



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

PEARL RIVER COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2014

PEARL RIVER COUNTY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	12
Exhibit B – Statement of Activities	13
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	14
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	16
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Net Position	18
Exhibit F – Statement of Changes in Fiduciary Net Position	19
Notes to the Financial Statements	20-39
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	40
Notes to the Required Supplementary Information	41
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	42
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	43
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	44

PEARL RIVER COUNTY SCHOOL DISTRICT

Table of Contents

Page 2

	<u>Page</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	45
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
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 <i>Government Auditing Standards</i>	46-47
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	48-49
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	50-51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	52-53
AUDITEE’S CORRECTIVE ACTION PLAN	54-55
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS	56

INDEPENDENT AUDITOR'S REPORT

Whitfield & Company P.C.

Certified Public Accountants
2201 Adcox Road
Picayune, Mississippi 39466

Member
American Institute of CPAS
Mississippi Society of CPAS

Phone: (601) 799-2366
Fax: (601) 799-2320

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Pearl River County School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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 Pearl River County School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and budgetary comparison information on pages 4-11 and 40-41 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 Pearl River County School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances – All 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 information 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 September 1, 2015, on our consideration of the Pearl River County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pearl River County School District's internal control over financial reporting and compliance.



Whitfield and Company, P.C.
Picayune, MS
September 1, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The following discussion and analysis of Pearl River County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2014 decreased \$1,486,285, including prior period adjustments of \$(69,678), which represents an 8% decrease from fiscal year 2013. Total net position for 2013 decreased \$461,500, including a prior period adjustment of \$11,088, which represents a 2% decrease from fiscal year 2012.
- General revenues amounted to \$20,557,205 and \$20,208,727, or 84% and 83% 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 \$3,933,252, or 16% of total revenues for 2014, and \$4,012,712, or 17% of total revenues for 2013.
- The District had \$25,907,064 and \$24,694,027 in expenses for fiscal years 2014 and 2013; only \$3,933,252 for 2014 and \$4,012,712 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$20,557,205 for 2014 and \$20,208,727 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$20,009,339 in revenues and \$21,488,840 in expenditures for 2014, and \$19,810,200 in revenues and \$20,386,462 in expenditures in 2013. The General Fund's fund balance decreased by \$860,750 from 2013 to 2014, and decreased by \$937,612 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$493,329 for 2014 and decreased by \$355,907 for 2013. The decrease for 2014 was due primarily to the increase in accumulated depreciation.
- Long-term debt increased by \$96,718 for 2014 and decreased by \$736,105 for 2013. The increase for 2014 was due primarily to the obligations under energy efficiency leases during the fiscal year. The liability for compensated absences decreased by \$6,530 for 2014 and decreased by \$5,791 for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund 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 and deferred outflows of resources exceeded liabilities by \$18,027,005 as of June 30, 2014.

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

Table 1 presents a summary of the District's net position at June 30, 2014 and June 30, 2013.

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Table 1
Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 8,700,839	\$ 8,688,503	0.14 %
Restricted assets	1,514,367	1,510,044	0.29 %
Capital assets, net	14,033,731	14,527,060	(3.40) %
Total assets	<u>24,248,937</u>	<u>24,725,607</u>	(1.93) %
 Deferred outflows of resources	 <u>62,153</u>	 <u>74,967</u>	 (17.09) %
Current liabilities	1,618,973	718,550	125.31 %
Long-term debt outstanding	4,665,112	4,568,734	2.11 %
Total liabilities	<u>6,284,085</u>	<u>5,287,284</u>	18.85 %
 Net position:			
Net investment in capital assets	10,394,187	10,194,990	1.95 %
Restricted	2,559,667	3,083,429	(16.99) %
Unrestricted	5,073,151	6,234,871	(18.63) %
Total net position	<u>\$ 18,027,005</u>	<u>\$ 19,513,290</u>	(7.62) %

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 \$493,329.
- Obligations under energy efficiency leases of \$908,351.
- The principal retirement of \$805,103 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$24,490,457 and \$24,221,439, respectively. The total cost of all programs and services was \$25,907,064 for 2014 and \$24,694,027 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.

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Table 2
Changes in Net Position

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 847,187	\$ 918,430	(7.76) %
Operating grants and contributions	3,086,065	3,094,282	(0.27) %
General revenues:			
Property taxes	5,702,955	5,659,216	0.77 %
Grants and contributions not restricted	14,397,572	14,136,025	1.85 %
Investment earnings	57,406	58,226	(1.41) %
Sixteenth section sources	238,428	105,874	125.20 %
Other	160,844	249,386	(35.50) %
Total revenues	<u>24,490,457</u>	<u>24,221,439</u>	1.11 %
Expenses:			
Instruction	13,695,141	14,059,488	(2.59) %
Support services	10,584,356	9,036,872	17.12 %
Non-instructional	1,445,771	1,384,101	4.46 %
Sixteenth section	39,812	73,997	(46.20) %
Interest on long-term liabilities	141,984	139,569	1.73 %
Total expenses	<u>25,907,064</u>	<u>24,694,027</u>	4.91 %
Increase (Decrease) in net position	<u>(1,416,607)</u>	<u>(472,588)</u>	(199.76) %
Net Position, July 1, as previously reported	<u>19,513,290</u>	<u>19,974,790</u>	(2.31) %
Prior Period Adjustment	<u>(69,678)</u>	<u>11,088</u>	(728.41) %
Net Position, July 1, as restated	<u>19,443,612</u>	<u>19,985,878</u>	(2.71) %
Net Position, June 30	<u>\$ 18,027,005</u>	<u>\$ 19,513,290</u>	(7.62) %

