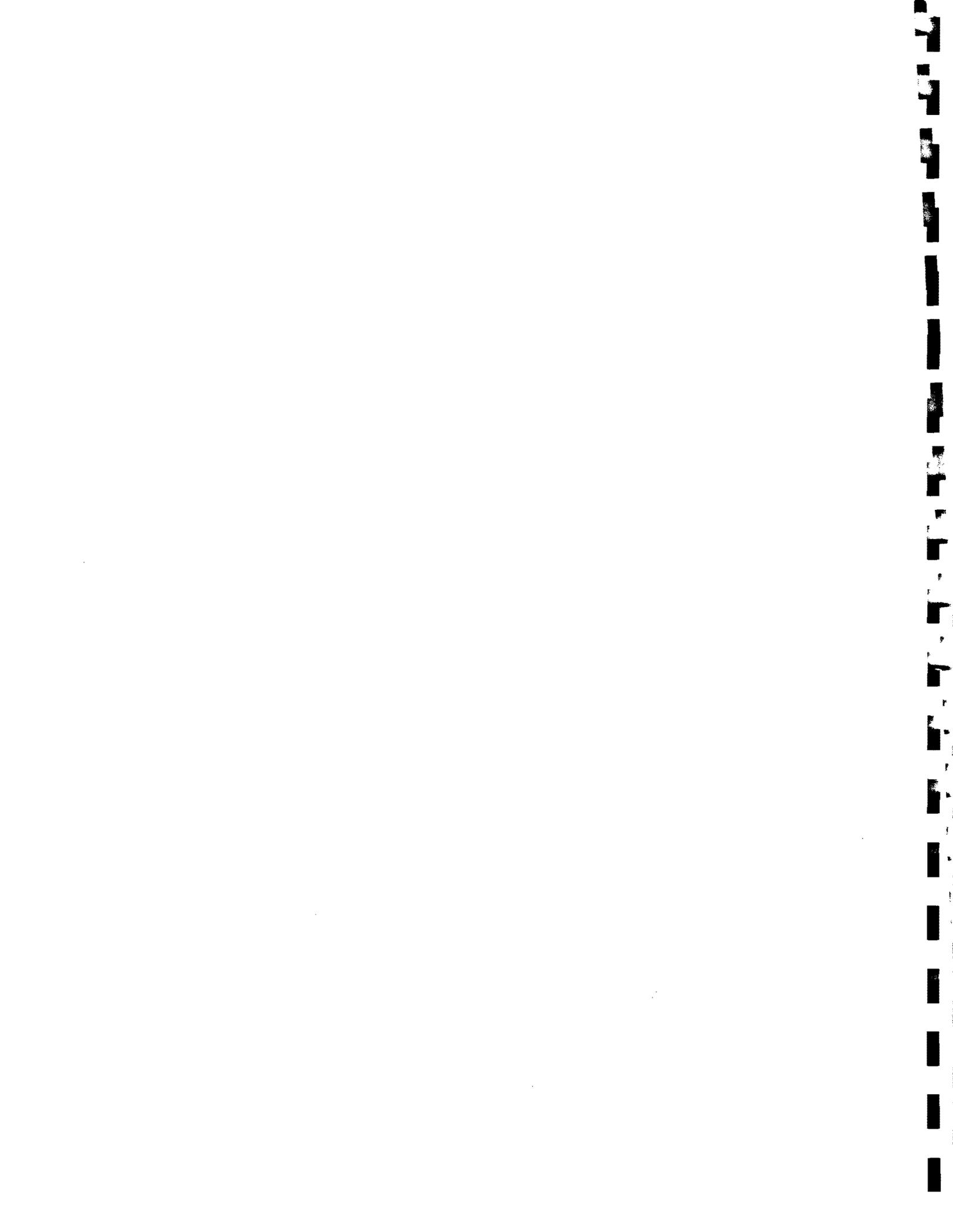




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WEST JASPER SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2015



WEST JASPER SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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SUZANNE E. SMITH, CPA, PLLC
AUDITING AND ACCOUNTING SERVICES
sesmithcpa@msn.com

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
West Jasper 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 West Jasper School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the West Jasper 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 West Jasper 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.

POST OFFICE BOX 102
BRANDON, MISSISSIPPI 39043
PHONE: 601-938-5717

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 7-14, 51-55, 57 and 59, 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

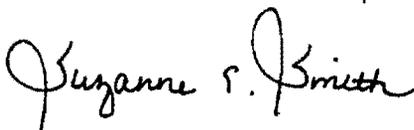
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Jasper School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133,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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the West Jasper 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 West Jasper School District's internal control over financial reporting and compliance.



