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NORTH PIKE SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2015

NORTH PIKE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
North Pike School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the North Pike 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 North Pike School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's

discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 4-12, 38, 39, and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Pike School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the North Pike School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Pike School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Jackson, Mississippi  
December 18, 2015

*Watkins Ward and Stafford, P.C.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

### FINANCIAL HIGHLIGHTS

- Total net position for 2015 decreased \$20,126,290, including a prior period adjustment of (\$20,250,160) resulting from the recording of the net pension liability, which represents a 92% decrease from fiscal year 2014. Total net position for 2014 increased \$373,930, which represents a 2% increase from fiscal year 2013.
- General revenues amounted to \$15,259,451 and \$14,655,193, or 82% and 82% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,405,047, or 18% of total revenues for 2015, and \$3,262,823, or 18% of total revenues for 2014.
- The District had \$18,540,628 and \$17,544,086 in expenses for fiscal years 2015 and 2014; only \$3,405,047 for 2015 and \$3,262,823 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$15,259,451 for 2015 and \$14,655,193 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$15,406,776 in revenues and \$15,836,842 in expenditures for 2015, and \$14,333,733 in revenues and \$14,350,246 in expenditures in 2014. The General Fund's fund balance increased by \$968,885 from 2014 to 2015, including a fund reclassification of \$755,806, and decreased by \$2,175,511 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, increased by \$699,298 for 2015 and increased by \$1,066,594 for 2014. The increase for 2015 was due to the additions to Construction in Progress, Mobile Equipment, and Furniture and Equipment.
- Long-term debt increased by \$788,090 for 2015 and decreased by \$60,151 for 2014. This increase for 2015 was due primarily to the paying off of a three-mill note and the issuance of a new three-mill note. The liability for compensated absences decreased by \$16,525 for 2015 and increased by \$227 for 2014.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

#### **Notes to the financial statements**

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

#### **Required Supplementary Information**

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

#### **Supplementary Information**

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

#### **Other Information**

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,862,267 as of June 30, 2015.

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Current assets	\$ 5,799,427	\$ 7,461,276	-22.27 %
Restricted assets	2,949,266	2,602,747	13.31 %
Capital assets, net	14,481,955	13,782,657	5.07 %
<b>Total assets</b>	<b>23,230,648</b>	<b>23,846,680</b>	<b>-2.58 %</b>
<b>Deferred outflows of resources</b>	<b>1,918,539</b>	-	<b>N/A %</b>
Current liabilities	354,701	1,263,434	-71.93 %
Long-term debt outstanding	1,366,254	594,689	129.74 %
Net pension liability	18,323,294	-	N/A %
<b>Total liabilities</b>	<b>20,044,249</b>	<b>1,858,123</b>	<b>978.74 %</b>
<b>Deferred inflows of resources</b>	<b>3,242,671</b>	-	<b>N/A %</b>
<b>Net position:</b>			
Net investment in capital assets	13,181,955	13,270,747	-0.67 %
Restricted	6,803,362	8,316,787	-18.20 %
Unrestricted	(18,123,050)	401,023	-4619.20 %
<b>Total net position</b>	<b>\$ 1,862,267</b>	<b>\$ 21,988,557</b>	<b>-91.53 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (18,123,050)
Less unrestricted deficit in net position resulting from recognition of the net pension Liability	19,647,426
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 1,524,376</u>

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

- Increase/Decrease in net capital assets in the amount of \$699,298.
- Implementation of GASB Statement No. 68 which required the recording of a liability for the proportionate share of the school district as well as the recording of deferred outflows/inflows of resources on the Statement of Net Position.
- The principal retirement of \$511,910 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$18,664,498 and \$17,918,016, respectively. The total cost of all programs and services was \$18,540,628 for 2015 and \$17,544,086 for 2014.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

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

**Table 2  
Changes in Net Position**

	<u>Year Ended June 30, 2015</u>	<u>Year Ended June 30, 2014</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 883,801	\$ 895,454	(1.30) %
Operating grants and contributions	2,521,246	2,367,369	6.50 %
General revenues:			
Property taxes	2,809,170	2,482,818	13.14 %
Grants and contributions not restricted	11,717,808	11,196,298	4.66 %
Investment earnings	182,871	134,093	36.38 %
Sixteenth section sources	521,699	806,182	(35.29) %
Other	27,903	35,802	(22.06) %
<b>Total revenues</b>	<b><u>18,664,498</u></b>	<b><u>17,918,016</u></b>	<b>4.17 %</b>
<b>Expenses:</b>			
Instruction	10,166,444	10,601,950	(4.11) %
Support services	5,782,259	5,599,144	3.27 %
Non-instructional	1,116,590	1,132,516	(1.41) %
Sixteenth section	273,024	150,360	81.58 %
Pension expense	1,029,967	-	N/A %
Interest on long-term liabilities	172,344	60,116	186.69 %
<b>Total expenses</b>	<b><u>18,540,628</u></b>	<b><u>17,544,086</u></b>	<b>5.68 %</b>
<b>Increase (Decrease) in net position</b>	<b><u>123,870</u></b>	<b><u>373,930</u></b>	<b>(66.87) %</b>
<b>Net Position, July 1, as previously reported</b>	<b><u>21,988,557</u></b>	<b><u>21,614,627</u></b>	<b>1.73 %</b>
<b>Prior Period Adjustment</b>	<b><u>(20,250,160)</u></b>	<b><u>-</u></b>	<b>N/A %</b>
<b>Net Position, July 1, as restated</b>	<b><u>1,738,397</u></b>	<b><u>21,614,627</u></b>	<b>(91.96) %</b>
<b>Net Position (deficit), June 30</b>	<b><u>\$ 1,862,267</u></b>	<b><u>\$ 21,988,557</u></b>	<b>(91.53) %</b>