Governmental activities

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

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2014	2013	
Instruction	\$ 13,695,141	\$ 14,059,488	(2.59) %
Support services	10,584,356	9,036,872	17.12 %
Non-instructional	1,445,771	1,384,101	4.46 %
Sixteenth section	39,812	73,997	(46.20) %
Interest on long-term liabilities	141,984	139,569	1.73 %
Total expenses	\$ 25,907,064	\$ 24,694,027	4.91 %

	Net (Expense) Revenue		Percentage Change
	2014	2013	
Instruction	\$ (12,039,032)	\$ (12,300,592)	(2.13) %
Support services	(9,747,264)	(8,237,007)	18.34 %
Non-instructional	(35,681)	65,542	(154.44) %
Sixteenth section	(9,851)	(69,689)	(85.86) %
Interest on long-term liabilities	(141,984)	(139,569)	1.73 %
Total net (expense) revenue	\$ (21,973,812)	\$ (20,681,315)	6.25 %

- Net cost of governmental activities (\$21,973,812 for 2014 and \$20,681,315 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$5,702,955 for 2014 and \$5,659,216 for 2013) and state and federal revenues (\$14,397,572 for 2014 and \$14,136,025 for 2013). In addition, there was \$238,428 and \$105,874 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$57,406 for 2014 and \$58,226 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 \$8,628,921, a decrease of \$825,926, which includes a decrease in inventory of \$9,489. \$5,373,808, or 62%, of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$3,255,113, or 38%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

PEARL RIVER COUNTY 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 \$860,750. The fund balance of Other Governmental Funds showed an increase in the amount of \$34,824, which includes a decrease in inventory of \$9,489.

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is 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 \$22,914,157, including land, school buildings, building improvements and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$143,807 from 2013 due primarily to the purchase of a bus and various items of mobile equipment and furniture and equipment. Total accumulated depreciation as of June 30, 2014, was \$8,880,426, and total depreciation expense for the year was \$654,772, resulting in total net capital assets of \$14,033,731.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 759,736	\$ 759,736	0.00 %
Buildings	10,595,354	10,880,580	(2.62) %
Building improvements	1,193,247	1,276,729	(6.54) %
Improvements other than buildings	366,257	399,493	(8.32) %
Mobile equipment	1,026,712	1,060,734	(3.21) %
Furniture and equipment	92,425	149,788	(38.30) %
Total	<u>\$ 14,033,731</u>	<u>\$ 14,527,060</u>	(3.40) %

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

Debt Administration. At June 30, 2014, the District had \$4,663,415 in outstanding long-term debt, of which \$1,783,924 is due within one year. During the fiscal year, the District entered into obligations under energy efficiency leases in the amount of \$908,351. The District made principal payments totaling \$805,103 on outstanding long-term debt. The liability for compensated absences decreased \$6,530 from the prior year.

PEARL RIVER COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 1,445,000	\$ 1,780,000	(18.82) %
Limited obligation bonds payable	888,000	1,143,000	(22.31) %
Three mill notes payable	367,000	482,000	(23.86) %
Shortfall notes payable	-	55,628	(100.00) %
Obligations under energy efficiency leases	863,876	-	N/A %
Qualified zone academy bonds payable	1,000,000	1,000,000	0.00 %
Compensated absences payable	99,539	106,069	(6.16) %
Total	\$ 4,663,415	\$ 4,566,697	2.12 %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Pearl River County School District, 7441 Highway 11, Carriere, MS 39426.

FINANCIAL STATEMENTS

PEARL RIVER COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,976,924
Due from other governments	662,809
Inventories	61,106
Restricted assets	1,514,367
Capital assets, non-depreciable:	
Land	759,736
Capital assets, net of accumulated depreciation:	
Buildings	10,595,354
Building improvements	1,193,247
Improvements other than buildings	366,257
Mobile equipment	1,026,712
Furniture and equipment	<u>92,425</u>
Total Assets	<u>24,248,937</u>
Deferred Outflows of Resources	
Deferred outflow from advance refunding of debt	<u>62,153</u>
Total Deferred Outflows of Resources	<u>62,153</u>
Liabilities	
Accounts payable and accrued liabilities	1,580,330
Unearned revenue	5,955
Interest payable on long-term liabilities	32,688
Long-term liabilities, due within one year	
Capital related liabilities	1,729,000
Non-capital related liabilities	54,924
Long-term liabilities, due beyond one year	
Capital related liabilities	1,971,000
Bond premiums	1,697
Non-capital related liabilities	<u>908,491</u>
Total Liabilities	<u>6,284,085</u>
Net Position	
Net investment in capital assets	10,394,187
Restricted for:	
Expendable:	
School - based activities	589,821
Debt service	1,422,189
Forestry improvements	115,959
Unemployment benefits	56,001
Non-expendable:	
Sixteenth section	375,697
Unrestricted	<u>5,073,151</u>
Total Net Position	<u>\$ 18,027,005</u>