Suzanne E. Smith, CPA, PLLC
Brandon, Mississippi
November 12, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of West Jasper 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 \$15,975,862, including a prior period adjustment of (\$16,571,478), which represents a 109% decrease from fiscal year 2014. Total net position for 2014 decreased \$227,277, including a prior period adjustment of \$7,108, which represents a 2% decrease from fiscal year 2013.
- General revenues amounted to \$10,785,141 and \$10,898,795, or 81% and 80% 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 \$2,568,849, or 19% of total revenues for 2015, and \$2,700,957, or 20 % of total revenues for 2014.
- The District had \$12,758,374 and \$13,834,137 in expenses for fiscal years 2015 and 2014; only \$2,568,849 for 2015 and \$2,700,957 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$10,785,141 for 2015 were adequate to provide for these programs, while general revenues of \$10,898,795 for 2014 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$10,364,567 in revenues and \$10,513,375 in expenditures for 2015, and \$10,132,975 in revenues and \$10,604,954 in expenditures in 2014. The General Fund's fund balance increased by \$3,800,447, including a prior period adjustment of (\$2,331) and a reclassification of fund type of \$3,899,359, from 2014 to 2015, and increased by \$25,109 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$336,814 for 2015 and decreased by \$108,953 for 2014. The decrease for 2015 was due to the addition of \$91,580 of capital assets and the disposal of \$217,264 of mobile equipment and other furniture and equipment, coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$424,172 for 2015 and increased by \$513,000 for 2014. This decrease for 2015 was due primarily to 427,000 of principal payments on outstanding long-term debt. The liability for compensated absences increased by \$2,828 for 2015 and decreased by \$7,663 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.

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and

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

deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,332,109 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.

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

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 8,100,875	\$ 8,155,836	-0.67 %
Restricted assets	2,432,773	2,384,549	2.02 %
Capital assets, net	7,433,410	7,770,224	-4.33 %
Total assets	17,967,058	18,310,609	-1.88 %
Deferred outflows of resources	1,435,391	-	N/A %
Current liabilities	31,395	37,731	-16.79 %
Long-term debt outstanding	3,204,863	3,629,035	-11.69 %
Net pension liability	14,565,803	-	N/A %
Total liabilities	17,802,061	3,666,766	385.50 %
Deferred inflows of resources	2,932,407	-	N/A %
Net position:			
Net investment in capital assets	4,322,410	4,232,224	2.13 %
Restricted	5,415,434	9,116,894	-40.60 %
Unrestricted	(11,069,863)	1,294,725	-955.00 %
Total net position	\$ (1,332,019)	\$ 14,643,843	-109.10 %

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (11,069,863)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	16,062,819
Unrestricted net position, exclusive of the net pension liability effect	\$ 4,992,956

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

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

- Decrease in net capital assets in the amount of \$336,814.
- The principal retirement of \$427,000 of long-term debt.
- The recognition of a net pension liability of \$14,565,803 in accordance with new standards (GASB Statement No. 68).

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$13,353,990 and \$13,599,752, respectively. The total cost of all programs and services was \$12,758,374 for 2015 and \$13,834,137 for 2014. 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>
Revenues:			
Program revenues:			
Charges for services	\$ 320,566	\$ 420,677	(23.80) %
Operating grants and contributions	2,248,283	1,657,857	35.61 %
Capital Grants and Contributions	-	622,423	(100.00) %
General revenues:			
Property taxes	4,016,066	3,922,757	2.38 %
Grants and contributions not restricted	6,501,253	6,371,656	2.03 %
Investment earnings	20,794	18,139	14.64 %
Sixteenth section sources	241,094	451,448	(46.60) %
Other	5,934	134,795	(95.60) %
Total revenues	13,353,990	13,599,752	(1.81) %
Expenses:			
Instruction	6,146,552	7,521,830	(18.28) %
Support services	4,991,769	5,317,434	(6.12) %
Non-instructional	826,813	903,886	(8.53) %
Sixteenth section	44,689	32,649	36.88 %
Pension expense	691,166	-	N/A
Interest on long-term liabilities	57,385	58,338	(1.63) %
Total expenses	12,758,374	13,834,137	(7.78) %
Increase (Decrease) in net position	595,616	(234,385)	354.12 %
Net Position, July 1, as previously reported	14,643,843	14,871,120	(1.53) %
Prior Period Adjustment	(16,571,478)	7,108	(233,238.41) %
Net Position, July 1, as restated	(1,927,635)	14,878,228	(112.96) %
Net Position, June 30	\$ (1,332,019)	\$ 14,643,843	(109.10) %

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

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.

**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2015	2014	
Instruction	\$ 6,146,552	\$ 7,521,830	(18.28) %
Support services	4,991,769	5,317,434	(6.12) %
Non-instructional	826,813	903,886	(8.53) %
Sixteenth section	44,689	32,649	36.88 %
Pension Expense	691,166	-	N/A %
Interest on long-term liabilities	57,385	58,338	(1.63) %
Total expenses	\$ 12,758,374	\$ 13,834,137	(7.78) %

	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	\$ (5,295,834)	\$ (6,803,483)	(22.16) %
Support services	(4,284,846)	(4,454,960)	(3.82) %
Non-instructional	124,221	172,678	(28.06) %
Sixteenth section	(44,689)	10,923	(509.13) %
Pension Expense	(691,166)	-	N/A %
Interest on long-term liabilities	2,789	(58,338)	(104.78) %
Total net (expense) revenue	\$ (10,189,525)	\$ (11,133,180)	(8.48) %

- Net cost of governmental activities [(\$10,189,525) for 2015 and (\$11,133,180) for 2014] was financed by general revenue, which is primarily made up of property taxes (\$4,016,066 for 2015 and \$3,922,757 for 2014) and state and federal revenues (\$6,501,253 for 2015 and \$6,371,656 for 2014). In addition, there was \$241,094 and \$451,448 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$20,794 for 2015 and \$18,139 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.

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

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 \$10,518,077, a decrease of \$9,116, which includes a prior period adjustment of \$7,532 and a decrease in inventory of \$1,551. \$5,086,819 or 49% 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 \$5,431,258 or 51% 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.

