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JACKSON PUBLIC SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2013

JACKSON PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Jackson Public 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 Jackson Public School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Jackson Public 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 Jackson Public School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-12 and 46-48 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 Jackson Public School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of the Jackson Public 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 Jackson Public School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Jackson, Mississippi  
September 24, 2014

*Watkins Ward and Stafford, PLLC*

MANAGEMENT'S DISCUSSION AND ANALYSIS

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

The following discussion and analysis of Jackson Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2013. 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 2013 increased \$8,036,764, including a prior period adjustment of \$14,191, which represents a 43% increase from fiscal year 2012. Total net position for 2012 increased \$2,224,779, including a prior period adjustment of \$500,653, which represents a 14% increase from fiscal year 2011.
- General revenues amounted to \$214,790,774 and \$213,600,740, or 77% and 73% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$64,220,642, or 23% of total revenues for 2013, and \$77,363,964, or 27% of total revenues for 2012.
- The District had \$270,988,843 and \$289,240,578 in expenses for fiscal years 2013 and 2012; only \$64,220,642 for 2013 and \$77,363,964 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$214,790,774 for 2013 and \$213,600,740 for 2012 were adequate to provide for these programs.
- Among major funds, the General Fund had \$195,050,757 in revenues and \$191,894,397 in expenditures for 2013, and \$195,744,536 in revenues and \$193,254,375 in expenditures in 2012. The General Fund's fund balance increased by \$8,284,842, including a prior period adjustment of \$(358,485) and a decrease in inventory of \$24,860, from 2012 to 2013, and decreased by \$915,647, including an increase in inventory of \$147,792, from 2011 to 2012.
- Capital assets, net of accumulated depreciation, decreased by \$6,663,044 for 2013 and decreased by \$2,447,896 for 2012. The decrease for 2013 was due to the disposal of mobile equipment and furniture and equipment coupled with the increase in accumulated depreciation.
- Total long-term debt, excluding bond premium, decreased by \$7,338,640 for 2013 and decreased by \$9,628,524 for 2012. The decrease for 2013 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$146,259 for 2013 and increased by \$167,379 for 2012.

**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.

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

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 Supplemental Information**

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

**Supplemental Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,560,189 as of June 30, 2013.

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

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2013 and June 30, 2012.

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

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	\$ 37,121,611	\$ 29,765,402	24.71 %
Restricted assets	1,687,295	13,982,120	-87.93 %
Capital assets, net	197,675,024	204,338,068	-3.26 %
<b>Total assets</b>	<b>236,483,930</b>	<b>248,085,590</b>	<b>-4.68 %</b>
<b>Deferred outflows of resources</b>	<b>11,616,950</b>	-	N/A %
Current liabilities	13,897,949	17,603,454	-21.05 %
Long-term debt outstanding	207,642,742	211,958,711	-2.04 %
<b>Total liabilities</b>	<b>221,540,691</b>	<b>229,562,165</b>	<b>-3.49 %</b>
<b>Deferred inflows of resources</b>	-	-	N/A %
<b>Net position:</b>			
Net investment in capital assets	43,985,461	48,233,433	-8.81 %
Restricted	8,866,507	9,045,294	-1.98 %
Unrestricted	(26,291,779)	(38,755,302)	-32.16 %
<b>Total net position</b>	<b>\$ 26,560,189</b>	<b>\$ 18,523,425</b>	<b>43.39 %</b>

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

- Decrease in net capital assets in the amount of \$6,663,044.
- The principal retirement of \$16,502,659 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$279,011,416 and \$290,964,704 respectively. The total cost of all programs and services was \$270,988,843 for 2013 and \$289,240,578 for 2012.

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

**Table 2**  
**Changes in Net Position**

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 3,709,583	\$ 3,285,016	12.92 %
Operating grants and contributions	60,511,059	74,078,948	(18.32) %
General revenues:			
Property taxes	86,679,865	84,331,066	2.79 %
Grants and contributions not restricted	125,268,262	125,975,738	(0.56) %
Investment earnings	31,240	183,060	(82.93) %
Sixteenth section sources	1,250,293	1,318,283	(5.16) %
Other	1,561,114	1,792,593	(12.91) %
<b>Total revenues</b>	<b>279,011,416</b>	<b>290,964,704</b>	<b>(4.11) %</b>
<b>Expenses:</b>			
Instruction	143,737,231	153,205,858	(6.18) %
Support services	102,457,918	107,723,906	(4.89) %
Non-instructional	19,437,405	19,061,681	1.97 %
Sixteenth section	109,113	63,710	71.27 %
Interest and other expenses on long-term liabilities	5,247,176	9,185,423	(42.87) %
<b>Total expenses</b>	<b>270,988,843</b>	<b>289,240,578</b>	<b>(6.31) %</b>
<b>Increase (Decrease) in net position</b>	<b>8,022,573</b>	<b>1,724,126</b>	<b>365.31 %</b>
<b>Net Position, July 1, as originally reported</b>	<b>18,523,425</b>	<b>16,298,646</b>	<b>13.65 %</b>
<b>Prior Period Adjustment</b>	<b>14,191</b>	<b>500,653</b>	<b>(97.17) %</b>
<b>Net Position, July 1, as restated</b>	<b>18,537,616</b>	<b>16,799,299</b>	<b>10.35 %</b>
<b>Net Position, June 30</b>	<b>\$ 26,560,189</b>	<b>\$ 18,523,425</b>	<b>43.39 %</b>

**Governmental activities**

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, sixteenth section, and interest on long-term debt. 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.