**Governmental activities**

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

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Table 3**  
**Net Cost of Governmental Activities**

	<u>Total Expenses</u>		<b>Percentage Change</b>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ 10,166,444	\$ 10,601,950	(4.11) %
Support services	5,782,259	5,599,144	3.27 %
Non-instructional	1,116,590	1,132,516	(1.41) %
Sixteenth section	273,024	150,360	81.58 %
Pension Expense	1,029,967	-	N/A %
Interest on long-term liabilities	172,344	60,116	186.69 %
<b>Total expenses</b>	<b><u>\$ 18,540,628</u></b>	<b><u>\$ 17,544,086</u></b>	<b>5.68 %</b>
	<u>Net (Expense) Revenue</u>		<b>Percentage Change</b>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ (8,717,194)	\$ (9,403,510)	(7.30) %
Support services	(5,069,177)	(4,774,142)	6.18 %
Non-instructional	88,355	45,802	92.91 %
Sixteenth section	(235,254)	(89,297)	163.45 %
Pension Expense	(1,029,967)	-	N/A %
Interest on long-term liabilities	(172,344)	(60,116)	186.69 %
<b>Total net (expense) revenue</b>	<b><u>\$ (15,135,581)</u></b>	<b><u>\$ (14,281,263)</u></b>	<b>5.98 %</b>

- Net cost of governmental activities (\$15,135,581 for 2015 and \$14,281,263 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$2,809,170 for 2015 and \$2,482,818 for 2014) and state and federal revenues (\$11,717,808 for 2015 and \$11,196,298 for 2014). In addition, there was \$521,699 and \$806,182 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$182,871 for 2015 and \$134,093 for 2014.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$8,418,692, a decrease of \$395,051, which includes an increase in inventory of \$8,376. \$456,796 or 5% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$7,961,896 or 95% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$968,885, which includes a fund reclassification of \$755,806. The fund balance of Other Governmental Funds showed a decrease in the amount of (\$1,584,009), which includes a fund reclassification of (\$755,806) and an increase in reserve for inventory of \$8,376. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Sixteenth Section Principal Fund	\$ 220,073

**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.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2015, the District's total capital assets were \$21,730,583, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$1,329,512 from 2014. Total accumulated depreciation as of June 30, 2015, was \$7,248,628, and total depreciation expense for the year was \$635,464, resulting in total net capital assets of \$14,481,955.

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 255,241	\$ 255,241	0.00 %
Construction in Progress	-	1,693,150	(100.00) %
Buildings	10,569,804	8,224,749	28.51 %
Building improvements	1,929,954	2,036,489	(5.23) %
Improvements other than buildings	634,114	674,274	(5.96) %
Mobile equipment	926,074	810,623	14.24 %
Furniture and equipment	166,768	88,131	89.23 %
<b>Total</b>	<b><u>\$ 14,481,955</u></b>	<b><u>\$ 13,782,657</u></b>	<b>5.07 %</b>

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

**Debt Administration.** At June 30, 2015, the District had \$1,366,254 in outstanding long-term debt, of which \$184,988 is due within one year. The liability for compensated absences decreased \$16,525 from the prior year.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Three mill notes payable	1,300,000	511,910	153.95 %
Compensated absences payable	66,254	82,779	(19.96) %
<b>Total</b>	<b>\$ 1,366,254</b>	<b>\$ 594,689</b>	<b>129.74 %</b>

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

**CURRENT ISSUES**

The North Pike School District is financially stable. The District is proud of its community support of its public schools.

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

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

Enrollment for the 2014-2015 school year decreased by 2% to 2,264 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the North Pike School District, 1036 Jaguar Trail, Summit, MS 39666.

