 3,166,933</u>	<u>\$ 3,365,392</u>	<u>\$ 3,677,803</u>

\*SOURCE-PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
North Tippah Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Tippah Consolidated School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Tippah Consolidated School District's basic financial statements, and have issued our report thereon dated November 14, 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 North Tippah Consolidated School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
November 14, 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  
North Tippah Consolidated School District

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

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## Opinion on Each Major Federal Program

In our opinion, the North Tippah Consolidated School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
November 14, 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  
North Tippah Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Tippah Consolidated School District as of and for the year ended June 30, 2014, which collectively comprise the North Tippah Consolidated School District's basic financial statements and have issued our report thereon dated November 14, 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 \$3,977 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.

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
November 14, 2014

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**North Tippah Consolidated 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: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster
84.027 & 84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies Program

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

Section II: Financial Statement Findings

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

### Section III: Findings and Questioned Costs for Federal Awards

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