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

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

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2013</u>	<u>2012</u>	
Instruction	\$ 143,737,231	\$ 153,205,858	(6.18) %
Support services	102,457,918	107,723,906	(4.89) %
Non-instructional	19,437,405	19,061,681	1.97 %
Sixteenth section	109,113	63,710	71.27 %
Interest on long-term liabilities	5,247,176	9,185,423	(42.87) %
<b>Total expenses</b>	<b><u>\$ 270,988,843</u></b>	<b><u>\$ 289,240,578</u></b>	<b>(6.31) %</b>
	<u>Net (Expense) Revenue</u>		
	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
Instruction	\$ (122,768,439)	\$ (117,842,609)	4.18 %
Support services	(79,267,709)	(85,390,026)	(7.17) %
Non-instructional	624,236	605,154	3.15 %
Sixteenth section	(109,113)	(63,710)	71.27 %
Interest on long-term liabilities	(5,247,176)	(9,185,423)	(42.87) %
<b>Total net (expense) revenue</b>	<b><u>\$ (206,768,201)</u></b>	<b><u>\$ (211,876,614)</u></b>	<b>(2.41) %</b>

- Net cost of governmental activities (\$206,768,201 for 2013 and \$211,876,614 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$86,679,865 for 2013 and \$84,331,066 for 2012) and state and federal revenues (\$125,268,262 for 2013 and \$125,975,738 for 2012). In addition, there was \$1,250,293 and \$1,318,283 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$31,240 for 2013 and \$183,060 for 2012.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$25,868,061, a decrease of \$1,415,064, which includes a prior period adjustment of \$14,191 and an increase in reserve for inventory of \$185,971. \$3,388,054 or 13% 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 \$22,480,007, or 87%, is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

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 \$8,284,842, which includes a prior period adjustment of \$(358,485) and a decrease in inventory of \$24,860. The fund balance of Other Governmental Funds showed a decrease in the amount of \$9,699,906, which includes a prior period adjustment of \$372,676 and an increase in inventory of \$210,831. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
General Obligation Bond Series 2008 Fund	\$ no increase or decrease

**BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2013, the District's total capital assets were \$313,231,798, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a gross increase of \$152,812 from 2012, due primarily to the completion of various construction and classroom addition projects during the fiscal year and the ongoing construction of new school facilities at various school locations at fiscal year end. Total accumulated depreciation as of June 30, 2013, was \$115,556,774 and total depreciation expense for the year was \$7,077,519, resulting in total net capital assets of \$197,675,024.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Land	\$ 6,780,059	\$ 6,780,059	0.00 %
Construction in Progress	17,333,271	33,890,803	(48.86) %
Buildings	151,722,606	138,733,855	9.36 %
Improvements other than buildings	18,867,604	19,734,362	(4.39) %
Mobile equipment	1,244,757	2,129,924	(41.56) %
Furniture and equipment	801,424	1,331,794	(39.82) %
Leased property under capital leases	925,303	1,737,271	(46.74) %
<b>Total</b>	<b>\$ 197,675,024</b>	<b>\$ 204,338,068</b>	<b>(3.26) %</b>

Additional information on the District's capital assets can be found in Note 6 included in this report.

JACKSON PUBLIC SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

**Debt Administration.** At June 30, 2013, the District had \$198,968,281 in outstanding long-term debt, of which \$5,023,539 is due within one year. During the fiscal year, the District made principal payments on outstanding long-term debt in the amount of \$16,502,659. The district issued refunding bonds and notes payable totaling \$36,165,000 and the proceeds were used to refund \$26,854,722 of bonds and notes payable and energy efficiency leases. The liability for compensated absences decreased \$146,259 from the prior year.

The District maintains an A/A+ bond rating.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 145,850,000	\$ 136,935,000	6.51 %
Limited obligation bonds payable	13,475,000	15,635,000	(13.82) %
Three mill notes payable	35,165,000	33,781,688	4.09 %
Obligations under capital leases	2,238,098	2,805,275	(20.22) %
Obligations under energy efficiency leases	-	4,263,516	(100.00) %
Qualified zone academy bonds payable	-	2,500,000	(100.00) %
Qualified school construction bonds payable	-	8,000,000	(100.00) %
Compensated absences payable	2,240,183	2,386,442	(6.13) %
<b>Total</b>	<b><u>\$ 198,968,281</u></b>	<b><u>\$ 206,306,921</u></b>	<b><u>(3.56) %</u></b>

Additional information on the District's long-term debt can be found in Note 7 included in this report.

**CURRENT ISSUES**

The Jackson Public School District is financially stable. The District is proud of its community support of the public schools.

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Jackson Public School District, Post Office Box 2338, Jackson, MS 39225-2338.

FINANCIAL STATEMENTS



**JACKSON PUBLIC SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2013**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>						
Instruction	\$ 143,737,231	\$ 1,283,950	\$ 19,684,842	\$ -	\$	(122,768,439)
Support services	102,457,918	868,150	22,322,059	-	-	(79,267,709)
Non-instructional	19,437,405	1,557,483	18,504,158	-	-	624,236
Sixteenth section	109,113	-	-	-	-	(109,113)
Interest on long-term liabilities	5,247,176	-	-	-	-	(5,247,176)
<b>Total Governmental Activities</b>	<b>\$ 270,988,843</b>	<b>\$ 3,709,583</b>	<b>\$ 60,511,059</b>	<b>\$ -</b>	<b>\$</b>	<b>(206,768,201)</b>
<b>General Revenues:</b>						
Taxes:						
						70,798,206
						15,881,659
Unrestricted grants and contributions:						
						124,289,597
						978,665
						31,240
						1,250,293
						1,561,114
						<u>214,790,774</u>
						8,022,573
						18,523,425
						<u>14,191</u>
						18,537,616
						<u>\$ 26,560,189</u>