FINANCIAL STATEMENTS

**NORTH PIKE SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,440,444
Due from other governments	328,205
Other receivables	2,325
Inventories	28,453
Restricted assets	2,949,266
Capital assets, non-depreciable:	
Land	255,241
Capital assets, net of accumulated depreciation:	
Buildings	10,569,804
Building improvements	1,929,954
Improvements other than buildings	634,114
Mobile equipment	926,074
Furniture and equipment	166,768
Total Assets	23,230,648
 <b>Deferred Outflows of Resources</b>	
Deferred outflow related to pensions	1,918,539
Total Deferred Outflows of Resources	1,918,539
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	326,975
Deferred revenue	3,026
Interest payable on long-term liabilities	24,700
Long-term liabilities, due within one year:	
Capital related liabilities	183,000
Non-capital related liabilities	1,988
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,117,000
Non-capital related liabilities	64,266
Net pension liability	18,323,294
Total Liabilities	20,044,249
 <b>Deferred Inflows of Resources</b>	
Deferred inflow related to pensions	3,242,671
Total Deferred Inflows of Resources	3,242,671
 <b>Net Position</b>	
Net investment in capital assets	13,181,955
Restricted for:	
Expendable:	
School-based activities	430,779
Debt service	159,768
Forestry improvements	61,634
Unemployment benefits	51,108
Permanent fund interest	1,763
Non-expendable:	
Sixteenth section	6,098,310
Unrestricted	(18,123,050)
Total Net Position (deficit)	\$ 1,862,267

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

NORTH PIKE SCHOOL DISTRICT

Statement of Activities  
For the Year Ended June 30, 2015

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>					
Instruction	\$ 10,166,444	\$ 567,397	\$ 881,853	-	\$ (8,717,194)
Support services	5,782,259	-	713,082	-	(5,069,177)
Non-instructional	1,116,590	278,634	926,311	-	88,355
Sixteenth section	273,024	37,770	-	-	(235,254)
Pension expense	1,029,967	-	-	-	(1,029,967)
Interest on long-term liabilities	172,344	-	-	-	(172,344)
<b>Total Governmental Activities</b>	<b>\$ 18,540,628</b>	<b>\$ 883,801</b>	<b>\$ 2,521,246</b>	<b>\$ -</b>	<b>\$ (15,135,581)</b>

General Revenues:

Taxes:

General purpose levies	2,623,254
Debt purpose levies	185,916

Unrestricted grants and contributions:

State	11,645,187
Federal	72,621
Unrestricted investment earnings	182,871
Sixteenth section sources	521,699
Other	27,903

Total General Revenues 15,259,451

Change in Net Position 123,870

Net Position - Beginning, as previously reported 21,988,557  
Prior Period Adjustments (20,250,160)

Net Position - Beginning, as restated 1,738,397

Net Position - Ending \$ 1,862,267

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

**NORTH PIKE SCHOOL DISTRICT  
Governmental Funds**

**Balance Sheet  
June 30, 2015**

**Exhibit C**

	Major Funds			Total Governmental Funds
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 4,590,314	\$ 2,949,266	\$ 850,130	\$ 8,389,710
Due from other governments	178,509	-	149,695	328,204
Other receivables	2,325	-	-	2,325
Due from other funds	111,518	-	-	111,518
Advance to other funds	-	3,150,807	-	3,150,807
Inventories	-	-	28,454	28,454
Total assets	<b>\$ 4,882,666</b>	<b>\$ 6,100,073</b>	<b>\$ 1,028,279</b>	<b>\$ 12,011,018</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 279,172	-	\$ 47,803	\$ 326,975
Due to other funds	-	-	111,518	111,518
Advances from other funds	3,150,807	-	-	3,150,807
Deferred revenue	-	-	3,026	3,026
Total Liabilities	3,429,979	-	162,347	3,592,326
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	28,454	28,454
Permanent fund principal	-	2,947,503	-	2,947,503
Advances	-	3,150,807	-	3,150,807
<b>Restricted:</b>				
Debt service	-	-	184,468	184,468
Forestry improvement purposes	-	-	61,634	61,634
Unemployment benefits	-	-	51,108	51,108
Permanent fund interest	-	1,763	-	1,763
Child nutrition	-	-	-	-
School activities	-	-	399,683	399,683
<b>Assigned:</b>				
Activity funds	190,148	-	-	190,148
School activities	805,743	-	2,644	808,387
Capital improvements	-	-	137,941	137,941
<b>Unassigned</b>	456,796	-	-	456,796
Total Fund Balances	1,452,687	6,100,073	865,932	8,418,692
Total Liabilities and Fund Balances	<b>\$ 4,882,666</b>	<b>\$ 6,100,073</b>	<b>\$ 1,028,279</b>	<b>\$ 12,011,018</b>

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

**NORTH PIKE SCHOOL DISTRICT  
Governmental Funds**

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

**Exhibit C-1**

**Total fund balances for governmental funds** **\$ 8,418,692**

Amounts reported for governmental activities in the statement of Net Position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$	255,241	
Buildings		14,510,144	
Building improvements		2,663,397	
Improvements other than buildings		1,003,981	
Mobile equipment		2,756,963	
Furniture and equipment		540,857	
Accumulated depreciation		<u>(7,248,628)</u>	14,481,955

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

Net pension liability		(18,323,294)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		1,918,539	
Deferred inflows of resources related to pensions		<u>(3,242,671)</u>	(19,647,426)

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

Notes payable		(1,300,000)	
Compensated absences		(66,254)	
Accrued interest payable		<u>(24,700)</u>	(1,390,954)

<b>Net Position of governmental activities</b>		<u><b>\$ 1,862,267</b></u>	
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The notes to the financial statements are an integral part of this statement.