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 \$3,800,447, which includes a prior period adjustment of (\$2,331) and the reclassification of fund type of \$3,899,359. The fund balance of Other Governmental Funds showed a decrease in the amount of \$3,844,005 which includes a prior period adjustment of \$9,513, a reclassification of fund type of (\$3,899,359) and a decrease in reserve for inventory of \$1,551. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Maior Fund</u>	<u>Increase (Decrease)</u>
Improving Teacher Quality Fund	no increase or decrease
Literacy Grant Fund	no increase or decrease
Local Building Fund	\$ 4,442
16th Section Principal Fund	\$ 30,000

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 and major special revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were \$13,767,131, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a decrease of \$124,872 from 2014. Total accumulated depreciation as of June 30, 2015, was \$6,333,721, and total depreciation expense for the year was \$409,712, resulting in total net capital assets of \$7,433,410.

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

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Land	\$ 144,110	\$ 144,110	0.00 %
Buildings	4,691,979	4,832,769	(2.91) %
Building improvements	994,945	1,054,971	(5.69) %
Improvements other than buildings	227,336	221,845	2.48 %
Mobile equipment	1,296,888	1,427,607	(9.16) %
Furniture and equipment	78,152	88,922	(12.11) %
Total	\$ 7,433,410	\$ 7,770,224	(4.33) %

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 \$3,204,863 in outstanding long-term debt, of which \$344,000 is due within one year. The liability for compensated absences increased \$2,828 from the prior year. Principal payments of \$427,000 were made during the year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 735,000	\$ 960,000	(23.44) %
Three mill notes payable	701,000	903,000	(22.37) %
Qualified school construction bonds payable	1,675,000	1,675,000	0.00 %
Compensated absences payable	93,863	91,035	3.11 %
Total	\$ 3,204,863	\$ 3,629,035	(11.69) %

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

CURRENT ISSUES

The West Jasper School District is financially stable. The District is proud of its community support of the public schools.

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

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 West Jasper School District, 510 Highway 18 (P.O. Box 610), Bay Springs, MS 39422

FINANCIAL STATEMENTS

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WEST JASPER SCHOOL DISTRICT

Statement of Net Position
June 30, 2015

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,742,387
Due from other governments	339,257
Inventories	19,231
Restricted assets	2,432,773
Capital assets, net of accumulated depreciation	7,433,410
Total Assets	17,967,058
Deferred Outflows of Resources	
Pensions	1,435,391
	1,435,391
Liabilities	
Accounts payable and accrued liabilities	15,571
Interest payable on long-term liabilities	15,824
Long-term liabilities, due within one year:	
Capital related liabilities	344,000
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,767,000
Non-capital related liabilities	93,863
Net Pension Liability	14,565,803
Total Liabilities	17,802,061
Deferred Inflows of Resources	
Pensions	2,932,407
	2,932,407
Net Position	
Net investment in capital assets	4,322,410
Restricted for:	
Expendable:	
School-based activities	520,597
Debt service	1,028,366
Capital improvements	2,030,308
Forestry improvements	56,472
Unemployment benefits	29,017
Non-expendable:	
Sixteenth section	1,750,674
Unrestricted	(11,069,863)
Total Net Position	\$ (1,332,019)

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

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WEST JASPER SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2015

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 6,146,552	139,037	711,681		(5,295,834)
Support services	4,991,769		706,923		(4,284,846)
Non-instructional	826,813	181,529	769,505		124,221
Sixteenth section	44,689				(44,689)
Pension expense	691,166				(691,166)
Interest on long-term liabilities	57,385		60,174		2,789
Total Governmental Activities	\$ 12,758,374	320,566	2,248,283	0	(10,189,525)

General Revenues:

Taxes:

 General purpose levies 3,718,053
 Debt purpose levies 298,013

Unrestricted grants and contributions:

 State 6,426,102
 Federal 75,151
 Unrestricted investment earnings 20,794
 Sixteenth section sources 241,094
 Other 5,934

Total General Revenues 10,785,141

Change in Net Position 595,616

Net Position - Beginning, as previously reported 14,643,843
Prior Period Adjustments (16,571,478)

Net Position - Beginning, as restated (1,927,635)

Net Position - Ending \$ (1,332,019)

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

Balance Sheet

Exhibit C

June 30, 2015

	Major Funds						Total Governmental Funds
	General Fund	Improving Teacher Quality Fund	Literacy Grant Fund	Local Building Fund	16th Section Principal Fund	Other Governmental Funds	
Assets							
Cash and cash equivalents	\$ 5,069,173			2,030,308	1,692,576	642,906	9,434,963
Cash with fiscal agents						155,515	155,515
Investments						584,682	584,682
Due from other governments	115,899	15,301	34,905			173,152	339,257
Due from other funds	74,804						74,804
Advances to other funds					58,098		58,098
Inventories						19,231	19,231
Total assets	5,259,876	15,301	34,905	2,030,308	1,750,674	1,575,486	10,666,550
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	10,000						10,000
Due to other funds		15,301	34,905			24,598	74,804
Advances from other funds	58,098						58,098
Other payables	5,571						5,571
Total Liabilities	73,669	15,301	34,905	0	0	24,598	148,473
Fund Balances:							
Nonspendable:							
Inventory						19,231	19,231
Permanent fund principal					1,750,674		1,750,674
Restricted:							
Debt service						1,044,190	1,044,190
Forestry improvement purposes						56,472	56,472
Grant activities	8,000					401,978	409,978
Unemployment benefits						29,017	29,017
Committed:							
Building improvements				2,030,308			2,030,308
Assigned:							
Student Activities	91,388						91,388
Unassigned							
	5,086,819						5,086,819
Total Fund Balances	5,186,207	0	0	2,030,308	1,750,674	1,550,888	10,518,077
resources and Fund Balances	\$ 5,259,876	15,301	34,905	2,030,308	1,750,674	1,575,486	10,666,550