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 13,695,141	\$ 499,082	\$ 1,157,027	\$ -	\$	(12,039,032)
Support services	10,584,356	-	837,092	-		(9,747,264)
Non-instructional	1,445,771	318,144	1,091,946	-		(35,681)
Sixteenth section	39,812	29,961	-	-		(9,851)
Interest on long-term liabilities	141,984	-	-	-		(141,984)
Total Governmental Activities	\$ 25,907,064	\$ 847,187	\$ 3,086,065	\$ -	\$	(21,973,812)

General Revenues:

Taxes:

General purpose levies 5,141,691

Debt purpose levies 561,264

Unrestricted grants and contributions:

State 14,223,239

Federal 174,333

Unrestricted investment earnings 57,406

Sixteenth section sources 238,428

Other 160,844

Total General Revenues 20,557,205

Change in Net Position (1,416,607)

Net Position - Beginning, 19,513,290

as previously reported

Prior Period Adjustments (69,678)

Net Position - Beginning, 19,443,612

as restated

Net Position - Ending \$ 18,027,005

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

PEARL RIVER COUNTY SCHOOL DISTRICT
 Balance Sheet - Governmental Funds
 June 30, 2014

Exhibit C

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,400,385	\$ 1,952,236	\$ 8,352,621
Cash with fiscal agents	-	138,900	138,900
Investments	-	999,770	999,770
Due from other governments	297,274	279,232	576,506
Due from other funds	144,072	-	144,072
Inventories	-	61,106	61,106
Total Assets	6,841,731	3,431,244	10,272,975
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	1,373,055	207,275	1,580,330
Due to other funds	-	57,769	57,769
Unavailable revenue - federal programs	-	5,955	5,955
Total Liabilities	1,373,055	270,999	1,644,054
Fund Balances:			
Nonspendable:			
Inventory	-	61,106	61,106
Permanent and principal	-	375,697	375,697
Restricted:			
Debt service	-	1,454,877	1,454,877
Forestry improvements purposes	-	115,959	115,959
Grant activities	-	59,106	59,106
Unemployment benefits	-	56,001	56,001
Child nutrition	-	469,609	469,609
Assigned:			
Activity funds	94,868	-	94,868
School based activities	-	567,890	567,890
Unassigned	5,373,808	-	5,373,808
Total Fund Balances	5,468,676	3,160,245	8,628,921
Total Liabilities and Fund Balances	\$ 6,841,731	\$ 3,431,244	\$ 10,272,975

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

PEARL RIVER COUNTY SCHOOL DISTRICT
 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2014

Exhibit C-1

	<u>Amount</u>	
Total fund balances for governmental funds		\$ 8,628,921
Amounts reported for governmental activities in the statement of Net Position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	\$ 759,736	
Buildings	15,151,900	
Building Improvements	2,305,225	
Improvements other than buildings	830,893	
Mobile equipment	3,035,223	
Furniture and equipment	831,180	
Accumulated depreciation	<u>(8,880,426)</u>	14,033,731
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:		
General obligation bonds	\$ (1,445,000)	
Limited obligation bonds	(888,000)	
Other bonds payable	(1,000,000)	
Notes payable	(367,000)	
Energy efficiency lease obligations	(863,876)	
Compensated absences	(99,539)	
Unamortized charges	62,153	
Unamortized premiums	(1,697)	
Accrued interest payable	<u>(32,688)</u>	(4,635,647)
Net Position of governmental activities		<u><u>\$18,027,005</u></u>

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit D

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
Revenues:			
Local sources	\$ 5,761,124	\$ 975,056	\$ 6,736,180
State sources	14,086,693	656,162	14,742,855
Federal sources	161,522	2,579,263	2,740,785
Sixteenth section sources	-	269,960	269,960
Total Revenues	20,009,339	4,480,441	24,489,780
Expenditures:			
Instruction	11,924,583	1,420,096	13,344,679
Support services	9,495,036	985,395	10,480,431
Noninstructional services	75	1,402,373	1,402,448
Sixteenth section	-	39,812	39,812
Debt service:			
Principal	44,475	760,628	805,103
Interest	24,671	109,993	134,664
Other	-	4,150	4,150
Total Expenditures	21,488,840	4,722,447	26,211,287
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,479,501)	(242,006)	(1,721,507)
Other Financing Sources (Uses):			
Bonds and notes issued	908,351	-	908,351
Operating transfers in	230,217	523,606	753,823
Other financing sources	-	677	677
Operating transfers out	(519,817)	(234,006)	(753,823)
Other financing uses	-	(3,958)	(3,958)
Total Other Financing Sources (Uses)	618,751	286,319	905,070
Net Change in Fund Balances	(860,750)	44,313	(816,437)
Fund Balances:			
July 1, 2013	6,329,426	3,125,421	9,454,847
Increase (Decrease) in inventory	-	(9,489)	(9,489)
June 30, 2014	\$ 5,468,676	\$ 3,160,245	\$ 8,628,921

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

PEARL RIVER COUNTY SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2014

Exhibit D-1

Net Change in Fund Balances - Total Governmental Funds \$ (816,437)