**NORTH PIKE SCHOOL DISTRICT  
Governmental Funds**

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

**Exhibit D**

	Major Funds			Total Governmental Funds
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local sources	\$ 3,257,503	\$ -	\$ 442,865	\$ 3,700,368
State sources	11,788,250	-	530,928	12,319,178
Federal sources	73,433	-	1,846,442	1,919,875
Sixteenth section sources	287,590	385,257	38,635	711,482
<b>Total Revenues</b>	<b>15,406,776</b>	<b>385,257</b>	<b>2,858,870</b>	<b>18,650,903</b>
<b>Expenditures:</b>				
Instruction	10,126,935	-	880,514	11,007,449
Support services	5,392,779	-	948,546	6,341,325
Noninstructional services	-	-	1,144,023	1,144,023
Sixteenth section	186,038	16,796	70,190	273,024
Facilities acquisition and construction	-	-	915,801	915,801
Debt service:				
Principal	-	-	511,910	511,910
Interest	131,090	-	16,708	147,798
Other	-	-	13,000	13,000
<b>Total Expenditures</b>	<b>15,836,842</b>	<b>16,796</b>	<b>4,500,692</b>	<b>20,354,330</b>
Excess (Deficiency) of Revenues over (under) Expenditures	<b>(430,066)</b>	<b>368,461</b>	<b>(1,641,822)</b>	<b>(1,703,427)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of loans	-	-	1,300,000	1,300,000
Operating transfers in	643,145	-	-	643,145
Operating transfers out	-	(148,388)	(494,757)	(643,145)
<b>Total Other Financing Sources (Uses)</b>	<b>643,145</b>	<b>(148,388)</b>	<b>805,243</b>	<b>1,300,000</b>
<b>Net Change in Fund Balances</b>	<b>213,079</b>	<b>220,073</b>	<b>(836,579)</b>	<b>(403,427)</b>
<b>Fund Balances:</b>				
July 1, 2014, as previously reported	483,802	5,880,000	2,449,941	8,813,743
Fund reclassification	755,806	-	(755,806)	-
July 1, 2014, as restated	1,239,608	5,880,000	1,694,135	8,813,743
Increase (Decrease) in inventory	-	-	8,376	8,376
<b>June 30, 2015</b>	<b>\$ 1,452,687</b>	<b>\$ 6,100,073</b>	<b>\$ 865,932</b>	<b>\$ 8,418,692</b>

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

**NORTH PIKE SCHOOL DISTRICT  
Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** **\$ (403,427)**

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

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

Capital outlay	\$ 1,334,815	
Depreciation expense	<u>(635,464)</u>	699,351

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

Proceeds of long-term liabilities	(1,300,000)	
Payments of debt principal	511,910	
Accrued interest payable	<u>(11,546)</u>	(799,636)

3. Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(1,240,965)	
Recording of contributions made subsequent to the measurement date	1,632,701	
Amortization of deferred inflow of resources	<u>210,998</u>	602,734

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

Change in compensated absences	16,525	
Loss on the disposal of assets	(53)	
Changes in inventory reserve	<u>8,376</u>	24,848

<b>Change in Net Position of governmental activities</b>	<b>\$ <u>123,870</u></b>
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The notes to the financial statements are an intergral part of this statement.

**NORTH PIKE SCHOOL DISTRICT  
Fiduciary Funds**

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

**Exhibit E**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 9,903	1,191,987
<b>Total Assets</b>	<u>\$ 9,903</u>	<u>1,191,987</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ -	1,168,807
Due to student clubs	-	23,180
<b>Total Liabilities</b>	<u>\$ -</u>	<u>1,191,987</u>
<b>Net Position</b>		
Reserve for endowments	\$ 9,903	
<b>Total Net Position</b>	<u>\$ 9,903</u>	

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

**NORTH PIKE SCHOOL DISTRICT  
Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position  
June 30, 2015**

**Exhibit F**

	Private Purpose Trust Funds
<b>Additions</b>	
Investment Income	\$ 62
Total Additions	62
<b>Deductions</b>	
Scholarship Awards	1,000
Total Liabilities	1,000
<b>Change in Net Position</b>	(938)
<b>Net Position</b>	
July 1, 2014	10,841
June 30, 2015	\$ 9,903

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

## **Note 1 – Summary of Significant Accounting Policies**

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

### **A. Financial Reporting Entity**

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

For financial reporting purposes, North Pike 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.
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

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

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.