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

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WEST JASPER 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 **\$ 10,518,077**

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	\$	144,110	
Buildings		8,091,746	
Building improvements		1,700,215	
Improvements other than buildings		372,974	
Mobile equipment		2,998,821	
Furniture and equipment		459,265	
Accumulated depreciation		<u>(6,333,721)</u>	7,433,410

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		(14,565,803)	
-----------------------	--	--------------	--

Deferred outflows and inflows related to pensions are applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions		1,435,391	
Deferred inflows of resources related to pensions		<u>(2,932,407)</u>	(16,062,819)

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:

Limited obligation refunding bonds payable		(735,000)	
Three mill notes payables		(701,000)	
Qualified school construction bonds		(1,675,000)	
Compensated absences		(93,863)	
Accrued interest payable		<u>(15,824)</u>	<u>(3,220,687)</u>

Net Position of governmental activities **\$ (1,332,019)**

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

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WEST JASPER SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D

For the Year Ended June 30, 2015

	Major Funds						Total Governmental Funds
	General Fund	Improving Teacher Quality Fund	Literacy Grant Fund	Local Building Fund	16th Section Principal Fund	Other Governmental Funds	
Revenues:							
Local sources	\$ 3,863,442					492,137	4,355,579
State sources	6,161,391		44,795			513,786	6,719,972
Federal sources	145,040	112,169				1,772,357	2,029,566
Sixteenth section sources	194,694				37,779	16,401	248,874
Total Revenues	10,364,567	112,169	44,795	0	37,779	2,794,681	13,353,991
Expenditures:							
Instruction	6,233,499		44,795			587,123	6,865,417
Support services	4,269,612	109,218				725,290	5,104,120
Noninstructional services						860,545	860,545
Sixteenth section	6,289					38,400	44,689
Debt service:							
Principal						427,000	427,000
Interest						66,100	66,100
Other	3,975					1,250	5,225
Total Expenditures	10,513,375	109,218	44,795	0	0	2,705,708	13,373,096
Excess (Deficiency) of Revenues over (under) Expenditures	(148,808)	2,951	0	0	37,779	88,973	(19,105)
Other Financing Sources (Uses):							
Sale of transportation equipment	4,008						4,008
Payments held by escrow agents						101,471	101,471
Operating transfers in	93,444			4,442		40,783	138,669
Payments to escrow agents						(101,471)	(101,471)
Operating transfers out	(45,225)	(3,301)			(7,779)	(82,364)	(138,669)
Total Other Financing Sources (Uses)	52,227	(3,301)	0	4,442	(7,779)	(41,581)	4,008
Net Change in Fund Balances	(96,581)	(350)	0	4,442	30,000	47,392	(15,097)
Fund Balances:							
July 1, 2014, as previously reported	1,385,760	0	0	2,025,866	1,720,674	5,394,893	10,527,193
Prior period adjustments	(2,331)	350				9,513	7,532
Reclassify fund type	3,899,359					(3,899,359)	0
July 1, 2014, as restated	5,282,788	350	0	2,025,866	1,720,674	1,505,047	10,534,725
Increase (Decrease) in reserve for inventory						(1,551)	(1,551)
June 30, 2015	\$ 5,186,207	0	0	2,030,308	1,750,674	1,550,888	10,518,077

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

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WEST JASPER 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 **\$ (15,097)**

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	\$ 91,580	
Loss on disposal of assets	(19,494)	
Depreciation expense	<u>(409,712)</u>	(337,626)

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:

Payments of debt principal	427,000	
Accrued interest payable	<u>8,715</u>	435,715

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

Pension expense - current year	(691,166)	
Deferred outflows - pensions	<u>1,208,169</u>	517,003

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

Change in compensated absences	(2,828)	
Change in inventory reserve	<u>(1,551)</u>	<u>(4,379)</u>

Change in Net Position of governmental activities **\$ 595,616**

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

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WEST JASPER SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities
June 30, 2015

Exhibit E

	Agency Funds
Assets	
Cash and cash equivalents	\$ 513,308
Total Assets	<u>\$ 513,308</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 417,326
Due to student clubs	94,185
Other payables	1,797
Total Liabilities	<u>\$ 513,308</u>

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

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WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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, West Jasper 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 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.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2015

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.

Improving Teacher Quality Fund - This special revenue fund is used to account for the financial resources associated with the federal grant Improving Teacher Quality, which focuses on improving the district's teachers through staff development and instructional support.

Literacy Grant Fund - This special revenue fund is used to account for the financial resources associated with the state grant directed at improving reading skills for students.

Local Building Fund - This capital projects fund accounts for construction projects financed through local funding.

16th Section Principal Fund - This permanent fund accounts for the non-expendable resources derived from the district's sixteenth section lands.

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

The school district also reports fiduciary funds which focus on net position.