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

**JACKSON PUBLIC SCHOOL DISTRICT  
Governmental Funds**

**Balance Sheet  
June 30, 2013**

**Exhibit C**

	Major Funds			Total Governmental Funds
	General Fund	GO Bond Series 2008 Fund	Other Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 3,578,201	\$ 6,062,421	\$ 8,936,738	\$ 18,577,360
Cash with fiscal agents	-	-	1,179,277	1,179,277
Investments	-	-	181,038	181,038
Due from other governments	6,367,609	235,446	7,998,124	14,601,179
Other receivables, net	753,471	-	14,452	767,923
Due from other funds	17,500,534	-	7,641,846	25,142,380
Inventories	846,448	-	475,396	1,321,844
<b>Total assets</b>	<b>\$ 29,046,263</b>	<b>\$ 6,297,867</b>	<b>\$ 26,426,871</b>	<b>\$ 61,771,001</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 10,107,375	\$ -	\$ 2,814,133	\$ 12,921,508
Due to other funds	6,378,491	6,297,867	10,285,737	22,962,095
Unearned revenue	-	-	19,337	19,337
<b>Total Liabilities</b>	<b>16,485,866</b>	<b>6,297,867</b>	<b>13,119,207</b>	<b>35,902,940</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	846,448	-	475,396	1,321,844
Permanent fund principal	-	-	297,563	297,563
<b>Restricted:</b>				
Debt service	-	-	4,752,053	4,752,053
Capital projects	-	-	3,633,546	3,633,546
Forestry improvement purposes	-	-	39,830	39,830
Grant activities	-	-	2,612,815	2,612,815
Unemployment benefits	-	-	631,792	631,792
Sixteenth section	-	-	167,714	167,714
<b>Assigned:</b>				
Activity funds/athletics	675,146	-	-	675,146
Capital improvements	7,342,400	-	696,955	8,039,355
Other purposes	308,349	-	-	308,349
<b>Unassigned</b>	<b>3,388,054</b>	<b>-</b>	<b>-</b>	<b>3,388,054</b>
<b>Total Fund Balances</b>	<b>12,560,397</b>	<b>-</b>	<b>13,307,664</b>	<b>25,868,061</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,046,263</b>	<b>\$ 6,297,867</b>	<b>\$ 26,426,871</b>	<b>\$ 61,771,001</b>

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

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2013**

Exhibit C-1

**Total fund balances for governmental funds** **\$ 25,868,061**

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	\$	6,780,059	
Construction in progress		17,333,271	
Buildings		215,532,808	
Improvements other than buildings		38,187,418	
Mobile equipment		17,207,969	
Furniture and equipment		14,829,066	
Leased property under capital leases		3,361,207	
Accumulated depreciation		<u>(115,556,774)</u>	197,675,024

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

General obligation bonds		(145,850,000)	
Limited obligation bonds		(13,475,000)	
Notes payable		(35,165,000)	
Capital lease obligations		(2,238,098)	
Compensated absences		(2,240,183)	
Unamortized deferred outflow		11,616,950	
Unamortized bond premiums		(8,674,461)	
Accrued interest payable		<u>(957,104)</u>	(196,982,896)

**Net Position of governmental activities** **\$ 26,560,189**

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

**JACKSON PUBLIC SCHOOL DISTRICT  
Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2013**

**Exhibit D**

	Major Funds			Total Governmental Funds
	General Fund	GO Bond Series 2008 Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local sources	\$ 73,583,689	\$ 9,108,492	\$ 8,422,235	\$ 91,114,416
State sources	120,344,422	-	7,978,002	128,322,424
Federal sources	1,122,646	-	56,333,488	57,456,134
Sixteenth section sources	-	-	1,250,292	1,250,292
<b>Total Revenues</b>	<b>195,050,757</b>	<b>9,108,492</b>	<b>73,984,017</b>	<b>278,143,266</b>
<b>Expenditures:</b>				
Instruction	114,685,673	-	23,432,627	138,118,300
Support services	76,255,908	-	23,754,436	100,010,344
Noninstructional services	-	-	19,386,670	19,386,670
Sixteenth section	-	-	109,113	109,113
Facilities acquisition and construction	-	-	311,332	311,332
Debt service:				
Principal	692,262	-	15,810,397	16,502,659
Interest	231,015	2,808,125	2,854,075	5,893,215
Other	29,539	2,500	438,289	470,328
<b>Total Expenditures</b>	<b>191,894,397</b>	<b>2,810,625</b>	<b>86,096,939</b>	<b>280,801,961</b>
Excess (Deficiency) of Revenues over (under) Expenditures	3,156,360	6,297,867	(12,112,922)	(2,658,695)
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	43,677	-	824,473	868,150
Refunding bonds issued	-	-	36,165,000	36,165,000
Payments held by escrow agent	-	-	117,884	117,884
Premiums on refunding bonds issued	-	-	3,631,055	3,631,055
Payment to refunded bond escrow agent	-	-	(39,369,801)	(39,369,801)
Payment to Qualified Zone Academy de	(117,884)	-	-	(117,884)
Operating transfers in	10,521,017	-	13,428,248	23,949,265
Operating transfers out	(4,934,983)	(6,297,867)	(12,716,415)	(23,949,265)
Other financing uses	-	-	(250,935)	(250,935)
<b>Total Other Financing Sources (Uses)</b>	<b>5,511,827</b>	<b>(6,297,867)</b>	<b>1,829,509</b>	<b>1,043,469</b>
<b>Net Change in Fund Balances</b>	<b>8,668,187</b>	<b>-</b>	<b>(10,283,413)</b>	<b>(1,615,226)</b>
<b>Fund Balances:</b>				
July 1, 2012, as previously reported	4,275,555	-	23,007,570	27,283,125
Prior period adjustments	(358,485)	-	372,676	14,191
July 1, 2012, as restated	3,917,070	-	23,380,246	27,297,316
Increase (Decrease) in inventory	(24,860)	-	210,831	185,971
<b>June 30, 2013</b>	<b>\$ 12,560,397</b>	<b>\$ -</b>	<b>\$ 13,307,664</b>	<b>\$ 25,868,061</b>

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

**JACKSON PUBLIC 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, 2013**

Exhibit D-1

**Net change in fund balances - total governmental funds** \$ (1,615,226)

Amounts reported for governmental activities in the statement of activities are

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	\$ 434,570	
Depreciation expense	<u>(7,077,519)</u>	(6,642,949)

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

(20,095)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, 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:

