



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.

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

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

INDEPENDENT AUDITOR’S REPORT	2
MANAGEMENT’S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	15
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	16
Exhibit B – Statement of Activities.....	17
Government Funds Financial Statements	
Exhibit C – Balance Sheet.....	18
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	19
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	20
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	21
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Assets and Liabilities.....	22
Notes to the Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	38
Budgetary Comparison Schedule – General Fund.....	39
Budgetary Comparison Schedule – Title 1 A	40
Budgetary Comparison Schedule – 21 st Century Learning.....	41
Notes to the Required Supplementary Information	42
SUPPLEMENTARY INFORMATION	44
Schedule of Expenditures of Federal Awards.....	45
Schedule of Instructional, Administration and Other Expenditures – Governmental Funds.....	46
OTHER INFORMATION	47
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	48
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	49
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	50
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>	51
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance	53
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	58

INDEPENDENT AUDITOR'S REPORT



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board West Bolivar Consolidated School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaw School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-14 and 39-41 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 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 Shaw School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required 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 of 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 of Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the Shaw 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 Shaw School District's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
March 31, 2015

SHAW SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Shaw 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 \$197,130, including a prior period adjustment of \$19,707, which represents a 17% decrease from the 2013 fiscal year. Total net position for 2013 increased \$125,170, including a prior period adjustment of \$(3,211), which represents an 12% decrease from the 2012 fiscal year.
- General revenues amounted to \$3,724,598 and \$4,008,208, or 72% and 70% 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 \$1,455,808, or 28% of total revenues for 2014, and \$1,707,073, or 30% of total revenues for 2013.
- The District had \$5,397,243 and \$5,586,900 in expenses for fiscal years 2014 and 2013; only \$1,455,808 for 2014 and \$1,707,073 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$3,724,598 for 2014 and \$4,008,208 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$3,668,690 in revenues and \$3,906,255 in expenditures for 2014, and \$3,800,180 in revenues and \$3,817,581 in expenditures in 2013. The General Fund's fund balance decreased by \$32,740, including a prior period adjustment of \$18,988 from 2013 to 2014 and increased by \$123,591, including a prior period adjustment of \$(5,568) from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$72,245 for 2014 and decreased by \$2,141 for 2013. The decrease for 2014 was due to the net effect of retirement of mobile equipment and furniture coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$95,000 for 2014 and decreased by \$95,000 for 2013. The decrease for 2014 was due primarily to principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased by \$9,682 for 2014 and decreased by \$13,005 for the fiscal year 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve 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, and other information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers 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

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

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 non-fiduciary assets and liabilities with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's Balance Sheet is reconciled to the Statement of Net Position, and the governmental fund's 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 fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other 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

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

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 fund 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 governmental funds financial statements, but is reported as expenditures on the governmental funds financial statements.

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

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

Additionally 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

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

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 District's financial position. Assets exceeded liabilities by \$963,867 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 for the fiscal years ended June 30, 2014 and June 30, 2013.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Current assets	\$ 1,002,599	1,264,011	-20.68%
Restricted assets	1,159	1,159	0.00%
Capital assets, net	633,687	705,932	-10.23%
Total assets	<u>1,637,445</u>	<u>1,971,102</u>	-16.93%
Current liabilities	248,475	280,320	-11.36%
Long-term debt outstanding	425,103	529,785	-19.76%
Total liabilities	<u>673,578</u>	<u>810,105</u>	-16.85%
Net position:			
Net investment in capital assets	220,687	197,932	11.50%
Restricted	623,579	571,783	9.06%
Unrestricted	119,601	391,282	-69.43%
Total net position	<u>\$ 963,867</u>	<u>1,160,997</u>	-16.98%

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 \$72,245.
- The principal retirement of \$95,000 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 \$5,180,406 and \$5,715,281, respectively. The total cost of all programs and services was \$5,397,243 for 2014 and \$5,586,900 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.