The District's fiduciary funds include the following:

Student Club Funds - These various funds account for the monies raised through student club activities.

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets and liabilities) and does not involve the measurement of results of operations.

Accounts Payable Clearing Fund - This fund is used to report the resources of paid claims held by the district in a purely custodial capacity (assets and liabilities) and does not involve the measurement of results of operations.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2015

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

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

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

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are 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 maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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 Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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.

Deferred outflows – Pension Contributions

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, 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.

Deferred inflows – Pension Settlements to Plan Members

See Note 7 for further details.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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.

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2015

created by the Superintendent and the Business Manager of the district pursuant to authorization established by the school 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 7% of total revenues for the year just ended. If the unassigned fund balance at fiscal year end falls below this 7% amount, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$ 9,434,963 and \$513,308, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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 \$10,419,429 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$155,515.

Investments

As of June 30, 2015, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U. S. Treasury SLGS Deposit	N/A	More than 10	\$ 584,682
Total			<u>\$ 584,682</u>

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

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

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Improving Teacher Quality Fund	\$ 15,301
	Literacy Grant Fund	34,905
	Other governmental funds	24,598
Total		<u>\$ 74,804</u>

The amounts represent interfund balances created by loans from the General Fund to special revenue funds to provide adequate cash flow for those funds operating on an expenditure reimbursement basis. Cash is loaned to the funds for operational purposes, and the loans are repaid after reimbursement for grant expenditures is received.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
16th Section Principal Fund	General Fund	\$ 58,098
Total		\$ 58,098

The interfund balances represent sixteenth section principal loans.

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 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	\$ 28,479	\$ 3,974	\$ 32,453
2017	29,619	2,324	31,943
Total	\$ 58,098	\$ 6,298	\$ 64,396

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Local Building Fund	\$ 4,442
	Other governmental funds	40,783
Improving Teacher Quality Fund	General Fund	3,301
16th Section Principal Fund	General Fund	7,779
Other governmental funds	General Fund	82,364
Total		\$ 138,669

Transfers represent indirect costs from special revenue funds to the General Fund and operational transfers from the General Fund to other governmental funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$ 1,692,576, 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.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

In addition, the restricted assets represent the cash with fiscal agents balance, totaling \$138,228, of the MAEP Limited Obligation Bond/Note Fund.

In addition, the restricted assets represent the cash with fiscal agents balance and the investment balance, totaling \$17,287 and \$584,682, of the QSCB Bond Retirement Fund.

Total Restricted Assets shown on the Statement of Net Position is \$2,432,773.

Note 5 – Capital Assets

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

	Balance 7/1/2014	Increases	Decreases	Adjustments	Balance 6/30/2015
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 144,110	-			144,110
Total non-depreciable capital assets	144,110	-	-		144,110
Depreciable capital assets:					
Buildings	8,091,746				8,091,746
Building Improvements	1,700,215	-			1,700,215
Improvements other than buildings	352,564	20,410			372,974
Mobile equipment	3,149,694	58,868	209,741		2,998,821
Furniture and equipment	453,674	12,302	7,523	812	459,265
Total depreciable capital assets	13,747,893	91,580	217,264	812	13,623,021
Less accumulated depreciation for:					
Buildings	3,258,977	140,790			3,399,767
Building Improvements	645,244	60,026			705,270
Improvements other than buildings	130,719	14,919			145,638
Mobile equipment	1,722,087	170,170	190,324		1,701,933
Furniture and equipment	364,752	23,807	7,446		381,113
Total accumulated depreciation	6,121,779	409,712	197,770	-	6,333,721
Total depreciable capital assets, net	7,626,114	(318,132)	19,494	812	7,289,300
net	\$ 7,770,224	(318,132)	19,494	812	7,433,410

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 5,625
Support services	399,393
Non-instructional	4,694
Total depreciation expense - Governmental activities	\$ 409,712

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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. Limited obligation bonds payable	\$ 960,000		225,000	735,000	\$ 235,000
B. Three mill notes payable	903,000		202,000	701,000	109,000
C. Qualified school construction bonds payable	1,675,000			1,675,000	
D. Compensated absences payable	91,035	2,828		93,863	
Total	\$ 3,629,035	2,828	427,000	3,204,863	\$ 344,000

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, series 2007	4.00%	20-Dec-07	1-Jan-18	\$ 2,145,000	\$ 735,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 235,000	29,400	264,400
2017	245,000	20,000	265,000
2018	255,000	10,200	265,200
Total	\$ 735,000	59,600	794,600

This debt will be retired from the State Aid Bond Retirement Fund.