Refunding bonds issued	(36,165,000)	
Premiums on bonds and refunding bonds issued	(3,631,055)	
Payments of debt principal	16,502,659	
Payments to refunded bond escrow agent	39,369,801	
Accrued interest payable	<u>1,406,112</u>	17,482,517

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

Change in compensated absences	146,259	
Change in inventory	185,971	
Amortization of deferred charges, premiums and discounts	<u>(1,513,904)</u>	(1,181,674)

<b>Change in Net Position of governmental activities</b>	<b>\$</b>	<b><u>8,022,573</u></b>
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The notes to the financial statements are an integral part of this statement

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Fiduciary Funds**

**Statement of Fiduciary Net Position**  
**June 30, 2013**

**Exhibit E**

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 25,870	\$ 3,851,914
Other receivables	-	1,008,173
Total Assets	25,870	\$ 4,860,087
<b>Liabilities</b>		
Accounts payable and accrued liabilities	-	\$ 2,438,466
Due to other funds	-	2,180,285
Due to student clubs	-	241,336
Total Liabilities	-	\$ 4,860,087
<b>Net Position</b>		
Reserved for scholarships	153	
Held in trust	25,717	
Total Net Position	\$ 25,870	

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

**JACKSON PUBLIC SCHOOL DISTRICT  
Fiduciary Funds**

**Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2013**

**Exhibit F**

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Local sources	\$ 39,375
Total Additions	<u>39,375</u>
<b>Deductions</b>	
Educational media services	<u>27,871</u>
Total Deductions	<u>27,871</u>
Change in Net Position	<u>11,504</u>
<b>Net Position</b>	
July 1, 2012	<u>14,366</u>
June 30, 2013	<u>\$ 25,870</u>

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

**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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Jackson since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Jackson Public 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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

GO Bond Series 2008 Fund - This is a debt service fund used to account for the payment of debt principal, interest and related costs for the general obligation bonds.

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

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

The District's fiduciary funds include the following:

RN Fortenberry Scholarship Fund - This fund serves as a private-purpose trust fund used to report a trust arrangement, other than those properly reported elsewhere, in which scholarships are provided to students of the school district.

Lake Memorial Library Fund - This fund serves as a private-purpose trust fund used to report a trust arrangement, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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

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

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

Capital Projects Funds - Capital Projects Funds are used to account for and report financial

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

FIDUCIARY FUNDS

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. One exception to this 60 day rule is the period of availability related to FEMA revenue, in which the period of availability is 7 months. 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 city on behalf of the school district based upon an order adopted by the school board of the school district requesting an

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

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

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

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

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

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

**D. Encumbrances**

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

**E. Assets, liabilities, 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.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

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 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

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 6 for details.

7. Implementation of GASB 65

For the fiscal year ended June 30, 2013, the district implemented Governmental Accounting Standards Board (GASB) Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement also provides other financial reporting guidance related to the impact of the financial statement elements of deferred outflows of deferred resources and deferred inflows of resources, such as the changes in the determination of major fund calculations and limiting the use of *deferred* in financial statement presentations.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred outflow from advance refunding of debt. See Note 18 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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. There are no deferred inflows presented by the school district.

9. Compensated Absences

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
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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.

10. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums

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

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 7 for details.

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. Currently there are no committed fund balances.

*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

# JACKSON PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2013

restricted or committed. Assignments of fund balance are created by the Superintendent and the Chief Financial Officer pursuant to authorization established by the District's approved fund balance policy.

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

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

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

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

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 \$18,577,360 and \$3,877,784, respectively. The bank balance was \$29,875,195.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2013, none of the district's bank balance of \$29,875,195 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 \$1,179,277.

Investments

As of June 30, 2013, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common Trust Funds 2012-A		less than 1 year	\$ <u>181,038</u>

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

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

*Custodial Credit Risk - Investments.* Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2013, the district did not have any investments to which this would apply.

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

As of June 30, 2013, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Trustmark National Bank	\$ 181,038	100%

**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	GO Bond Series 2008 Fund	\$ 5,944,017
	Other governmental funds	9,376,232
	Fiduciary funds	2,180,285
Other governmental funds	General Fund	6,378,491
	GO Bond Series 2008 Fund	353,850
	Other governmental funds	909,505
Total		<u>\$ 25,142,380</u>

The inter-fund loans were made mainly to cover the initial payments of reimbursable expenditures of federal programs and to eliminate deficit cash balances. In addition, inter-fund loans were made to reflect the payment of expendable resources from the Sixteenth Section Interest Fund to the General fund, to record indirect costs from various federal program funds due to the General Fund, to record an amount due the General Fund from the GO Bond Series 2008 Fund, and to record funds due the Unemployment Compensation Fund, EEF Buildings and Buses Fund, School Bond Series 2008 Fund and various other funds from the General Fund.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 4,934,983
	GO Bond Series 2008 Fund	5,944,017
Other governmental funds	Other governmental funds	353,850
	General Fund	4,577,000
	Other governmental funds	8,139,415
Total		<u>\$ 23,949,265</u>

The transfers were primarily for the following: the funding of daily operations and routine activities of funds other than District Maintenance, indirect cost transfers, transfers to cover vocational and special education expenditures, transfers to cover unemployment costs, the transfer of expendable sixteenth section sources from the Sixteenth Section Interest Fund to the General Fund, and the transfer of funds from the GO Bond Series 2007 Fund and GO Bond Series 2008 Fund to the General Fund.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

**Note 4 – Other Receivables**

Other receivables as of the fiscal year end for the General Fund, other governmental funds, and fiduciary funds in the aggregate, including the applicable allowances for doubtful accounts, are as follows:

	General Fund	Other Governmental Funds	Fiduciary Funds	Total
Other Receivables:				
Indirect costs	\$ 138,680	\$ -	\$ -	\$ 138,680
Hurricane/Insurance Proceeds	1,263,791	-	-	1,263,791
Revenue accrual	-	14,452	-	14,452
Tort claims	-	-	21,372	21,372
Workmens compensation	-	-	986,801	986,801
Gross other receivables	<u>1,402,471</u>	<u>14,452</u>	<u>1,008,173</u>	<u>2,425,096</u>
Less: Allowance for Doubtful accounts	<u>(649,000)</u>	<u>-</u>	<u>-</u>	<u>(649,000)</u>
Net total other receivables	<u>\$ 753,471</u>	<u>\$ 14,452</u>	<u>\$ 1,008,173</u>	<u>\$ 1,776,096</u>