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

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	164,484	
Depreciation expense	<u>(654,772)</u>	(490,288)

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold. (505)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued	(908,351)	
Payments of debt principal	805,103	
Accrued interest payable	<u>9,304</u>	(93,944)

4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	6,530	
Change in inventory	(9,489)	
Amortization of deferred charges, premiums and discounts	<u>(12,474)</u>	(15,433)

Change in Net Position of Governmental Activities \$ (1,416,607)

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2014

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 1,501	\$ 175,557
Total Assets	<u>1,501</u>	<u>\$ 175,557</u>
Liabilities		
Accounts payable and accrued liabilities	250	\$ 63,881
Due to other funds	-	86,303
Due to student clubs	-	<u>25,373</u>
Total Liabilities	<u>250</u>	<u>\$ 175,557</u>
Net Position		
Held in trust	<u>1,251</u>	
Total Net Position	<u>\$ 1,251</u>	

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

Exhibit F

	<u>Private-Purpose Trust Funds</u>
Additions	
Interest on investments	\$ 2
Contributions and donations from private sources	<u>1,000</u>
Total Additions	<u>1,002</u>
Deductions	
Scholarships awarded	<u>1,000</u>
Total Deductions	<u>1,000</u>
Change in Net Position	<u>2</u>
Net Position	
July 1, 2013	<u>1,249</u>
June 30, 2014	<u>\$ 1,251</u>

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

NOTES TO FINANCIAL STATEMENTS

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

B. Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

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.

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 school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

- Payroll Clearing Fund – This fund serves as a clearing fund for payroll type transactions.
- Accounts Payable Clearing Fund – This fund serves as a clearing fund for accounts payable type transactions.
- Student Club Funds – These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.
- Coca-Cola Scholarship Fund – This fund is used to account for funds received from Coca-Cola for scholarships to students at the district.

PEARL RIVER COUNTY SCHOOL DISTRICT

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

Private-purpose Trust Funds – Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

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

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

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

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

Under the terms of grant agreements, the school 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.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

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

1. Cash, Cash equivalents and investments

Cash and cash equivalents

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

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in 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.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to 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. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the school district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

7. Deferred outflows of resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflow is from advance refunding of general obligation and limited obligation bonds payable.

See Note 14 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. 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:

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

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 Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

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

When an expenditure/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.

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

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

(1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$9,352,391 (which includes \$999,770 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and \$177,058, 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 school 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 \$9,529,449 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$138,900.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	Not Rated	Less than one year	\$ 999,770
Total			<u>\$ 999,770</u>

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

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

Custodial Credit Risk – Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2014, the district did not have any investments to which this would apply.

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental fund	\$57,769
	Fiduciary funds	<u>86,303</u>
Total		<u>\$144,072</u>

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

The purpose of interfund loans was to account for federal funds that were not received until after the year ending June 30, 2014.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$519,817
Other governmental funds	General Fund	230,217
	Other governmental funds	<u>3,789</u>
Total		<u>\$753,823</u>

Transfers are used primarily to move unrestricted general fund monies to finance various programs and projects accounted for in other funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$375,697 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent and investment balance, totaling \$474 and \$999,770, respectively, of the QZAB Bond Retirement Fund. In addition, the restricted assets represent the cash with fiscal agent balance, totaling \$138,426 of the MAEP Limited Obligation Bond/Note Fund.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 5 – Capital Assets

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

	Balance 7/1/13	Increases	Decreases	Adjustments	Balance 6/30/2014
Governmental Activities					
<u>Non-depreciable capital assets:</u>					
Land	\$ 759,736				\$ 759,736
Total non-depreciable capital assets	759,736				759,736
<u>Depreciable capital assets:</u>					
Buildings	15,151,900				15,151,900
Building improvements	2,275,395			29,830	2,305,225
Improvements other than buildings	830,893				830,893
Mobile equipment	2,894,265	147,464		(6,506)	3,035,223
Furniture and equipment	858,161	17,020	(50,500)	6,499	831,180
Total depreciable capital assets	22,010,614	164,484	(50,500)	29,823	22,154,421
<u>Less accumulated depreciation for:</u>					
Buildings	4,271,320	285,226			4,556,546
Building improvements	998,666	89,448		23,864	1,111,978
Improvements other than buildings	431,400	33,236			464,636
Mobile equipment	1,833,531	174,980			2,008,511
Furniture and equipment	708,373	71,882	(49,995)	8,495	738,755
Total accumulated depreciation	8,243,290	654,772	(49,995)	32,359	8,880,426
Total depreciable capital assets, net	13,767,324	(490,288)	(505)	(2,536)	13,273,995
Governmental activities capital assets, net	\$ 14,527,060	(490,288)	(505)	(2,536)	\$14,033,731

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Governmental activities:	
Instruction	\$ 356,335
Support services	252,516
Non-instructional	45,921
Total depreciation expense – Governmental activities	<u>\$ 654,772</u>