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

The school district has pledged a portion of future state Minimum Adequate Education Program revenues to repay \$2,145,000 in limited obligation bonds payable issued December 20, 2007. Proceeds from the bonds were used to finance capital improvements made to the district's buildings. The bonds are payable solely from future revenues of the state Minimum Adequate Education Program revenues and are payable through January 1, 2018. Annual principal and interest payments on the bonds are expected to require approximately four (4) percent of such state revenues. The total principal and interest remaining to be paid on the bonds is \$794,600. The total principal and

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

interest paid for the current year and total state Minimum Adequate Education Program revenues are \$263,400 and \$6,286,460, respectively.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2014	1.99%	2-Jun-14	2-Jun-22	\$ 808,000	\$ 701,000

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 109,000	13,950	122,950
2017	111,000	11,781	122,781
2018	100,000	9,572	109,572
2019	95,000	7,582	102,582
2020	96,000	5,691	101,691
2021 – 2025	190,000	5,771	195,771
Total	\$ 701,000	54,347	755,347

This debt will be retired from the Three Mill Note Retirement Fund and the EEF Buildings and Buses Fund. It is secured with a pledge of Education Enhancement (EEF) Funds for buildings and buses that are to be used for repayment of the three mill note. Proceeds of the notes were used to finance capital improvements. The notes are payable partially from future revenues of the state Education Enhancement revenue funds for buildings and buses and partially from local funds and are payable through June 2, 2022. Annual principal and interest payments on the notes are expected to require all of the district's annual allocation of such state revenues and other local funds to complete the required debt service payments. The total principal and interest payments remaining are \$755,347. The total principal and interest paid for the current year and total state Education Enhancement Fund revenue for buildings and buses are \$123,079 and \$60,174, respectively.

C. Qualified school construction bonds payable

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds, Series 2009	0.00%	17-Nov-09	15-Sep-23	\$ 1,675,000	\$ 1,675,000

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2015

D. Compensated absences payable

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

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 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 \$1,208,169, \$1,201,364, and \$1,118,462, 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 \$14,565,803 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 0.12 percent.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

For the year ended June 30, 2015, the District recognized pension expense of \$691,166. 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	\$ 227,222	\$
Net difference between projected and actual earnings on pension plan investments		2,111,420
Changes in proportion and differences between District contributions and proportionate share of Contributions		820,987
District contributions subsequent to the measurement date	1,208,169	
Total	\$ <u>1,435,391</u>	\$ <u>2,932,407</u>

\$1,208,169 reported as deferred outflows of resources related to pensions resulting from school district 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	\$ (741,439)
2017	(741,439)
2018	(694,451)
2019	(527,856)

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

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

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	<u>100</u>	<u>%</u>		

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.

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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 19,857,533	\$ 14,565,803	\$ 10,151,713

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.

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

Year Ending June 30	Amount
2016	\$ 91,799
2017	81,685
2018	78,494
2019	76,184
2020	49,172
2021 – 2025	63,671
2026 – 2030	42,756
2031 – 2035	7,275
2036 – 2040	7,275
Thereafter	20,369
Total	<u>\$ 518,680</u>

Note 9 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. Implementation of GASB 68 and 71:	\$
Net pension liability (measurement date)	(17,781,185)
Deferred outflows - contributions made during fiscal year 2014	<u>1,201,364</u>
Total prior period adjustment related to GASB 68 and 71	(16,579,821)
2. Restatement of a prior period asset or liability	7,532
3. Prior period adjustment to capital assets	812
4. Rounding	(1)
Total	<u>\$ (16,571,478)</u>

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

Fund	Explanation	Amount
General Fund		\$ (2,331)
Improving Teacher Quality Fund		350
Other governmental funds		<u>9,513</u>
Total		<u>\$ 7,532</u>

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

Note 10 – Contingencies

Federal Grants – The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any 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 11 – 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 12 – Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2015, the subsidy payments were remitted directly to the financial institution holding the bonds.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2015 was \$601,969, which includes cash with fiscal agent of \$17,287 and investments totaling \$584,682. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2016	\$	121,000
2017		121,000
2018		121,000
2019		121,000
2020		121,000
2021 – 2025		481,000
Total	\$	<u>1,086,000</u>

WEST JASPER SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2015

Note 13 - 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 West Jasper School District evaluated the activity of the district through November 12, 2015, and determined that no events have occurred requiring disclosure in the notes to the financial statements:

REQUIRED SUPPLEMENTARY INFORMATION

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WEST JASPER SCHOOL DISTRICT
Required Supplementary Information

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
Revenues:					
Local sources	\$ 3,889,272	3,859,106	3,863,442	(30,166)	4,336
State sources	5,276,816	6,156,523	6,161,391	879,707	4,868
Federal sources	117,276	145,040	145,040	27,764	0
Sixteenth section sources	0	194,694	194,694	194,694	0
Total Revenues	9,283,364	10,355,363	10,364,567	1,071,999	9,204
Expenditures:					
Instruction	6,311,537	6,225,721	6,233,499	85,816	(7,778)
Support services	4,823,050	4,267,392	4,269,612	555,658	(2,220)
Sixteenth section	948	6,289	6,289	(5,341)	0
Debt service:					
Interest	3,975	3,975	3,975	0	0
Total Expenditures	11,139,510	10,503,377	10,513,375	636,133	(9,998)
Excess (Deficiency) of Revenues over (under) Expenditures	(1,856,146)	(148,014)	(148,808)	1,708,132	(794)
Other Financing Sources (Uses):					
Insurance loss recoveries	0	4,008	4,008	4,008	0
Operating transfers in	1,002,015	1,410,103	93,444	408,088	(1,316,659)
Operating transfers out	(956,361)	(1,363,223)	(45,225)	(406,862)	1,317,998
Total Other Financing Sources (Uses)	45,654	50,888	52,227	5,234	1,339
Net Change in Fund Balances	(1,810,492)	(97,126)	(96,581)	1,713,366	545
Fund Balances:					
July 1, 2014, as previously reported	1,385,760	1,385,760	1,385,760	0	0
Prior period adjustments	0	0	(2,331)	0	(2,331)
Reclassify fund type	0	0	3,899,359	0	3,899,359
July 1, 2014, as restated	1,385,760	1,385,760	5,282,788	0	3,897,028
June 30, 2015	\$ (424,732)	1,288,634	5,186,207	1,713,366	3,897,573