**Note 5 – Restricted Assets**

The restricted assets represent the cash balance totaling \$297,563 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance totaling \$181,038 of the QSCB Bond Retirement Fund, and the cash with fiscal agent balance totaling \$1,179,277 of the MAEP Limited Obligation Bond Fund. Also, the restricted assets represent the cash balance of various Capital Project Funds totaling \$29,417 resulting from unspent bond proceeds at fiscal year end. Total restricted assets reported on the Statement of Net Position is \$1,687,295.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

**Note 6 – Capital Assets**

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

	Balance 7/1/2012	Increases	Decreases	Completed Construction	Balance 6/30/2013
<b>Governmental Activities:</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 6,780,059	\$	\$	\$	\$ 6,780,059
Construction-in-progress	33,890,803	311,332		(16,868,864)	17,333,271
Total non-depreciable capital assets	40,670,862	311,332	-	(16,868,864)	24,113,330
<b>Depreciable capital assets:</b>					
Buildings	198,663,944			16,868,864	215,532,808
Improvements other than buildings	38,187,418				38,187,418
Mobile equipment	17,180,368	35,110	7,509		17,207,969
Furniture and equipment	15,015,187	88,128	274,249		14,829,066
Leased property under capital leases	3,361,207				3,361,207
Total depreciable capital assets	272,408,124	123,238	281,758	16,868,864	289,118,468
<b>Less accumulated depreciation for:</b>					
Buildings	59,930,089	3,880,113			63,810,202
Improvements other than buildings	18,453,056	866,758			19,319,814
Mobile equipment	15,050,444	919,526	6,758		15,963,212
Furniture and equipment	13,683,393	599,154	254,905		14,027,642
Leased property under capital leases	1,623,936	811,968			2,435,904
Total accumulated depreciation	108,740,918	7,077,519	261,663	-	115,556,774
Total depreciable capital assets, net	163,667,206	(6,954,281)	20,095	16,868,864	173,561,694
Governmental activities capital assets, net	\$ 204,338,068	\$ (6,642,949)	\$ 20,095	\$ -	\$ 197,675,024

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 5,721,312
Support services	1,328,858
Non-instructional	27,349
Total depreciation expense - Governmental activities	\$ 7,077,519

The capital assets above include significant amounts which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
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Construction in progress is composed of:

	Spent to June 30, 2013	Remaining Commitment
<b>Governmental Activities:</b>		
New Construction - Blackburn Middle School	\$ 17,333,271	\$ 390,006
Total construction in progress	<u>17,333,271</u>	<u>390,006</u>

Construction projects included in governmental activities are funded with the proceeds of general obligation bonds.

**Note 7 – Long-term Liabilities**

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

	Balance 7/1/2012	Additions	Reductions	Refunding Adjustments	Balance 6/30/2013	Amounts due within one year
A. General obligation bonds payable	\$ 136,935,000	\$ 21,065,000		\$ (12,150,000)	\$ 145,850,000	-
B. Limited obligation bonds payable	15,635,000		2,160,000		13,475,000	2,260,000
C. Three mill notes payable	33,781,688	15,100,000	3,095,000	(10,621,688)	35,165,000	2,060,000
D. Obligations under capital leases	2,805,275		567,177		2,238,098	589,753
E. Obligations under energy efficiency leases	4,263,516		180,482	(4,083,034)	-	-
F. Qualified zone academy bonds payable	2,500,000		2,500,000		-	-
G. Qualified school construction bonds payable	8,000,000		8,000,000		-	-
H. Compensated absences payable	2,386,442		146,259		2,240,183	113,786
Total	<u>\$ 206,306,921</u>	<u>\$ 36,165,000</u>	<u>\$ 16,648,918</u>	<u>\$ (26,854,722)</u>	<u>\$ 198,968,281</u>	<u>\$ 5,023,539</u>

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
Bond premium	\$ 5,651,790	\$ 3,631,055	\$ 608,384	\$ 8,674,461
Total	<u>\$ 5,651,790</u>	<u>\$ 3,631,055</u>	<u>\$ 608,384</u>	<u>\$ 8,674,461</u>

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
Bond issuance costs	\$ 1,224,159	\$ -	\$ 1,224,159	\$ -
Total	<u>\$ 1,224,159</u>	<u>\$ -</u>	<u>\$ 1,224,159</u>	<u>\$ -</u>

**A. General obligation bonds payable**

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
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Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 2007	4.0%-5.0%	10/2/2007	4/1/2027	\$ 36,000,000	\$ 25,840,000
2. General obligation bonds, Series 2008	4.0%-5.5%	7/23/2008	4/1/2028	114,000,000	98,945,000
3. General obligation bonds, Series 2012-A	5.00%	1/15/2013	4/1/2028	21,065,000	21,065,000
Total				<u>\$ 171,065,000</u>	<u>\$ 145,850,000</u>

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

1. General obligation bonds issued on October 2, 2007:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 567,050	\$ 567,050
2015	1,500,000	1,134,100	2,634,100
2016	1,560,000	1,059,100	2,619,100
2017	1,630,000	981,100	2,611,100
2018	1,700,000	899,600	2,599,600
2019 – 2023	9,780,000	3,342,413	13,122,413
2024 – 2027	9,670,000	1,070,562	10,740,562
Total	<u>\$ 25,840,000</u>	<u>\$ 9,053,925</u>	<u>\$ 34,893,925</u>

This debt will be retired from the General Obligation Bond Series 2007 Debt Service Fund.