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

Table 2
Changes in Net Position

Revenues:	Year Ended June 30, 2014	Year Ended June 30, 2013	Percentage Change
Program revenues			
Charges for services	\$ 111,985	141,292	-20.74%
Operating grants and contributions	1,343,823	1,543,659	-12.95%
Capital grants and contributions	0	22,122	-100.00%
General revenues:			
Property taxes	1,240,975	1,124,419	10.37%
Grants and contributions not restricted	2,277,035	2,642,211	-13.82%
Unrestricted Investment earnings	14	16	-12.50%
Sixteenth section sources	181,262	218,575	-17.07%
Other	25,312	22,987	10.11%
Total revenues	5,180,406	5,715,281	-9.36%
Expenses:			
Instruction	2,735,212	2,774,732	-1.42%
Support services	2,280,727	2,382,734	-4.28%
Non-instructional	359,855	402,210	-10.53%
Sixteenth section	74	89	-16.85%
Interest on long-term liabilities	21,375	27,135	-21.23%
Total expenses	5,397,243	5,586,900	-3.39%
Change in net position	(216,837)	128,381	-268.90%
Net Position, July 1, as previously reported	1,160,997	1,035,827	12.08%
Prior Period Adjustment	19,707	(3,211)	
Net Position, July 1, as restated	1,180,704	1,032,616	14.34%
Net Position, June 30	\$ 963,867	1,160,997	-16.98%

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.

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	2014	2013	
Instruction	\$ 2,735,212	2,774,732	-1.42%
Support services	2,280,727	2,382,734	-4.28%
Non-instructional	359,855	402,210	-10.53%
Sixteenth section	74	89	-16.85%
Interest on long-term liabilities	21,375	27,135	-21.23%
Total expenses	\$ 5,397,243	5,586,900	-3.39%
	<u>Net (Expense) Revenue</u>		
	2014	2013	Change
Instruction	\$ (2,205,522)	(2,153,445)	2.42%
Support services	(1,649,130)	(1,648,382)	0.05%
Non-instructional	(65,334)	(50,776)	28.67%
Sixteenth section	(74)	(89)	-16.85%
Interest on long-term liabilities	(21,375)	(27,135)	-21.23%
Total net (expense) revenue	\$ (3,941,435)	(3,879,827)	1.59%

- Net cost of governmental activities, \$3,941,435 for 2014 and \$3,879,827 for 2013 was financed by general revenue, which is made up of primarily property taxes of \$1,240,975 for 2014 and \$1,124,419 for 2013 and state and federal revenues of \$2,277,035 for 2014 and \$2,642,211 for 2013. In addition, there was \$181,262 and \$218,575 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$14 for 2014 and \$16 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 \$762,011, a decrease of \$231,479, which includes a prior period adjustment of \$19,707 and a decrease in inventory of \$1,685. \$126,782 or 17% 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

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

balance of \$635,229 or 83% is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$32,740, which includes a prior period adjustment of \$18,988. The fund balance of Other Governmental Funds showed a decrease in the amount of \$535,341, which includes a prior period adjustment of \$719 and a decrease in inventory of 1,685. The other increases (decreases) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	\$0
21 st Century Learning Fund	\$0
Building Renovation Project Fund	\$336,602

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. Beginning fund balance was adjusted to actual between the original and final budgets.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the District's total capital assets were \$2,258,496, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$144,660 from 2013. Total accumulated depreciation as of June 30, 2014, was \$1,624,809, and total depreciation expense for the year was \$46,049, resulting in total net capital assets of \$633,687.

Table 4
Capital Assets, Net of Depreciation

	201589		Percentage
	June 30, 2014	June 30, 2013	Change
Buildings	\$ 289,336	289,336	0.00%
Building improvements	201,589	213,298	-5.49%
Mobile equipment	106,976	147,713	-27.58%
Furniture and equipment	35,660	55,459	-35.70%
Leased property under capital lease	126	126	0.00%
Total	\$ 633,687	705,932	-10.23%

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

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

Debt Administration

At June 30, 2014, the District had \$413,000 in outstanding long-term debt, of which \$99,000 is due within one year. The liability for compensated absences at June 30, 2014 was \$12,103, a decrease of \$9,682 from the prior year. The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Limited obligation bonds payable	\$ 335,000	390,000	-14.10%
Three mill notes payable	78,000	118,000	-33.90%
Compensated absences payable	12,103	21,785	-44.44%
Total	\$ 425,103	529,785	-19.76%

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

CURRENT ISSUES

The Shaw School District is financially stable. The District actively pursues grant funding to supplement the local, state and federal revenues.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Shaw School District, P.O. Box 510, Shaw, MS 38773.