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

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WEST JASPER SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Improving Teacher Quality Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 144,821	112,169	112,169	(32,652)	0
Total Revenues	144,821	112,169	112,169	(32,652)	0
Expenditures:					
Support services	144,821	108,868	109,218	35,953	(350)
Total Expenditures	144,821	108,868	109,218	35,953	(350)
Excess (Deficiency) of Revenues over (under) Expenditures	0	3,301	2,951	3,301	(350)
Other Financing Sources (Uses):					
Operating transfers out	0	(3,301)	(3,301)	(3,301)	0
Total Other Financing Sources (Uses)	0	(3,301)	(3,301)	(3,301)	0
Net Change in Fund Balances	0	0	(350)	0	(350)
Fund Balances:					
July 1, 2014, as originally presented	0	0	0	0	0
Prior period adjustments	0	0	350	0	350
July 1, 2014, as restated	0	0	350	0	350
June 30, 2015	\$ 0	0	0	0	0

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

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WEST JASPER SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Literacy Grant Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State sources	\$ 0	44,795	44,795	44,795	0
Total Revenues	0	44,795	44,795	44,795	0
Expenditures:					
Instruction	0	44,795	44,795	(44,795)	0
Total Expenditures	0	44,795	44,795	(44,795)	0
Net Change in Fund Balances	0	0	0	0	0
Fund Balances:					
July 1, 2014	0	0	0	0	0
June 30, 2015	\$ 0	0	0	0	0

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

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SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS

Last 10 Fiscal Years*

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.12%
District's proportionate share of the net pension liability (asset)	\$ 14,565,803
District's covered-employee payroll	7,627,708
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	190.96%
Plan fiduciary net position as a percentage of the total pension liability	67%

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.

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SCHOOL DISTRICT

Required Supplementary Information

SCHEDULE OF DISTRICT CONTRIBUTIONS

PERS

Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	1,208,169									
Contributions in relation to the contractually required contribution	\$ 1,208,169									
Contribution deficiency (excess)	\$ 0	0	0	0	0	0	0	0	0	0
District's covered-employee payroll	7,670,914									
Contributions as a percentage of covered-employee payroll	15.75%									

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

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WEST JASPER 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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

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SUPPLEMENTARY INFORMATION

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WEST JASPER 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
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 202,671
National school lunch program	10.555	600,194
National school lunch program - donated commodities	10.555	45,906
Total child nutrition cluster		<u>848,771</u>
Total passed-through Mississippi Department of Education		<u>848,771</u>
Passed through Jasper County, Mississippi:		
Urban and Community Forestry Program	10.675	12,165
Total passed-through Jasper County, Mississippi		<u>12,165</u>
Total U.S. Department of Agriculture		<u>860,936</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	64,889
Total U.S. Department of Defense		<u>64,889</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	62,986
Total Federal Communications Commission		<u>62,986</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	446,087
Career and technical education - basic grants to states	84.048	11,578
Rural education	84.358	3,335
Improving teacher quality-State Grants	84.367	112,169
Investing in Innovation	84.411	5,000
Subtotal		<u>578,169</u>
Special education cluster:		
Special education - grants to states	84.027	450,466
Special education - preschool grants	84.173	12,120
Total special education cluster		<u>462,586</u>
Total passed-through Mississippi Department of Education		<u>1,040,755</u>
Total U.S. Department of Education		<u>1,040,755</u>
Total for All Federal Awards		<u>\$ 2,029,566</u>

NOTES TO SCHEDULE

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

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WEST JASPER 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	\$ 10,456,418	6,861,742	643,010	697,820	2,253,846
Other	2,916,678	707,854	77,051	54,754	2,077,019
Total	\$ 13,373,096	7,569,596	720,061	752,574	4,330,865
Total number of students *	1,477				
Cost per student	\$ 9,055	5,125	488	510	2,932

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

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OTHER INFORMATION

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WEST JASPER SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2015	* 2014	* 2013	* 2012
Revenues:				
Local sources	\$ 3,863,442	3,954,573	4,106,231	3,820,583
State sources	6,161,391	5,970,168	6,239,095	6,205,030
Federal sources	145,040	208,234	214,424	198,075
Sixteenth section sources	194,694			
Total Revenues	10,364,567	10,132,975	10,559,750	10,223,688
Expenditures:				
Instruction	6,233,499	6,066,060	6,295,962	6,004,241
Support services	4,269,612	4,531,657	4,459,801	4,337,830
Sixteenth section	6,289	948		
Debt service:				
Interest	3,975	6,289	8,516	10,656
Total Expenditures	10,513,375	10,604,954	10,764,279	10,352,727
Excess (Deficiency) of Revenues over (under) Expenditures	(148,808)	(471,979)	(204,529)	(129,039)
Other Financing Sources (Uses):				
Insurance recoveries				1,922
Sale of transportation equipment	4,008	4,320		
Sale of other property		155,750		
Operating transfers in	93,444	392,314	323,656	68,664
Operating transfers out	(45,225)	(55,296)	(21,540)	(32,880)
Total Other Financing Sources (Uses)	52,227	497,088	302,116	37,706
Net Change in Fund Balances	(96,581)	25,109	97,587	(91,333)
Fund Balances:				
Beginning of period, as previously reported	1,385,760	1,360,651	1,261,935	1,477,642
Prior period adjustments	(2,331)		1,129	(124,374)
Reclassify fund type	3,899,359			
Beginning of period, as restated	5,282,788	1,360,651	1,263,064	1,353,268
End of Period	\$ 5,186,207	1,385,760	1,360,651	1,261,935