2. General obligation bonds issued on July 23, 2008:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 2,564,788	\$ 2,564,788
2015	5,005,000	5,129,575	10,134,575
2016	5,265,000	4,866,812	10,131,812
2017	5,505,000	4,629,888	10,134,888
2018	5,795,000	4,340,875	10,135,875
2019 – 2023	33,665,000	17,004,187	50,669,187
2024 – 2028	43,710,000	6,963,369	50,673,369
Total	<u>\$ 98,945,000</u>	<u>\$ 45,499,494</u>	<u>\$ 144,444,494</u>

This debt will be retired from the General Obligation Bond Series 2008 Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

3. General obligation bonds issued on January 15, 2013:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	1,053,250	\$ 1,053,250
2015	1,050,000	1,053,250	2,103,250
2016	1,115,000	1,000,750	2,115,750
2017	1,185,000	945,000	2,130,000
2018	490,000	885,750	1,375,750
2019 – 2023	7,570,000	3,586,000	11,156,000
2024 – 2028	9,655,000	1,495,750	11,150,750
<b>Total</b>	<b>\$ 21,065,000</b>	<b>\$ 10,019,750</b>	<b>\$ 31,084,750</b>

This debt will be retired from the General Obligation Series 2012A Refunding Debt Service Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	4,185,088	\$ 4,185,088
2015	7,555,000	7,316,925	14,871,925
2016	7,940,000	6,926,662	14,866,662
2017	8,320,000	6,555,988	14,875,988
2018	7,985,000	6,126,225	14,111,225
2019 – 2023	51,015,000	23,932,600	74,947,600
2024 – 2028	63,035,000	9,529,681	72,564,681
<b>Total</b>	<b>\$ 145,850,000</b>	<b>\$ 64,573,169</b>	<b>\$ 210,423,169</b>

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2013, the amount of outstanding bonded indebtedness was equal to 12% of property assessments as of October 1, 2012.

Advance Refunding

On January 15, 2013, the district issued \$21,065,000 in General Obligation Refunding Bonds, Series 2012A, with an average interest rate of 5.0% to partially refund \$2,880,000 of outstanding General Obligation Bonds, Series 2007, with an average interest rate of 4.25%, to partially refund \$9,270,000 of outstanding General Obligation Bonds, Series 2008, with an average interest rate of 5.25%, and to fully refund \$4,083,034 of outstanding Obligations under Energy Efficiency Leases with an average interest rate of 5.39%. The net proceeds of \$23,183,134, including a net premium on refunding bonds of \$2,368,570 and after payments of \$250,436 for issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for certain future debt payment requirements on the General Obligation Bonds, Series 2007, and General Obligation

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

Bonds, Series 2008, and to provide for all future debt payment requirements on the Obligations under Energy Efficiency Leases.

As a result, portions of the General Obligation Bonds, Series 2007 and General Obligation Bonds, Series 2008 and the outstanding Obligations under Energy Efficiency Leases are considered to be defeased and the liability for those bonds and lease payments has been removed from long-term liabilities.

The district issued the General Obligation Refunding Bonds, Series 2012A, to provide funds to the School District in order to refund and defease and/or restructure certain outstanding maturities of the School District's debt as listed above.

**B. Limited obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement					
refunding bonds, Series 2006	3.25%-5.0%	2/22/2006	2/1/2018	\$ 26,520,000	\$ 13,475,000
Total				<u>\$ 26,520,000</u>	<u>\$ 13,475,000</u>

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,260,000	\$ 537,365	\$ 2,797,365
2015	2,360,000	442,145	2,802,145
2016	2,430,000	353,512	2,783,512
2017	2,535,000	244,575	2,779,575
2018	3,890,000	117,200	4,007,200
Total	<u>\$ 13,475,000</u>	<u>\$ 1,694,797</u>	<u>\$ 15,169,797</u>

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.

This debt will be retired from the MAEP Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes Refunding					
Bonds, Series 2005	2.45%-5.0%	5/5/2005	10/1/2020	\$ 25,225,000	\$ 20,065,000
Limited Tax Notes Refunding					
Bonds, Series 2012B	4.37%	1/15/2013	10/1/2023	15,100,000	15,100,000
Total				<u>\$ 40,325,000</u>	<u>\$ 35,165,000</u>

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

1. Three mill notes payable issued on May 5, 2005:

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,060,000	\$ 944,420	\$ 3,004,420
2015	2,165,000	838,795	3,003,795
2016	2,300,000	727,170	3,027,170
2017	2,420,000	611,270	3,031,270
2018	2,565,000	488,745	3,053,745
2019 – 2021	8,555,000	652,430	9,207,430
Total	<u>\$ 20,065,000</u>	<u>\$ 4,262,830</u>	<u>\$ 24,327,830</u>

This debt will be retired from the Three Mill Series 2005 Retirement Debt Service Fund.

2. Three mill notes payable issued on January 15, 2013:

Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 659,375	\$ 659,375
2015	-	659,375	659,375
2016	140,000	656,391	796,391
2017	605,000	640,203	1,245,203
2018	605,000	613,797	1,218,797
2019 – 2023	9,635,000	2,376,047	12,011,047
2024	4,115,000	89,843	4,204,843
Total	<u>\$ 15,100,000</u>	<u>\$ 5,695,031</u>	<u>\$ 20,795,031</u>

This debt will be retired from the Three Mill Series 2012B Refunding Debt Service Fund.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2014	\$ 2,060,000	\$ 1,603,795	\$ 3,663,795
2015	2,165,000	1,498,170	3,663,170
2016	2,440,000	1,383,561	3,823,561
2017	3,025,000	1,251,473	4,276,473
2018	3,170,000	1,102,542	4,272,542
2019 – 2023	18,190,000	3,028,477	21,218,477
2024	4,115,000	89,843	4,204,843
<b>Total</b>	<b>\$ 35,165,000</b>	<b>\$ 9,957,861</b>	<b>\$ 45,122,861</b>

Advance Refunding

On January 15, 2013, the district issued \$15,100,000 in Limited Tax Notes Refunding Bonds, Series 2012B, with an average interest rate of 4.37% to refund \$10,621,688 of outstanding Limited Tax Notes, Series 2003-B, with an average interest rate of 4.86%. The net proceeds of \$16,186,667, including a net premium on refunding bonds of \$1,262,485 and after payments of \$175,818 for issuance costs, were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the Limited Tax Notes, Series 2003-B.