FINANCIAL STATEMENTS

Shaw School District

Statement of Net Position

Exhibit A

June 30, 2014

Assets

**Governmental
Activities**

Cash and cash equivalents	\$	865,996
Due from other governments		135,600
Inventories		1,003
Restricted assets		1,159
Capital assets, net of accumulated depreciation:		
Buildings		289,336
Building improvements		201,589
Improvements other than buildings		106,976
Mobile equipment		35,660
Furniture and equipment		126
Total Assets		1,637,445

Liabilities

Accounts payable and accrued liabilities		219,678
Unearned revenue		22,069
Interest payable on long-term liabilities		6,728
Long-term liabilities, due within one year		
Capital related liabilities		99,000
Long-term liabilities, due beyond one year		
Capital related liabilities		314,000
Non-capital related liabilities		12,103
Total Liabilities		673,578

Net Position

Net investment in capital assets		220,687
Restricted for:		
Expendable:		
School-based activities		609,758
Forestry improvements		484
Unemployment benefits		12,178
Non-expendable:		
Sixteenth section		1,159
Unrestricted		119,601
Total Net Position	\$	963,867

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

Shaw School District

Statement of Activities

Exhibit B

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 2,735,212	\$ 99,667	\$ 430,023	\$ (2,205,522)
Support services	2,280,727		631,597	(1,649,130)
Non-instructional	359,855	12,318	282,203	(65,334)
Sixteenth section	74			(74)
Interest and other costs on long term liabilities	21,375			(21,375)
Total Governmental Activities	<u>\$ 5,397,243</u>	<u>\$ 111,985</u>	<u>\$ 1,343,823</u>	<u>(3,941,435)</u>
General Revenues:				
Taxes:				
General purpose levies				1,190,323
Debt purpose levies				50,652
Unrestricted grants and contributions:				
State				2,202,377
Federal				74,658
Unrestricted investment earnings				14
Sixteenth section sources				181,262
Other				25,312
Total General Revenues				<u>3,724,598</u>
Change in Net Position				<u>(216,837)</u>
Net Position - Beginning , as previously stated				1,160,997
Prior period adjustments				19,707
Net Position - Beginning , as restated				<u>1,180,704</u>
Net Position - Ending				<u>\$ 963,867</u>

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

**Shaw School District
Governmental Funds**

**Balance Sheet
June 30, 2014**

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Title I A Fund	21st Century Learning Fund	Bldg Renovation Project Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 428,609	\$ 27,176		\$ 336,602	\$ 74,768	\$ 867,155
Due from other governments	43,827	32,204	49,181		10,215	135,427
Due from other funds	88,652					88,652
Inventories					1,003	1,003
Total Assets	<u>561,088</u>	<u>59,380</u>	<u>49,181</u>	<u>336,602</u>	<u>85,986</u>	<u>1,092,237</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	174,478	27,176			18,024	219,678
Due to other funds		32,204	49,181		7,094	88,479
Unearned revenue					22,069	22,069
Total Liabilities	<u>174,478</u>	<u>59,380</u>	<u>49,181</u>	<u>-</u>	<u>47,187</u>	<u>330,226</u>
Fund Balances:						
Nonspendable						
Inventory					1,003	1,003
Permanent fund principal					1,159	1,159
Restricted						
Unemployment benefits					12,178	12,178
Forestry improvements					484	484
Debt service					2,093	2,093
Sixteenth section					9,557	9,557
Committed						
Other commitments - program operations					600,272	600,272
Assigned						
General activity	8,483					8,483
Unassigned						
Total Fund Balances	<u>378,127</u>	<u>-</u>	<u>-</u>	<u>336,602</u>	<u>(587,947)</u>	<u>126,782</u>
Total Fund Balances	<u>386,610</u>	<u>-</u>	<u>-</u>	<u>336,602</u>	<u>38,799</u>	<u>762,011</u>
Total Liabilities and Fund Balances	<u>\$ 561,088</u>	<u>\$ 59,380</u>	<u>\$ 49,181</u>	<u>\$ 336,602</u>	<u>\$ 85,986</u>	<u>\$ 1,092,237</u>