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 6 – Long-term Liabilities

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

	Balance 7/1/2013	Additions	Reductions	Adjustments	Balance 6/30/2014	Amounts due within one year
A. General obligation refunding bonds payable	\$ 1,780,000		\$ 335,000		\$ 1,445,000	\$ 350,000
Premium on debt issuance	2,037		340		1,697	
B. Limited obligation bonds payable	1,143,000		255,000		888,000	260,000
C. Three mill notes payable	482,000		115,000		367,000	119,000
D. Shortfall notes payable	55,628		55,628			
E. Obligations under energy efficiency leases		908,351	44,475		863,876	49,947
F. Qualified zone academy bonds payable	1,000,000				1,000,000	1,000,000
G. Compensated absences payable	106,069		6,530		99,539	4,977
Total	\$ 4,568,734	\$ 908,351	\$ 811,973		\$ 4,665,112	\$ 1,783,924

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, series 2003	2.00-3.85	8/19/2003	2/15/2018	\$4,475,000	\$ 1,445,000
Total				\$4,475,000	\$ 1,445,000

The following is a schedule by years of the total payments due on this debt.
General obligation bond issue of August 19, 2003

Year Ending June 30	Principal	Interest	Total
2015	\$ 350,000	\$ 53,488	\$ 403,488
2016	360,000	41,063	401,063
2017	375,000	27,923	402,923
2018	360,000	13,860	373,860
Total	\$ 1,445,000	\$ 136,334	\$ 1,581,334

This debt will be retired from the 2003 retirement fund (4022).

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2014, the amount of outstanding bonded indebtedness was equal to 1.65% of property assessments as of October 1, 2013.

B. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bond, series 2011	2.45	4/18/2011	8/1/2017	\$1,592,000	\$ 888,000
Total				\$1,592,000	\$ 888,000

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

Limited obligation bond issue of April 18, 2011:

Year Ending June 30	Principal	Interest	Total
2015	\$ 260,000	\$ 33,863	\$ 293,863
2016	270,000	22,163	292,163
2017	280,000	5,341	285,341
2018	78,000	956	78,956
Total	\$ 888,000	\$ 62,323	\$ 950,323

This debt will be retired from the 1998 Bond Retirement Fund (4041).

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

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, series 2004	1.40-4.05	4/2/2004	4/1/2017	\$2,000,000	\$ 367,000
Total				<u>\$2,000,000</u>	<u>\$ 367,000</u>

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

Three mill notes payable issue of April 2, 2004:

Year Ending June 30	Principal	Interest	Total
2015	\$ 119,000	\$ 14,503	\$ 133,503
2016	123,000	9,921	132,921
2017	125,000	5,063	130,063
Total	<u>\$ 367,000</u>	<u>\$ 29,487</u>	<u>\$ 396,487</u>

This debt will be retired from the Three mill debt service fund (4022).

D. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, series 2010	2.59	7/15/2010	7/15/2013	\$ 162,844	\$ 0
Total				<u>\$ 162,844</u>	<u>\$ 0</u>

This Debt was retired in July 2014 from the Shortfall note retirement fund (4011).

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

E. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease, issue of 8/16/2013	3.03	8/16/2013	8/16/2028	\$ 908,351	\$ 863,876
Total				\$ 908,351	\$ 863,876

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

Obligations under energy efficiency leases issue of August 16, 2013:

Year Ending June 30	Principal	Interest	Total
2015	\$ 49,947	\$ 25,485	\$ 75,432
2016	51,481	23,951	75,432
2017	53,063	22,369	75,432
2018	54,693	20,739	75,432
2019	56,374	19,058	75,432
2020-2024	308,938	68,223	377,161
2025-2029	289,380	18,636	308,016
Total	\$ 863,876	\$ 198,461	\$ 1,062,337

This debt will be retired from the general fund (1120).

An energy efficiency lease agreement dated August 7, 2013, was executed by and between the district, the lessee, and BancorpSouth Equipment Finance, a division of BancorpSouth Bank, the lessor.

The agreement authorized the borrowing of \$908,351 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

F. Qualified zone academy bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bond, series 2004	0.00	11/18/2004	11/18/2014	\$ 1,000,000	\$ 1,000,000
Total				<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

G. Compensated absences payable

As more fully explained in Note 1(E)(9), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 7 – Prior Year Defeasance of Debt

In prior years, the Pearl River County School District defeased certain limited obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2014, \$880,000 of bonds outstanding are defeased.

Note 8 – 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 \$1,901,479, \$1,974,820 and \$1,550,988, respectively, which equaled the required contributions for each year.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 9 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2015	\$ 49,310
2016	49,310
2017	49,135
2018	49,135
2019	48,306
2020-2024	230,305
2025-2029	216,280
2030-2034	191,980
2035-2039	107,170
Thereafter	<u>72,677</u>
Total	<u>\$ 1,063,608</u>

Note 10 – Prior Period Adjustments

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

Exhibit B – Statement of Activities

Explanation	Amount
1. To correct Capital Asset Balances	\$ (2,536)
2. To adjust beginning balance of unamortized bond issuance cost	<u>(67,142)</u>
Total	<u>\$ (69,678)</u>

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 11 – Contingencies

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

Note 12 – Risk Management

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

Note 13 – Qualified Zone Academy Bonds

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs for kindergarten through secondary school, in partnership with the business community. The school district, in agreement with various individuals and other entities, has entered into such an arrangement dated November 18, 2004.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before November 5 of each year through 2009. The amount on deposit at June 30, 2014 was \$ 1,000,244. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt.