As a result, the Limited Tax Notes, Series 2003-B, are considered to be defeased and the liability for those notes has been removed from long-term liabilities.

The district advance refunded the Limited Tax Notes, Series 2003-B, to reduce its total debt service payments over the remaining 11 years of the debt by approximately \$1,574,915.

**D. Obligations under capital leases**

The school district has entered into lease agreements, which qualify as capital leases for accounting purposes, for the acquisition of the following:

1. Computers at a cost of \$900,000.
2. Telephone system at a cost of \$1,222,747.
3. Buses at a cost of \$1,238,460.

Title of the various equipment passes to the district upon final payment of the leases.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Computers	3.69%	2/17/2011	7/31/2015	\$ 900,000	\$ 517,382
Telephone system	3.69%	2/17/2011	7/31/2015	1,222,747	702,919
Buses	4.99%	6/13/2011	8/31/2020	1,238,460	1,017,797
<b>Total</b>				<b>\$ 3,361,207</b>	<b>\$ 2,238,098</b>

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2014	\$ 589,753	\$ 90,061	\$ 679,814
2015	613,243	66,571	679,814
2016	379,952	42,129	422,081
2017	133,298	31,049	164,347
2018	140,032	24,315	164,347
2019 – 2021	381,820	29,049	410,869
<b>Total</b>	<b>\$ 2,238,098</b>	<b>\$ 283,174</b>	<b>\$ 2,521,272</b>

This debt will be retired from the District Maintenance Fund (General Fund).

**E. Obligations under energy efficiency leases**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Siemens Energy Efficiency Lease	5.39%	6/17/2002	6/17/2017	\$ 8,348,849	\$ -

An energy efficiency lease agreement dated June 17, 2002, was executed by and between the district, the lessee, and First Security Leasing, Inc., the lessor.

The agreement authorized the borrowing of \$8,348,849 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease were to be made from the district maintenance fund and not exceed fifteen (15) years.

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

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

This debt was advance refunded during the fiscal year with the issuance of General Obligation Refunding Bonds, Series 2012A, in the amount of \$21,065,000. See Note 7.A.

**F. Qualified zone academy bonds payable**

As more fully explained in Note 15, debt was issued by the school district that qualified as Qualified Zone Academy bonds.

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

The debt issuance is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bonds	0.00%	7/20/2000	7/1/2012	\$ 2,500,000	\$ -

This debt was paid in full during the fiscal year.

**G. Qualified school construction bonds payable**

As more fully explained in Note 16, debt was issued by the school district that qualified as Qualified School Construction bonds. The debt issuance is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	0.00%	12/27/2009	12/15/2024	\$ 8,000,000	\$ -

This debt was paid in full during the fiscal year.

**H. Compensated absences payable**

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

**Note 8 – Short-Term Financing**

During the fiscal year ended June 30, 2013, the school district participated in the following short-term financing for the purpose of supplementing the district's resources until tax proceeds become available:

**A. Bank-financed short term debt.**

The school district issued a revenue anticipation note payable to Trustmark National Bank, and the proceeds from such issuance are accounted for as a current liability in the General Fund of the school district. Once the cash flow was available, the district made a payment consisting of principal and interest to the trustee.

All transactions related to participation in this program are accounted for as part of the school district's General Fund.

**B. Changes in short-term debt activity recorded in the governmental activities during fiscal year 2013 are as follows:**

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

Description	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013
Tax Anticipation Note, 0.97%	\$ -	\$ 20,000,000	\$ 20,000,000	\$ -

**Note 9 – Defined Benefit Pension Plan**

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2013 was 14.26% 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, 2013, 2012 and 2011 were \$21,129,619, \$19,696,563 and \$18,546,783, respectively, which equaled the required contributions for each year.

**Note 10 – Sixteenth Section Lands**

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

Year Ending June 30	Amount
2014	\$ 1,222,494
2015	1,083,395
2016	746,316
2017	746,317
2018	700,228
2019 – 2023	3,301,905
2024 – 2028	3,107,095
2029 – 2033	2,150,840
2034 – 2038	1,667,465
Thereafter	1,183,395
Total	<u>\$ 15,909,450</u>

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

**Note 11 – Deficit Fund Balance of Individual Funds**

The Hurricane FEMA Recovery Fund has a deficit fund balance in the amount of (\$596,924).

The deficit fund balance is in violation of Section 37-61-19, Miss. Code Ann. (1972). However, this deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances. A prior year audit adjustment to recognize an appropriate allowance for doubtful accounts caused this.

**Note 12 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct prior year expenditures and properly restate fund balance at the governmental fund level	\$ 14,191
Total	<u>\$ 14,191</u>

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

Fund	Explanation	Amount
General Fund	To reclassify prior year expenditures from various federal funds to the General Fund	\$ (358,485)
Other governmental funds	To reclassify prior year expenditures from various federal funds to the General Fund	358,485
Other governmental funds	To record prior year repayment of funds to State Treasurer Fund	(11,612)
Other governmental funds	To correct prior year expenditures in various federal funds	25,803
Total		<u>\$ 14,191</u>

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

**Note 13 – 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 14 – 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 15 – Qualified Zone Academy Bonds**

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark National Bank, entered into such an arrangement dated July 20, 2000.

This agreement established a method of repayment for a qualified interest-free debt instrument. The agreement required the school district to deposit funds annually into a sinking fund account on or before July 1. The amount accumulated in the sinking fund at the end of the ten-year period was sufficient to fully retire the debt in fiscal year 2013.

**Note 16 – 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.

The school district makes equal annual payments into a sinking fund which is used to payoff 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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2013

proceeds can be used to pay costs of issuance. The amount accumulated in the sinking fund and the remaining unspent proceeds maintained by the district was sufficient to fully retire the debt during fiscal year 2013.