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

Shaw School District

Governmental Funds

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 762,011
Amounts reported for governmental activities in the Statement of Net Position are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$1,624,809.	633,687
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(425,103)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Position recognizes interest as it accrues.	(6,728)
Total Net Position - Governmental Activities	<u>\$ 963,867</u>

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

**Shaw School District
Governmental Funds**

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

Exhibit D

	Major Funds					Total Governmental Funds
	General Fund	Title I A Fund	21st Century Learning Fund	Bldg Renovation Project Fund	Other Governmental Funds	
Revenues:						
Local sources	\$ 1,201,156				\$ 65,145	\$ 1,266,301
State sources	2,466,117				66,095	2,532,212
Federal sources	1,417	529,734	49,181		620,299	1,200,631
Sixteenth section sources					181,262	181,262
Total Revenues	<u>3,668,690</u>	<u>529,734</u>	<u>49,181</u>	<u>-</u>	<u>932,801</u>	<u>5,180,406</u>
Expenditures:						
Instruction	2,241,089	355,697	42,979		87,168	2,726,933
Support services	1,659,068	172,049	6,202	33,905	384,918	2,256,142
Noninstructional services	6,098	1,988			320,385	328,471
Sixteenth section					74	74
Debt service:						
Principal					95,000	95,000
Interest					22,951	22,951
Other					336	336
Total Expenditures	<u>3,906,255</u>	<u>529,734</u>	<u>49,181</u>	<u>33,905</u>	<u>910,832</u>	<u>5,429,907</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(237,565)</u>	<u>-</u>	<u>-</u>	<u>(33,905)</u>	<u>21,969</u>	<u>(249,501)</u>
Other Financing Sources (Uses):						
Operating transfers in	268,159			370,507	82,322	720,988
Operating transfers out	(82,322)				(638,666)	(720,988)
Total Other Financing Sources (Uses)	<u>185,837</u>	<u>-</u>	<u>-</u>	<u>370,507</u>	<u>(556,344)</u>	<u>-</u>
Net Change in Fund Balances	<u>(51,728)</u>	<u>-</u>	<u>-</u>	<u>336,602</u>	<u>(534,375)</u>	<u>(249,501)</u>
Fund Balances:						
July 1, 2013, as previously reported	419,350				574,140	993,490
Prior period adjustments	18,988				719	19,707
July 1, 2013, as restated	<u>438,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,859</u>	<u>1,013,197</u>
Decrease in reserve for inventory					(1,685)	(1,685)
June 30, 2014	<u>\$ 386,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,602</u>	<u>\$ 38,799</u>	<u>\$ 762,011</u>

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

**Shaw School District
Governmental Funds**

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2014**

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ (249,501)
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. Capital assets purchased amounted to \$0 and the depreciation expense amounted to \$46,049.	(46,049)
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.	(26,196)
3. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the Statement of Activities.	(1,685)
4. 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 issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when the debt is first issued. These amounts are deferred and amortized in the statement of activities.	
Payment of debt principal	95,000
Accrued interest payable	1,912
	96,912
5. Some items reported in the statement of activities so not provide or require the use of current financial resources and therefore are not reported as revenue/expenditures in governmental funds. These activities include:	
Compensated absences	9,682
Change in Net Position of Governmental Activities	\$ (216,837)

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

Shaw School District

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2014

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 2,413
Total Assets	<u>2,413</u>
Liabilities	
Accounts payable and accrued liabilities	2,240
Due to other funds	<u>173</u>
Total Liabilities	<u>\$ 2,413</u>

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

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

NOTE 1 Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a 5 member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, Shaw 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.

Shaw School District
Notes to the 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.

Title I A Fund - This fund accounts for the resources and expenditures of federal revenue for specific purposes.

21st Century Learning Fund – This fund accounts for after school tutoring, supplies and travel for regular and summer sessions.

Building Renovation Project Fund – This fund is used to account for the resources and expenditures of the roofing project and bathroom renovations.

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

The District also reports fiduciary funds include the following:

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

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

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Accounts Payable Clearing Fund – This fund serves as a clearing fund for payables outstanding at year end.

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 expenditures 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 expenditures for principal, interest, and related costs.