Sixteenth Section Principal Fund - This permanent fund accounts for resources from sixteenth section lands that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

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

The school district also reports fiduciary funds (agency funds) which focus on assets and liabilities only. The District's fiduciary funds include the following:

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

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

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

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

#### FIDUCIARY FUNDS

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

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

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

**D. Encumbrances**

An encumbrance system is not maintained to account for commitments resulting from approved

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

purchase orders, work orders and contracts.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

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 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element,

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions. See Note 13 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

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

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

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

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

*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. Currently there is no committed fund balance for this school district.

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and 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 an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

## **Note 2 – Cash and Cash Equivalents**

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

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest

NORTH PIKE SCHOOL DISTRICT  
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bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$8,389,710 and \$1,201,890, respectively. The carrying amount of deposits in the government-wide financial statements was reported as cash and cash equivalents of \$5,440,444 and a portion of restricted assets in the amount of \$2,949,266 (see Note 4). The bank balance was \$9,694,249.

*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, 2015, none of the district's bank balance of \$9,694,249 was exposed to custodial credit risk.

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

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

**A. Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 111,518
Total		<u>\$ 111,518</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 3,150,807
Total		<u>\$ 3,150,807</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

Statement of Revenues, Expenditures and Changes in Fund Balances.

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 131,504	\$ 126,032	\$ 257,536
2017	136,764	120,772	257,536
2018	142,234	115,301	257,535
2019	147,924	109,613	257,537
2020	153,841	103,695	257,536
2021 - 2025	866,581	421,098	1,287,679
2026 - 2030	904,223	236,295	1,140,518
2031 - 2035	667,736	68,083	735,819
<b>Total</b>	<b>\$ 3,150,807</b>	<b>\$ 1,300,889</b>	<b>\$ 4,451,696</b>

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
Sixteenth Section Principal Fund	General Fund	148,388
Other governmental funds	General Fund	494,757
<b>Total</b>		<b>\$ 643,145</b>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, the transfer of expendable sixteenth section sources, debt service transfers, unemployment compensation transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$2,949,266 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.

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

**Note 5 – Capital Assets**

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

	Balance 7/1/2014	Increases	Decreases	Completed Construction	Balance 6/30/2015
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 255,241	\$	\$	\$	\$ 255,241
Construction-in-progress	1,693,150	915,801		(2,608,951)	-
Total non-depreciable capital assets	1,948,391	915,801	-	(2,608,951)	255,241
<u>Depreciable capital assets:</u>					
Buildings	11,901,193			2,608,951	14,510,144
Building improvements	2,663,397				2,663,397
Improvements other than buildings	1,003,981				1,003,981
Mobile equipment	2,472,216	284,747			2,756,963
Furniture and equipment	411,893	134,267	5,303		540,857
Total depreciable capital assets	18,452,680	419,014	5,303	2,608,951	21,475,342
<u>Less accumulated depreciation for:</u>					
Buildings	3,676,444	263,896			3,940,340
Building improvements	626,908	106,535			733,443
Improvements other than buildings	329,707	40,160			369,867
Mobile equipment	1,661,593	169,296			1,830,889
Furniture and equipment	323,762	55,577	5,250		374,089
Total accumulated depreciation	6,618,414	635,464	5,250	-	7,248,628
Total depreciable capital assets, net	11,834,266	(216,450)	53	2,608,951	14,226,714
Governmental activities capital assets, net	\$ 13,782,657	\$ 699,351	\$ 53	-	\$ 14,481,955

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 367,314
Support services	212,989
Non-instructional	55,161
Total depreciation expense - Governmental activities	<u>\$ 635,464</u>

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. Three mill notes payable	511,910	1,300,000	511,910	1,300,000	183,000
B. Compensated absences payable	82,779		16,525	66,254	1,988
Total	\$ 594,689	\$ 1,300,000	\$ 528,435	\$ 1,366,254	\$ 184,988

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

**A. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable					
Series 2014	2.28%	9/5/2014	9/5/2024	\$ 1,300,000	\$ 1,300,000
Total				\$ 1,300,000	\$ 1,300,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 183,000	\$ 29,640	\$ 212,640
2017	125,000	25,468	150,468
2018	130,000	22,618	152,618
2019	131,000	19,654	150,654
2020	131,000	16,667	147,667
2021-2025	600,000	38,304	638,304
Total	\$ 1,300,000	\$ 152,351	\$ 1,452,351

This debt will be retired from the Three Mill Note Retirement Fund.

**B. Compensated absences payable**

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

**Note 7 – Defined Benefit Pension Plan**

**General Information about the 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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the 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.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 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, 2015, 2014 and 2013 were \$1,632,701, \$1,452,810 and \$1,365,153, respectively, which equaled the required contributions for each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the school district reported a liability of \$18,323,294 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, The school district's proportion was 0.150956 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,029,967. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 285,838	\$
Net difference between projected and actual earnings on pension plan investments		2,656,096
Changes of assumptions		
Change in the proportionate share of net pension liability		586,575
District contributions subsequent to the measurement date	1,632,701	
Total	\$ <u>1,918,539</u>	\$ <u>3,242,671</u>

\$1,632,701 reported as deferred outflows of resources related to pensions resulting from school district

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (772,203)
2017	(772,203)
2018	(748,403)
2019	(664,024)

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 – 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	100 %	

*Discount rate.* The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 24,980,114	\$ 18,323,294	\$ 12,770,517

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**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.