Note 14 – Effect of Deferred Amounts on Net Position

The net investment in capital assets net position amount of \$10,394,187 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt. The \$62,153 balance of the deferred outflow of resources at June 30, 2014 will be recognized as an expense and decrease the net investment in capital assets net position over the next 5 years.

PEARL RIVER COUNTY SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2014

Note 15 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Pearl River County School District evaluated the activity of the district through September 1, 2015, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

In April 2015 the District entered into a contract totaling \$784,000 for stadium renovation.

REQUIRED SUPPLEMENTARY INFORMATION

PEARL RIVER SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 5,403,177	\$ 5,761,124	\$ 5,761,124	\$ 357,947	\$ -
State sources	13,967,254	14,086,693	14,086,693	119,439	-
Federal sources	130,500	161,522	161,522	31,022	-
Total Revenues	19,500,931	20,009,339	20,009,339	508,408	-
Expenditures:					
Instruction	11,693,171	11,924,583	11,924,583	(231,412)	-
Support services	7,892,885	9,495,036	9,495,036	(1,602,151)	-
Noninstructional services	122	75	75	47	-
Debt service:					
Principal	-	44,475	44,475	(44,475)	-
Interest	-	24,671	24,671	(24,671)	-
Total Expenditures	19,586,178	21,488,840	21,488,840	(1,902,662)	-
Excess (Deficiency) of Revenues Over (under) Expenditures	(85,247)	(1,479,501)	(1,479,501)	(1,394,254)	-
Other Financing Sources (Uses):					
Bonds and notes issued	-	908,351	908,351	908,351	-
Operating transfers in	3,005,804	3,257,299	230,217	251,495	(3,027,082)
Operating transfers out	(3,408,384)	(3,546,899)	(519,817)	(138,515)	3,027,082
Total Other Financing Sources (Uses)	(402,580)	618,751	618,751	1,021,331	-
Net Change in Fund Balances	(487,827)	(860,750)	(860,750)	(372,923)	-
Fund Balances:					
July 1, 2013	6,400,000	6,544,005	6,329,426	144,005	(214,579)
June 30, 2014	\$ 5,912,173	\$ 5,683,255	\$ 5,468,676	\$ (228,918)	\$ (214,579)

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

PEARL RIVER CENTRAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

PEARL RIVER COUNTY 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 Fed. Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 234,277
National school lunch program	10.555	914,139
Total Passed-through Mississippi Department of Education		<u>1,148,416</u>
Total child nutrition cluster		<u>1,148,416</u>
Total U.S. Department of Agriculture		<u>1,148,416</u>
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	79,079
Total U.S. Department of Defense		<u>79,079</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	91,302
Total Federal Communications Commission		<u>91,302</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	557,179
Career and technical education - basic grants to states	84.048	48,229
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	658
Rural Education	84.358	58,867
Improving teacher quality - State Grants	84.367	179,023
Subtotal		<u>843,956</u>
Special Education Cluster:		
Special education - grants to states	84.027	539,445
Special education - preschool grants	84.173	39,630
Total special education cluster		<u>579,075</u>
Total Passed-through Mississippi Department of Education		<u>1,423,031</u>
Total U.S. Department of Education		<u>1,423,031</u>
<u>U.S. Department of Health and Human Services</u>		
Medicaid cluster:		
Medical assistance program	93.778	3,295
Total Medicaid cluster		<u>3,295</u>
Total for all Federal Awards		<u>\$ 2,745,123</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.

Pearl River County School District
 Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds
 For the Year Ended June 30, 2014

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 17,570,869	13,294,051	795,570	1,553,651	1,927,597
Other	<u>8,640,418</u>	<u>2,292,483</u>	<u>268,399</u>	<u>104,888</u>	<u>5,974,648</u>
Total	<u>26,211,287</u>	<u>15,586,534</u>	<u>1,063,969</u>	<u>1,658,539</u>	<u>7,902,245</u>
Total number of students*	<u>2,990</u>				
Cost per student	\$ <u>8,766</u>	<u>5,213</u>	<u>356</u>	<u>554</u>	<u>2,643</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. (all the 1000, 2100 & 2200 functional codes)

General Administration – includes expenditures for the following functions: Support Services – General Administration (2300s); Support Services – Business (2500s)

School Administration – includes expenditures for the following function: Support Services – School Administration (2400s)

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

PEARL RIVER COUNTY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

“UNAUDITED”