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

FIDUCIARY FUNDS

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash and 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

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

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Prepaid items, such a 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 district except as provided for under state statute for loans from this account.

6. Capital Assets

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

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

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

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

The following schedule details the capitalization thresholds:

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

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

7. **Compensated Absences**

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

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

8. **Long-term Liabilities and Bond Discounts/Premiums**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, 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.

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

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.

9. Fund Balances

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

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

Non-spendable 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 receivables, 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. This formal action is a resolution approved by the School Board.

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 the Business Manager pursuant to authorization established by the district's approved fund balance policy.

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

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the

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

District's general policy to use restricted resources first. When expenditures 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

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 districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$867,155 and \$2,413, respectively. A portion of this amount, \$1,159, is presented as restricted assets on Exhibit A. The carrying amount of deposits reported in government-wide statements was: \$865,996.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$1,084,909 was exposed to custodial credit risk.

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

NOTE 3 Inter-fund Receivables, Payables, and Transfers

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	21st Century Learning Fund	\$ 49,181
General Fund	Title I A Fund	\$ 32,204
General Fund	Other Governmental Funds	7,094
General Fund	Fiduciary Funds	173
Total		<u>\$ 88,652</u>

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

B. Inter-fund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Other Governmental Funds	General Fund	268,159
Other Governmental Funds	Building Renovation Project Fund	370,507
General Fund	Other Governmental Funds	82,322
Total		<u>\$ 720,988</u>

Inter-fund transfers were to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

NOTE 4 Restricted Assets

The restricted assets represent the cash balance totaling \$1,159 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.

**Shaw School District
Notes to the 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:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance June 30, 2014</u>
Depreciable capital assets:					
Buildings	1,446,686				1,446,686
Building improvements	292,725				292,725
Mobile equipment	414,465		117,492		296,973
Furniture and equipment	236,680		27,168		209,512
Leased property under capital leases	12,600				12,600
Total depreciable capital assets	<u>2,403,156</u>	<u>-</u>	<u>144,660</u>	<u>-</u>	<u>2,258,496</u>
Less accumulated depreciation:					
Buildings	1,157,350				1,157,350
Building improvements	79,427	11,709			91,136
Mobile equipment	266,752	14,813	91,568		189,997
Furniture and equipment	181,221	19,527	26,896		173,852
Leased property under capital leases	12,474				12,474
Total accumulated depreciation	<u>1,697,224</u>	<u>46,049</u>	<u>118,464</u>	<u>-</u>	<u>1,624,809</u>
Total depreciable capital assets, net	<u>705,932</u>	<u>(46,049)</u>	<u>26,196</u>	<u>-</u>	<u>633,687</u>
Governmental activities capital assets, net	<u>\$ 705,932</u>	<u>\$ (46,049)</u>	<u>\$ 26,196</u>	<u>\$ -</u>	<u>\$ 633,687</u>

Depreciation expense was charged to the following governmental functions:

<u>Governmental Function</u>	<u>Amount</u>
Instruction	\$ 10,467
Support services	28,458
Non-instructional	7,124
Total depreciation expense	<u>\$ 46,049</u>

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

NOTE 6 Long-term Liabilities

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
A Limited obligation bonds payable	\$ 390,000		\$ 55,000	\$ 335,000	\$ 60,000
B Three mills note payable	118,000		40,000	78,000	39,000
D Compensated absences payable	21,785		9,682	12,103	
Total	<u>529,785</u>	<u>0</u>	<u>104,682</u>	<u>425,103</u>	<u>99,000</u>

A. Limited obligation bonds payable

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district.

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series 1998	5.00%	05/01/98	02/01/18	2,600,000	335,000
Total				<u>\$ 2,600,000</u>	<u>\$ 335,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 60,000	\$ 15,250	\$ 75,250
2016	65,000	12,125	77,125
2017	65,000	8,875	73,875
2018	145,000	5,500	150,500
Total	<u>\$ 335,000</u>	<u>\$ 41,750</u>	<u>\$ 376,750</u>

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

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

B. Three Mill Note payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Rate</u>	<u>Date</u>	<u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
Series 2005	4.09%	12/19/05	10/15/15	425,000	78,000
Total				<u>\$ 425,000</u>	<u>\$ 78,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 39,000	\$ 3,190	\$ 42,190
2016	39,000	1,595	40,595
Total	<u>\$ 78,000</u>	<u>\$ 4,785</u>	<u>\$ 82,785</u>

C. Compensated absences payable

As more fully explained in Note 1 (E) (7), compensated absences payables 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 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 for fiscal year ended 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 \$427,345, \$420,063 and \$366,527, respectively, which equaled the required contributions for each year.