Year Ending June 30		Amount
2016	\$	65,764
2017		58,804
2018		50,119
2019		37,476
2020		32,651
2021 – 2025		63,833
2026 – 2030		56,048
2031 – 2035		55,848
2036 – 2040		54,448
Thereafter		19,834
Total	\$	494,825

**Note 9 – Fund Reclassification**

A fund reclassification in the amount of \$755,806 was needed to report Sixteenth Section Interest Funds, previously reported as Special Revenue Funds in prior years, as General Funds for fiscal year ended June 30, 2015.

**Note 10 – Prior Period Adjustments**

A summary of significant Net Position adjustments is as follows:

Exhibit B – Statement of Activities

NORTH PIKE SCHOOL DISTRICT  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

Explanation	Amount	
1. Implementation of GASB 68 and 71:	\$	\$
Net pension liability (measurement date)	(21,702,970)	
Deferred outflows – contributions made during fiscal year 2014	<u>1,452,810</u>	
Total prior period adjustment related to GASB 68 and 71		<u>(20,250,160)</u>
Total		<u><u>\$(20,250,160)</u></u>

**Note 11 – Contingencies**

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

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 12 – Risk Management**

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

**Note 13 – Effect of Deferred Amounts on Net Position**

The unrestricted net position amount of (\$18,123,050) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$1,632,701 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The \$285,838 balance of the deferred outflow of resources related to pensions and the \$3,242,671 balance of the deferred inflow of resources related to pensions at June 30, 2015 will be recognized in pension expense over the next 4 years.

**Note 14 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the North Pike School District evaluated the activity of the district through December 18, 2015, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH PIKE SCHOOL DISTRICT  
Required Supplementary Information  
For the Year Ended June 30, 2015

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,196,202	\$ 3,257,503	\$ 3,257,503	\$ 61,301	\$ -
State sources	11,685,476	11,788,250	11,788,250	102,774	-
Federal sources	50,500	73,433	73,433	22,933	-
Sixteenth section sources		287,590	287,590	287,590	-
<b>Total Revenues</b>	<b>14,932,178</b>	<b>15,406,776</b>	<b>15,406,776</b>	<b>474,598</b>	<b>-</b>
<b>Expenditures:</b>					
Instruction	10,241,013	10,126,935	10,126,935	114,078	-
Support services	5,152,214	5,392,779	5,392,779	(240,565)	-
Sixteenth section	-	186,038	186,038	(186,038)	-
Debt service:					
Principal	-	-	-	-	-
Interest	131,090	131,090	131,090	-	-
<b>Total Expenditures</b>	<b>15,524,317</b>	<b>15,836,842</b>	<b>15,836,842</b>	<b>(312,525)</b>	<b>-</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(592,139)	(430,066)	(430,066)	162,073	-
<b>Other Financing Sources (Uses):</b>					
Proceeds of loans	253,200	-	-	(253,200)	-
Operating transfers in	304,500	1,137,416	1,137,416	832,916	-
Operating transfers out	(1,500)	(494,271)	(494,271)	(492,771)	-
<b>Total Other Financing Sources (Uses)</b>	<b>556,200</b>	<b>643,145</b>	<b>643,145</b>	<b>86,945</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(35,939)</b>	<b>213,079</b>	<b>213,079</b>	<b>249,018</b>	<b>-</b>
<b>Fund Balances:</b>					
July 1, 2014, as previously reported	-	1,239,608	483,802	1,239,608	(755,806)
Fund reclassification	-	-	755,806	-	755,806
July 1, 2014, as restated	-	1,239,608	1,239,608	1,239,608	-
<b>June 30, 2015</b>	<b>\$ (35,939)</b>	<b>\$ 1,452,687</b>	<b>\$ 1,452,687</b>	<b>\$ 1,488,626</b>	<b>\$ -</b>

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

NORTH PIKE SCHOOL DISTRICT  
Required Supplementary Information  
For the Year Ended June 30, 2015

**Schedule of the District's Proportionate Share of the Net Pension Liability**

**PERS**

**Last 10 Fiscal Years\***

	<u>2015</u>
District's proportionate share of the net pension liability (asset)	0.150956%
District's proportion of the net pension liability (asset)	\$ 18,323,294
District's covered - employee payroll	9,224,190
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	198.643929%
Plan fiduciary net position as a percentage of the total pension liability	67.207687%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

NORTH PIKE SCHOOL DISTRICT  
 Required Supplementary Information  
 For the Year Ended June 30, 2015

**Schedule of District Contributions**

**PERS**

**Last 10 Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,632,701							
Contributions in relation to the contractually required contribution	\$ 1,632,701							
Contribution deficiency (excess)	\$ -							
District's covered - employee payroll	10,366,356							
Contributions as a percentage of covered - employee payroll	15.75%							

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a 10 year trend is compiled, the District has only presented information for the years in which information is available.