General Fund
Last Four Years

	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
Revenues:				
Local sources	\$5,761,124	\$ 5,870,138	\$ 5,679,838	\$ 5,452,793
State sources	14,086,693	13,811,407	13,618,932	12,502,497
Federal sources	<u>161,522</u>	<u>128,655</u>	<u>93,485</u>	<u>117,007</u>
Total Revenues	<u>20,009,339</u>	<u>19,810,200</u>	<u>19,392,255</u>	<u>18,072,297</u>
Expenditures:				
Instruction	11,924,583	12,290,565	11,974,087	9,979,921
Support services	9,495,036	8,095,791	7,380,005	6,661,826
Noninstructional services	75	106	99	90
Debt service:				
Principal	44,475			
Interest	24,671			
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>650</u>
Total Expenditures	<u>21,488,840</u>	<u>20,386,462</u>	<u>19,354,191</u>	<u>16,642,487</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,479,501)</u>	<u>(576,262)</u>	<u>38,064</u>	<u>1,429,810</u>
Other Financing Sources (Uses):				
Bonds and notes issued	908,351			
Insurance recovery		1,934		1,093,842
Sale of other property		1,800	10,210	
Operating transfers in	230,217	15,600	97,271	
Operating transfers out	(519,817)	(380,034)	(449,898)	(356,922)
Other financing uses	<u>0</u>	<u>(650)</u>	<u>(650)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>618,751</u>	<u>(361,350)</u>	<u>(343,067)</u>	<u>736,920</u>
Net Change in Fund Balances	<u>(860,750)</u>	<u>(937,612)</u>	<u>(305,003)</u>	<u>2,166,730</u>
Fund Balances:				
Fund balance, July 1, as previously reported	6,329,426	7,267,038	7,572,041	5,425,870
Prior period adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,559)</u>
Fund balance, July 1, as restated	<u>6,329,426</u>	<u>7,267,038</u>	<u>7,572,041</u>	<u>5,405,311</u>
Fund balance, June 30	<u>\$5,468,676</u>	<u>\$ 6,329,426</u>	<u>\$ 7,267,038</u>	<u>\$ 7,572,041</u>

* SOURCE – PRIOR YEAR AUDIT REPORTS

PEARL RIVER COUNTY 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>
Revenues:				
Local sources	\$ 6,736,180	\$ 6,875,568	\$ 6,665,870	\$ 6,548,443
State sources	14,742,855	14,396,131	14,265,043	13,112,046
Federal sources	2,740,785	2,834,175	2,764,344	4,685,086
Sixteenth section sources	<u>269,960</u>	<u>111,831</u>	<u>159,407</u>	<u>77,727</u>
Total Revenues	<u>24,489,780</u>	<u>24,217,705</u>	<u>23,854,664</u>	<u>24,423,302</u>
Expenditures:				
Instruction	13,344,679	13,706,446	13,363,784	13,263,449
Support services	10,480,431	9,006,202	8,467,114	7,724,071
Noninstructional services	1,402,448	1,397,863	1,394,563	1,271,702
Sixteenth section	39,812	73,997	37,048	67,420
Debt service:				
Principal	805,103	730,314	711,875	673,340
Interest	134,664	131,664	145,884	204,595
Other	<u>4,150</u>	<u>4,150</u>	<u>1,650</u>	<u>21,335</u>
Total Expenditures	<u>26,211,287</u>	<u>25,050,636</u>	<u>24,121,918</u>	<u>23,225,912</u>
Excess (Deficiency) of Revenues Over (under) Expenditures	<u>(1,721,507)</u>	<u>(832,931)</u>	<u>(267,254)</u>	<u>1,197,390</u>
Other Financing Sources (Uses):				
Bonds and notes issued	908,351			
Insurance recovery		1,934		1,093,842
Refunding bonds issued				1,592,000
Payment to refunded bond escrow agent				(1,580,336)
Sale of other property		1,800	10,210	
Operating transfers in	753,823	395,634	547,169	356,922
Other financing sources	677	650	650	650
Operating transfers out	(753,823)	(395,634)	(547,169)	(356,922)
Other financing uses	<u>(3,958)</u>	<u>(650)</u>	<u>(3,150)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>905,070</u>	<u>3,734</u>	<u>7,710</u>	<u>1,106,156</u>
Net Change in Fund Balances	<u>(816,437)</u>	<u>(829,197)</u>	<u>(259,544)</u>	<u>2,303,546</u>
Fund Balances:				
Fund balance, July 1, as previously reported	9,454,847	10,281,268	10,534,964	8,249,308
Prior period adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,559)</u>
Fund balance, July 1, as restated	<u>9,454,847</u>	<u>10,281,268</u>	<u>10,534,964</u>	<u>8,228,749</u>
Increase (Decrease) in reserve for inventory	<u>(9,489)</u>	<u>2,776</u>	<u>5,848</u>	<u>2,669</u>
Fund balance, June 30	<u>\$ 8,628,921</u>	<u>\$ 9,454,847</u>	<u>\$ 10,281,268</u>	<u>\$10,534,964</u>

* SOURCE—PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Whitfield & Company P.C.

Certified Public Accountants
2201 Adcox Road
Picayune, Mississippi 39466

Member
American Institute of CPAS
Mississippi Society of CPAS

Phone: (601) 799-2366
Fax: (601) 799-2320

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
Pearl River County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearl River County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Pearl River County School District's basic financial statements and have issued our report thereon dated September 1, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2014-01, 2014-02 and 2014-03.

Compliance and Other Matters

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

Pearl River County School District's Response to Finding

Pearl River County School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Pearl River County School District's responses were not subjected to the auditing procedures applied in the audit of the Financial Statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Whitfield and Company P.C.

Picayune, Mississippi

September 1, 2015

Whitfield & Company P.C.