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

NOTE 8 Sixteenth Section Lands

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

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 170,507
2016	151,932
2017	81,432
2018	81,432
2019	<u>81,432</u>
Total	<u>\$ 566,735</u>

NOTE 9 Contingencies

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

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

NOTE 10 Risk Management

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

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers'

**Shaw School District
Notes to the Financial Statements
For the Year Ended June 30, 2014**

Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. This district has not had an additional assessment for excess losses incurred by the pool.

NOTE 11 Subsequent Events

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent 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 Shaw School District evaluated the activity of the district through March 31, 2015, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

By action of the Mississippi State Legislature, effective July 1, 2014, the Shaw School District will merge with the West Bolivar School District. Shaw School District will cease to exist and any assets and liabilities will be assumed by the West Bolivar School District. This merger will be reported in the West Bolivar School District's financial statements for the year ended June 30, 2015.

NOTE 12 Prior Period Adjustments

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

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct prior year accruals.	19,707
Total	<u>\$ 19,707</u>

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

<u>Explanation</u>	<u>Amount</u>
To correct prior year accruals in the general fund.	18,988
To correct prior year accruals in other governmental funds.	719
Total	<u>\$ 19,707</u>

SHAW SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Shaw School District
Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,229,619	\$ 1,201,156	\$ 1,201,156	\$ (28,463)	\$ -
State sources	2,410,918	2,466,117	2,466,117	55,199	-
Federal sources	55,000	1,417	1,417	(53,583)	-
Total Revenues	<u>3,695,537</u>	<u>3,668,690</u>	<u>3,668,690</u>	<u>(26,847)</u>	<u>-</u>
Expenditures:					
Instruction	2,333,072	2,241,089	2,241,089	91,983	-
Support services	1,492,862	1,659,068	1,659,068	(166,206)	-
Noninstructional services	8,519	6,098	6,098	2,421	-
Total Expenditures	<u>3,834,453</u>	<u>3,906,255</u>	<u>3,906,255</u>	<u>(71,802)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(138,916)</u>	<u>(237,565)</u>	<u>(237,565)</u>	<u>(98,649)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers in	200,000	268,159	268,159	68,159	-
Operating transfers out	<u>(135,576)</u>	<u>(82,322)</u>	<u>(82,322)</u>	<u>53,254</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>64,424</u>	<u>185,837</u>	<u>185,837</u>	<u>121,413</u>	<u>-</u>
Net Change in Fund Balances	<u>(74,492)</u>	<u>(51,728)</u>	<u>(51,728)</u>	<u>22,764</u>	<u>-</u>
Fund Balances:					
July 1, 2013, as previously reported	286,800	419,350	419,350	132,550	-
Prior period adjustments		18,988	18,988	18,988	-
July 1, 2013, as restated	<u>286,800</u>	<u>438,338</u>	<u>438,338</u>	<u>151,538</u>	<u>-</u>
June 30, 2014	<u>\$ 212,308</u>	<u>\$ 386,610</u>	<u>\$ 386,610</u>	<u>\$ 174,302</u>	<u>\$ -</u>

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

Shaw School District
Required Supplementary Information

Budgetary Comparison Schedule
Title I A 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:					
Federal sources	\$ 511,137	529,734	529,734	\$ 18,597	\$ -
Total Revenues	<u>511,137</u>	<u>529,734</u>	<u>529,734</u>	<u>18,597</u>	<u>-</u>
Expenditures:					
Instruction	206,755	355,697	355,697	(148,942)	-
Support services	197,670	172,049	172,049	25,621	-
Noninstructional services	5,008	1,988	1,988	3,020	-
Total Expenditures	<u>409,433</u>	<u>529,734</u>	<u>529,734</u>	<u>(120,301)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>101,704</u>	<u>-</u>	<u>-</u>	<u>(101,704)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	(105,419)	-	-	105,419	-
Total Other Financing Sources (Uses)	<u>(105,419)</u>	<u>-</u>	<u>-</u>	<u>105,419</u>	<u>-</u>
Net Change in Fund Balances	(3,715)	-	-	3,715	-
Fund Balances:					
July 1, 2013	<u>(57,088)</u>	<u>-</u>	<u>-</u>	<u>57,088</u>	<u>-</u>
June 30, 2014	<u>\$ (60,803)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,803</u>	<u>\$ -</u>