NORTH PIKE SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2015

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

**NORTH PIKE SCHOOL DISTRICT  
Supplementary Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 236,208
National school lunch program	10.555	797,772
Total child nutrition cluster		1,033,980
Total passed-through Mississippi Department of Education		1,033,980
Total U.S. Department of Agriculture		1,033,980
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	41,514
Total Federal Communications Commission		41,514
<b><u>U.S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	322,983
Career and technical education - basic grants to states	84.048	24,879
Rural education	84.358	5,544
Improving teacher quality state grants	84.367	19,117
Subtotal		372,523
Special education cluster:		
Special education - grants to states	84.027	444,919
Special education - preschool grants	84.173	10,902
Total special education cluster		455,821
Total passed-through Mississippi Department of Education		828,344
Total U.S. Department of Education		828,344
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	31,107
Total passed-through Mississippi Department of Education		31,107
Total U.S. Department of Health and Human Services		31,107
Total for All Federal Awards		\$ 1,934,945

**NOTES TO SCHEDULE**

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

**NORTH PIKE SCHOOL DISTRICT  
Supplementary Information**

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

<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	\$ 14,140,448	11,127,534	597,690	1,164,554	1,250,670
Other	6,213,882	1,849,054	168,060	88,737	4,108,031
Total	<u>\$ 20,354,330</u>	<u>12,976,588</u>	<u>765,750</u>	<u>1,253,291</u>	<u>5,358,701</u>
Total number of students *	<u>2,264</u>				
Cost per student	<u>\$ 8,990</u>	<u>5,732</u>	<u>338</u>	<u>554</u>	<u>2,367</u>

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

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

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

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

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

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

OTHER INFORMATION

**NORTH PIKE SCHOOL DISTRICT  
Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**General Fund**

**Last Four Years**

**UNAUDITED**

	2015	2014*	2013*	2012*
<b>Revenues:</b>				
Local sources	\$ 3,257,503	\$ 3,046,810	\$ 2,866,886	\$ 2,723,110
State sources	11,788,250	11,235,721	10,926,034	11,060,781
Federal sources	73,433	51,202	49,057	131,286
Sixteenth section sources	287,590	-	-	-
<b>Total Revenues</b>	<b>15,406,776</b>	<b>14,333,733</b>	<b>13,841,977</b>	<b>13,915,177</b>
<b>Expenditures:</b>				
Instruction	10,126,935	9,626,330	9,249,582	8,743,788
Support services	5,392,779	4,691,192	4,915,129	4,566,008
Noninstructional services	-	-	-	0
Sixteenth Section	186,038	-	-	-
Facilities acquisition and construction	-	-	-	0
Debt Service:				
Principal	-	-	-	0
Interest	131,090	32,724	34,296	0
Other	-	-	-	35,807
<b>Total Expenditures</b>	<b>15,836,842</b>	<b>14,350,246</b>	<b>14,199,007</b>	<b>13,345,603</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(430,066)	(16,513)	(357,030)	569,574
<b>Other Financing Sources (Uses):</b>				
Sale of transportation equipment	-	-	-	6,764
Operating transfers in	1,137,416	343,000	187,000	36,807
Operating transfers out	(494,271)	(2,501,998)	(5,000)	(81,924)
<b>Total Other Financing Sources (Uses)</b>	<b>643,145</b>	<b>(2,158,998)</b>	<b>182,000</b>	<b>(38,353)</b>
<b>Net Change in Fund Balances</b>	<b>213,079</b>	<b>(2,175,511)</b>	<b>(175,030)</b>	<b>531,221</b>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	483,802	2,659,313	2,834,343	2,303,122
Fund reclassification	755,806	-	-	-
Prior Period adjustments	-	-	-	-
Beginning of period, restated	1,239,608	2,659,313	2,834,343	2,303,122
<b>End of Period</b>	<b>\$ 1,452,687</b>	<b>\$ 483,802</b>	<b>\$ 2,659,313</b>	<b>\$ 2,834,343</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**NORTH PIKE SCHOOL DISTRICT  
Other Information**