*SOURCE - PRIOR YEAR AUDIT REPORTS

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WEST JASPER SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2015	* 2014	* 2013	* 2012
Revenues:				
Local sources	\$ 4,355,579	4,319,720	4,578,399	4,482,717
State sources	6,719,972	6,531,654	6,805,953	7,045,459
Federal sources	2,029,566	2,118,821	2,036,698	2,405,213
Sixteenth section sources	248,874	502,637	443,207	423,372
Total Revenues	13,353,991	13,472,832	13,864,257	14,356,761
Expenditures:				
Instruction	6,865,417	6,729,585	6,923,822	7,004,608
Support services	5,104,120	6,076,639	5,319,709	5,626,045
Noninstructional services	860,545	861,037	866,745	907,814
Sixteenth section	44,689	32,649	52,532	68,820
Debt service:				
Principal	427,000	295,000	285,000	275,000
Interest	66,100	57,002	72,518	88,468
Other	5,225	2,130	1,575	
Total Expenditures	13,373,096	14,054,042	13,521,901	13,970,755
Excess (Deficiency) of Revenues over (under) Expenditures	(19,105)	(581,210)	342,356	386,006
Other Financing Sources (Uses):				
Insurance recoveries				1,922
Notes Issued		808,000		
Payments held by escrow agents	101,471	113,281	115,179	121,000
Sale of transportation equipment	4,008	4,320		
Sale of other property		155,750		
Operating transfers in	138,669	551,808	356,605	118,179
Operating transfers out	(138,669)	(551,808)	(356,605)	(118,179)
Payments to escrow agents	(101,471)	(113,281)	(115,179)	(121,000)
Total Other Financing Sources (Uses)	4,008	968,070	0	1,922
Net Change in Fund Balances	(15,097)	386,860	342,356	387,928
Fund Balances:				
Beginning of period, as previously reported	10,527,193	10,140,974	9,789,420	9,407,260
Prior period adjustments	7,532		2,969	(1,985)
Beginning of period, as restated	10,534,725	10,140,974	9,792,389	9,405,275
Increase (Decrease) in reserve for inventory	(1,551)	(641)	6,229	(3,783)
End of Period	\$ 10,518,077	10,527,193	10,140,974	9,789,420

*SOURCE - PRIOR YEAR AUDIT REPORTS

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REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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SUZANNE E. SMITH, CPA, PLLC
AUDITING AND ACCOUNTING SERVICES
sesmithcpa@msn.com

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Superintendent and School Board
West Jasper 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 West Jasper School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise West Jasper School District's basic financial statements, and have issued our report thereon dated November 12, 2015.

Internal Control Over Financial Reporting

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

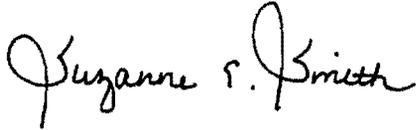
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 West Jasper School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.



Suzanne E. Smith, CPA, PLLC
Brandon, Mississippi
November 12, 2015

SUZANNE E. SMITH, CPA, PLLC
AUDITING AND ACCOUNTING SERVICES
sesmithcpa@msn.com

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

Superintendent and School Board
West Jasper School District

Report on Compliance for Each Major Federal Program

We have audited West Jasper 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 West Jasper School District's major federal programs for the year ended June 30, 2015. West Jasper 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 West Jasper 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 West Jasper 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 West Jasper School District's compliance.

Opinion on Each Major Federal Program

In our opinion, West Jasper 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.

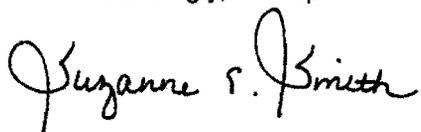
Report on Internal Control Over Compliance

Management of West Jasper 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 West Jasper 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 West Jasper 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.



Suzanne E. Smith, CPA, PLLC
Brandon, Mississippi
November 12, 2015

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

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SUZANNE E. SMITH, CPA, PLLC
AUDITING AND ACCOUNTING SERVICES
sesmithcpa@msn.com

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

Superintendent and School Board
West Jasper School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Jasper School District as of and for the year ended June 30, 2015, which collectively comprise West Jasper School District's basic financial statements and have issued our report thereon dated November 12, 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 no classroom supply funds carried over from previous years.

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

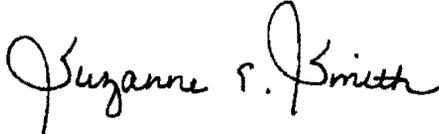
The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

POST OFFICE BOX 102
BRANDON, MISSISSIPPI 39043
PHONE: 601-938-5717

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.



Suzanne E. Smith, CPA, PLLC
Brandon, Mississippi
November 12, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**WEST JASPER 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 weaknesses identified? | No |
| b. Significant deficiencies identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |
| 7. Identification of major programs: | |
| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| 10..553; 10.555 | Child Nutrition Cluster |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

Section II: Financial Statement Findings

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

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