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

Shaw School District
Required Supplementary Information

Budgetary Comparison Schedule
21st Century Learning
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>	
				<u>Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Federal sources	\$ 121,046	49,181	49,181	\$ (71,865)	\$ -
Total Revenues	<u>121,046</u>	<u>49,181</u>	<u>49,181</u>	<u>(71,865)</u>	<u>-</u>
Expenditures:					
Instruction	12,384	42,979	42,979	(30,595)	-
Support services		6,202	6,202	(6,202)	-
Noninstructional services	<u>12,778</u>			<u>12,778</u>	<u>-</u>
Total Expenditures	<u>25,162</u>	<u>49,181</u>	<u>49,181</u>	<u>(24,019)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>95,884</u>	<u>-</u>	<u>-</u>	<u>(95,884)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out				-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	95,884	-	-	(95,884)	-
Fund Balances:					
July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>\$ 95,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,884)</u>	<u>\$ -</u>

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

SHAW SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

SHAW SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

Shaw School District
Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
National school breakfast program	10.553	\$ 101,381
National school lunch program	10.555	256,867
Total child nutrition cluster		<u>358,248</u>
Total U.S. Department of Agriculture Pass-Through Programs		<u>358,248</u>
<u>United States Department of Labor</u>		
Passed-through Mississippi Department of Education:		
Job training program act	17.250	49,181
Total passed-through Mississippi department of education		<u>49,181</u>
Total Federal Communications Commission		<u>49,181</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Special education cluster:		
Special education - grants to states	* 84.027	136,450
Special education - preschool grants	* 84.173	5,980
Total special education cluster		<u>142,430</u>
Other programs		
Title I - Grants to local educational agencies	* 84.010	571,523
Improving teacher quality state grants	84.367	71,789
Medicaid school based administration	99.MIS	1,444
Total other programs		<u>644,756</u>
Total passed-through Mississippi department of education		<u>787,186</u>
Total U.S. Department of Education		<u>787,186</u>
Total for All Federal Awards		<u>\$ 1,194,615</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.
4. * Denotes major program

Shaw School District
Supplementary Information

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 3,767,974	\$ 2,675,262	\$ 376,797	\$ 458,398	\$ 257,517
Other	1,661,933	664,773	249,290	49,858	698,012
Total	<u>\$ 5,429,907</u>	<u>\$ 3,340,035</u>	<u>\$ 626,087</u>	<u>\$ 508,256</u>	<u>\$ 955,529</u>
Total number of students *	<u>506</u>				
Cost per student	<u>\$ 10,731</u>	<u>\$ 6,601</u>	<u>\$ 1,237</u>	<u>\$ 1,005</u>	<u>\$ 1,888</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); and 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.