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

	2015	2014*	2013*	2012*
<b>Revenues:</b>				
Local sources	\$ 3,700,368	\$ 3,415,606	\$ 3,221,754	\$ 3,092,681
State sources	12,319,178	11,513,505	11,166,350	11,305,226
Federal sources	1,919,875	2,050,162	2,145,781	2,253,496
Sixteenth section sources	711,482	938,743	1,018,349	896,185
<b>Total Revenues</b>	<b>18,650,903</b>	<b>17,918,016</b>	<b>17,552,234</b>	<b>17,547,588</b>
<b>Expenditures:</b>				
Instruction	11,007,449	10,203,279	9,820,113	9,286,802
Support services	6,341,325	5,485,303	5,807,031	5,528,748
Noninstructional services	1,144,023	1,067,982	1,127,290	1,045,012
Sixteenth section	273,024	150,360	86,692	72,608
Facilities acquisition and construction	915,801	1,635,800	121,000	1,411,322
Debt service:				
Principal	511,910	60,151	56,674	54,529
Interest	147,798	61,644	66,693	34,542
Other	13,000	-	-	35,807
<b>Total Expenditures</b>	<b>20,354,330</b>	<b>18,664,519</b>	<b>17,085,493</b>	<b>17,469,370</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(1,703,427)	(746,503)	466,741	78,218
<b>Other Financing Sources (Uses):</b>				
Sale of transportation equipment	-	-	-	6,764
Proceeds of loans	1,300,000	-	-	-
Operating transfers in	1,458,696	3,179,889	620,123	339,223
Operating transfers out	(1,458,696)	(3,179,889)	(620,123)	(339,223)
<b>Total Other Financing Sources (Uses)</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>	<b>6,764</b>
<b>Net Change in Fund Balances</b>	<b>(403,427)</b>	<b>(746,503)</b>	<b>466,741</b>	<b>84,982</b>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	8,813,743	9,567,859	9,099,546	9,025,837
Prior period adjustments	-	-	-	-
Beginning of period, restated	8,813,743	9,567,859	9,099,546	9,025,837
Increase (Decrease) in reserve for inventory	8,376	(7,613)	1,572	(11,273)
<b>End of Period</b>	<b>\$ 8,418,692</b>	<b>8,813,743</b>	<b>9,567,859</b>	<b>\$ 9,099,546</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board  
North Pike School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Pike School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise North Pike School District's basic financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control Over Financial Reporting**

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

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.

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
December 18, 2015

*Watkins Ward and Stafford, PLLC*



**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  
North Pike School District

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

We have audited North Pike School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of North Pike School District's major federal programs for the year ended June 30, 2015. North Pike 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 North Pike 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 North Pike 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 North Pike School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, North Pike 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, 2015.

**Report on Internal Control Over Compliance**

Management of North Pike 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 North Pike 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 North Pike 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.

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
December 18, 2015

*Watkins Ward and Stafford, PLLC*

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



**WATKINS, WARD AND STAFFORD**  
 Professional Limited Liability Company  
 Certified Public Accountants

James L. Stafford, CPA  
 Harry W. Stevens, CPA  
 S. Keith Winfield, CPA  
 William B. Stagers, CPA  
 Michael W. McCully, CPA  
 Mort Stroud, CPA  
 R. Steve Sinclair, CPA  
 Marsha L. McDonald, CPA  
 Wanda S. Holley, CPA  
 Robin Y. McCormick, CPA/PFS  
 J. Randy Scrivner, CPA

Kimberly S. Caskey, CPA  
 Susan M. Lummus, CPA  
 Thomas J. Browder, CPA  
 Stephen D. Flake, CPA  
 John N. Russell, CPA  
 Thomas A. Davis, CPA  
 Anita L. Goodrum, CPA  
 Ricky D. Allen, CPA  
 Jason D. Brooks, CPA  
 Robert E. Cordle, CPA  
 Perry C. Rackley, Jr., CPA

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

Superintendent and School Board  
 North Pike School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike School District as of and for the year ended June 30, 2015, which collectively comprise North Pike School District's basic financial statements and have issued our report thereon dated December 18, 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 reported a zero balance of classroom supply funds carried over from previous years.

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

Watkins, Ward, and Stafford, PLLC  
 Jackson, Mississippi  
 December 18, 2015

*Watkins Ward and Stafford, PLLC*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORTH PIKE SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued:                      | Unmodified    |
| 2. | Internal control over financial reporting:            |               |
|    | a. Material weaknesses identified?                    | No            |
|    | b. Significant deficiencies identified?               | None reported |
| 3. | Noncompliance material to financial statements noted? | No            |

Federal Awards:

- |    |  |   |
|----|--|---|
| 4. | Internal control over major programs:  |   |
|    | a. Material weakness identified?   | No  |
|    | b. Significant deficiency identified?  | None reported                             |
| 5. | Type of auditor's report issued on compliance for major programs:  | Unmodified                                |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | None reported                             |
| 7. | Identification of major programs:  |   |
|    | <u>CFDA Numbers</u>  | <u>Name of Federal Program or Cluster</u> |
|    | 10.553; 10.555   | Child Nutrition Cluster                   |
|    | 84.027; 84.173   | Special Education Cluster                 |
| 8. | Dollar threshold used to distinguish between type A and type B programs:   | \$300,000                                 |
| 9. | Auditee qualified as low-risk auditee?   | Yes                                       |

NORTH PIKE SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

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.