Certified Public Accountants
2201 Adcox Road
Picayune, Mississippi 39466

Member
American Institute of CPAS
Mississippi Society of CPAS

Phone: (601) 799-2366
Fax: (601) 799-2320

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Superintendent and School Board
Pearl River County School District

Report on Compliance for Each Major Federal Program

We have audited Pearl River County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pearl River County School District's major federal programs for the year ended June 30, 2014. Pearl River County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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


Whitfield & Company P.C.
Picayune, Mississippi
September 1, 2015

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

Whitfield & Company P.C.

Certified Public Accountants
2201 Adcox Road
Picayune, Mississippi 39466

Member
American Institute of CPAS
Mississippi Society of CPAS

Phone: (601) 799-2366
Fax: (601) 799-2320

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

Superintendent and School Board
Pearl River County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pearl River County School District as of and for the year ended June 30, 2014, which collectively comprise Pearl River County School District's basic financial statements and have issued our report thereon dated September 1, 2015. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported no 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations.

However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements 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. However, this report is a matter of public record and its distribution is not limited.


Whitfield and Company P.C.
September 1, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PEARL RIVER COUNTY SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year ended June 30, 2014

Section 1: 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? | Yes |
| 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
84.010	Title I grants to local educational agencies
84.027; 84.173	Special Education Cluster

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and Type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee? | No |
| 10. Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133? | Yes |

Section 2: Financial Statement Findings

Significant Deficiencies Not Considered to be Material Weaknesses:

2014-01 Finding:

In the course of our work on fixed assets, we noted a number of items had been identified as lost or stolen due to inadequate numbering and/or tracking of the items. Inadequate tracking creates the opportunity for theft or fraud to occur and could result in loss of district fixed assets.

Recommendation:

We recommend that a district policy regarding fixed assets be followed to ensure adequate tracking, identification, and control of all district assets.

2014-02 Finding:

In the course of our work we noted what appear to be several software errors. Some state report totals did not agree with the general ledger. Fixed asset reports omitted some line items and added others causing incorrect totals.

Recommendation:

We recommend these problems be reviewed and if appropriate the District should contact the software vendor to have these issues resolved.

2014-03 Finding:

In the course of our work related to cash disbursements, we noted four items where there was no indication of authorization to pay by the responsible party prior to payment. We noted three instances where invoices had not been cancelled. We noted three instances where the request for funds was either not approved or was approved by the individual making the request.

Recommendation:

We recommend that all invoices be reviewed by a responsible party and authorization to pay should be indicated on the invoice by that individual prior to payment. We recommend all invoices be cancelled upon payment. We recommend the accuracy of all invoices be verified prior to payment. We recommend all requests for funds be approved by an individual other than the one making the request.

Section 3: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN

Pearl River County School District

ALAN LUMPKIN
Superintendent of Education

MELISSA HOLSTON
Assistant Superintendent

7441 Highway 11
Carriere, Mississippi 39426
(601) 798-7744
Fax (601) 798-3527

THOMAS BURLESON
Business Administrator

KIMBERLY ALFORD
Curriculum Coordinator

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section ____.315(c) of OMB Circular A-133, the Pearl River County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the Year ended June 30, 2014:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2014-01	In the course of our work on fixed assets, we noted a number of items had been identified as lost or stolen due to inadequate numbering and/or tracking of the items. Inadequate tracking creates the opportunity for theft or fraud to occur and could result in loss of district fixed assets.

A. Name of contact person responsible for Corrective Action:

Name: T. J. Burleson
Title: Business Administrator

B. Corrective Action Planned:

The District has implemented policies to better account for fixed assets.

C. June 30, 2015

2014-02	In the course of our work we noted what appear to be several software errors. Some state report totals did not agree with the general ledger. Fixed asset reports omitted some line items and added others causing incorrect totals.
---------	--

A. Name of contact person responsible for Corrective Action:

Name: T. J. Burleson
Title: Business Administrator

B. Corrective Action Planned:

The District will be converted to a new software.

C. January 12, 2015



2014-03 In the course of our work related to cash disbursements, we noted four items where there was no indication of authorization to pay by the responsible party prior to payment. We noted three instances where invoices had not been cancelled. We noted three instances where the request for funds was either not approved or was approved by the individual making the request.

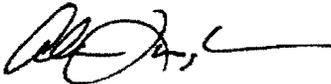
A. Name of contact person responsible for Corrective Action:

Name: T. J. Burleson
Title: Business Administrator

B. Corrective Action Planned:

The Business Administrator will review all invoices for accuracy prior to payment. Responsible parties will sign packing slip and/or invoices prior to payment.

C. June 30, 2015



Alan Lumpkin
Superintendent of Education

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

Pearl River County School District

ALAN LUMPKIN
Superintendent of Education

MELISSA HOLSTON
Assistant Superintendent

7441 Highway 11
Carriere, Mississippi 39426
(601) 798-7744
Fax (601) 798-3527

THOMAS BURLESON
Business Administrator

KIMBERLY ALFORD
Curriculum Coordinator

Summary Schedule of Prior Audit Findings

September 1, 2015

Financial and Compliance Audit Division

As required by Section ____ .315(b) of OMB Circular A-133, the Pearl River County School District has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of June 30, 2014.

<u>Finding</u>	<u>Status</u>
2013-04	Corrected

Sincerely,



Alan Lumpkin, Superintendent
Pearl River County School District