SHAW SCHOOL DISTRICT

OTHER INFORMATION

Shaw School District

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	<u>2014</u>	<u>2013 *</u>	<u>2012 *</u>	<u>2011 *</u>
Revenues:				
Local sources	\$ 1,201,156	\$ 1,223,518	\$ 1,218,194	\$ 1,058,521
State sources	2,466,117	2,503,862	2,563,368	2,568,470
Federal sources	1,417	72,800	98,725	72,760
Total Revenues	<u>3,668,690</u>	<u>3,800,180</u>	<u>3,880,287</u>	<u>3,699,751</u>
Expenditures:				
Instruction	2,241,089	2,272,420	2,282,037	1,781,663
Support services	1,659,068	1,536,642	1,538,424	1,482,190
Noninstructional services	6,098	8,519		
Debt Service:				
Interest				2,325
Other			1,753	2,784
Total Expenditures	<u>3,906,255</u>	<u>3,817,581</u>	<u>3,822,214</u>	<u>3,268,962</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(237,565)</u>	<u>(17,401)</u>	<u>58,073</u>	<u>430,789</u>
Other Financing Sources (Uses):				
Operating transfers in	268,159	233,547	52,496	44,402
Operating transfers out	(82,322)	(86,987)	(161,565)	(289,671)
Other financing uses			(432)	
Total Other Financing Sources (Uses)	<u>185,837</u>	<u>146,560</u>	<u>(109,501)</u>	<u>(245,269)</u>
Net Change in Fund Balances	(51,728)	129,159	(51,428)	185,520
Fund Balances:				
Beginning of period, as previously reported	419,350	295,759	347,187	161,667
Prior period adjustments	18,988	(5,568)		
Beginning of period, as restated	<u>438,338</u>	<u>290,191</u>	<u>347,187</u>	<u>161,667</u>
End of period	<u>\$ 386,610</u>	<u>\$ 419,350</u>	<u>\$ 295,759</u>	<u>\$ 347,187</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

Shaw School District

Other Information

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	\$ 1,266,301	\$ 1,288,714	\$ 1,300,089	\$ 1,188,629
State sources	2,532,212	2,604,211	2,673,949	2,915,752
Federal sources	1,200,631	1,603,781	2,131,015	2,129,772
Sixteenth section sources	181,262	218,575	171,339	177,032
Total Revenues	<u>5,180,406</u>	<u>5,715,281</u>	<u>6,276,392</u>	<u>6,411,185</u>
Expenditures:				
Instruction	2,726,933	2,778,723	3,129,068	3,034,831
Support services	2,256,142	2,395,742	2,355,470	2,406,930
Noninstructional services	328,471	396,111	390,455	420,058
Sixteenth section	74	89	-	11
Debt service:				
Principal	95,000	95,000	95,000	95,000
Interest	22,951	27,337	31,803	38,468
Other	336	371	1,753	2,784
Total Expenditures	<u>5,429,907</u>	<u>5,693,373</u>	<u>6,003,549</u>	<u>5,998,082</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(249,501)</u>	<u>21,908</u>	<u>272,843</u>	<u>413,103</u>
Other Financing Sources (Uses):				
Operating transfers in	720,988	416,991	214,061	334,073
Operating transfers out	(720,988)	(416,991)	(214,061)	(334,073)
Other financing uses	-	-	(4,398)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,398)</u>	<u>-</u>
Net Change in Fund Balances	<u>(249,501)</u>	<u>21,908</u>	<u>268,445</u>	<u>413,103</u>
Fund Balances:				
Beginning of period, as previously reported	993,490	974,757	706,333	292,321
Prior period adjustments	19,707	(3,211)	-	-
Beginning of period, as restated	<u>1,013,197</u>	<u>971,546</u>	<u>706,333</u>	<u>292,321</u>
Increase (Decrease) in reserve for inventory	<u>(1,685)</u>	<u>36</u>	<u>(21)</u>	<u>909</u>
End of period	<u>\$ 762,011</u>	<u>\$ 993,490</u>	<u>\$ 974,757</u>	<u>\$ 706,333</u>

* SOURCE - PRIOR YEAR AUDIT REPORTS

SHAW SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

**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
West Bolivar Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaw School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Shaw School District's basic financial statements, and have issued our report thereon dated March 31, 2015.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
March 31, 2015



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board
West Bolivar Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited Shaw 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 Shaw School District's major federal programs for the year ended June 30, 2014. Shaw 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 Shaw School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Shaw 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 Shaw School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Shaw 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 Shaw 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 Shaw School District's internal control over compliance.

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

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
March 31, 2015

SHAW SCHOOL DISTRICT

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



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board
West Bolivar Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaw School District as of and for the year ended June 30, 2014, which collectively comprise Shaw School District's basic financial statements and have issued our report thereon dated March 31, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to 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.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
March 31, 2015

SHAW SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COST

**Shaw School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|--|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? (Yes/No) | No |
| b. Significant deficiency(ies) identified? (Yes/None reported) | 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? (Yes/No) | No |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I – Grants to local educational agencies Special Education Cluster (IDEA):
84.027	Special education – grants to states
84.173	Special education – preschool grants

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

9. Auditee qualified as low-risk auditee? (Yes/No)

No

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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