**Note 17 - Insurance loss recoveries**

The Jackson Public School District received \$868,150 in insurance loss recoveries related to storm damage, fire damage and damages to property resulting from accidents during the 2012-2013 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and were allocated to the support services expense function.

**Note 18 – Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$43,985,461 includes the effect of deferring the recognition of expenditures resulting from a deferred outflow from advance refunding of school district debt. The \$11,616,950 balance of the deferred outflow of resources at June 30, 2013 will be recognized as an expense and decrease the net investment in capital assets net position over the next 15 years.

**Note 19 – 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 Jackson Public School District evaluated the activity of the district through September 24, 2014, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original	Final
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 69,841,500	\$ 74,025,486	\$ 73,583,689	\$ 4,183,986	\$ (441,797)
State sources	119,907,229	119,907,229	120,344,422	-	437,193
Federal sources	7,937,550	7,937,550	1,122,646	-	(6,814,904)
<b>Total Revenues</b>	<b>197,686,279</b>	<b>201,870,265</b>	<b>195,050,757</b>	<b>4,183,986</b>	<b>(6,819,508)</b>
<b>Expenditures:</b>					
Instruction	107,313,142	110,954,054	114,685,673	(3,640,912)	(3,731,619)
Support services	81,598,064	82,859,300	76,255,908	(1,261,236)	6,603,392
Noninstructional services	92,578	92,578	-	-	92,578
Facilities acquisition and construction	843,471	942,400	-	(98,929)	942,400
Debt service:					
Principal	21,665,270	21,511,546	692,262	153,724	20,819,284
Interest	472,310	419,826	231,015	52,484	188,811
Other	36,000	30,385	29,539	5,615	846
<b>Total Expenditures</b>	<b>212,020,835</b>	<b>216,810,089</b>	<b>191,894,397</b>	<b>(4,789,254)</b>	<b>24,915,692</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(14,334,556)	(14,939,824)	3,156,360	(605,268)	18,096,184
<b>Other Financing Sources (Uses):</b>					
Bonds and notes issued	20,000,000	20,000,000	-	-	(20,000,000)
Insurance recovery	10,000	30,000	43,677	20,000	13,677
Payment to Qualified Zone Academy debt escrow	-	-	(117,884)	-	(117,884)
Sale of other property	10,000	10,000	-	-	(10,000)
Operating transfers in	7,408,362	7,583,458	10,521,017	175,096	2,937,559
Operating transfers out	(14,052,397)	(13,613,925)	(4,934,983)	438,472	8,678,942
<b>Total Other Financing Sources (Uses)</b>	<b>13,375,965</b>	<b>14,009,533</b>	<b>5,511,827</b>	<b>633,568</b>	<b>(8,497,706)</b>
<b>Net Change in Fund Balances</b>	<b>(958,591)</b>	<b>(930,291)</b>	<b>8,668,187</b>	<b>28,300</b>	<b>9,598,478</b>
<b>Fund Balances:</b>					
July 1, 2012, as previously reported	4,782,280	4,782,280	4,275,555	-	(506,725)
Prior period adjustments	44,527	44,527	(358,485)	-	(403,012)
July 1, 2012, as restated	4,826,807	4,826,807	3,917,070	-	(909,737)
Increase (Decrease) in inventory	-	-	(24,860)	-	(24,860)
<b>June 30, 2013</b>	<b>\$ 3,868,216</b>	<b>\$ 3,896,516</b>	<b>\$ 12,560,397</b>	<b>\$ 28,300</b>	<b>\$ 8,663,881</b>

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

JACKSON PUBLIC SCHOOL DISTRICT

Notes to the Required Supplemental Information  
For the Year Ended June 30, 2013

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

**JACKSON PUBLIC SCHOOL DISTRICT**

**Supplemental Information**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013**

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 4,276,337
National school lunch program	10.555	13,374,220
Summer food service program for children	10.559	318,468
Total child nutrition cluster		<u>17,969,025</u>
Team Nutrition Grant	10.574	184,800
Fresh Fruit and Vegetable Program	10.582	496,217
Total passed-through Mississippi Department of Education		<u>18,649,742</u>
<b>Total U.S. Department of Agriculture</b>		<u>18,649,742</u>
<b><u>U.S. Department of Defense</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	852,469
Department of the Army		
Pass-Through Jackson State University: CSTEME Grant	12.630	118,422
<b>Total U.S. Department of Defense</b>		<u>970,891</u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	920,757
<b>Total Federal Communications Commission</b>		<u>920,757</u>
<b><u>U.S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Adult Education - Basic Grants to States	84.002	287,113
Career and technical education - basic grants to states	84.048	311,652
Safe and drug-free schools and communities- national programs	84.184	1,862,521
Fund for the Improvement of Education	84.215	259,124
Twenty-first century community learning centers	84.287	1,118,030
Advanced Placement Program	84.330	22,350
Transition to Teaching	84.350	339,796
School Leadership	84.363	539,387
English language acquisition grants	84.365	46,360
Teaching Incentive	84.374	241,404
Improving Teacher Quality State Grants	84.367	1,770,793
Subtotal		<u>6,798,490</u>
Title I cluster:		
Title I grants to local educational agencies	84.010	19,040,347
ARRA - Title I grants to local educational agencies, Recovery Act	84.389	11,427
Total Title I cluster		<u>19,051,774</u>
Special education cluster:		
Special education - grants to states	84.027	9,308,009
Special education - preschool grants	84.173	91,788
Total special education cluster		<u>9,399,797</u>
Education Technology State Grants cluster:		
Education technology state grants	84.318	88,066
Total Education Technology cluster		<u>88,066</u>
School Improvement Grants cluster:		
ARRA - School Improvement Grant, Recovery Grant	84.388	1,652,293
Total School Improvement Grants cluster		<u>1,652,293</u>
State Fiscal Stabilization Fund cluster:		
Education for homeless children and youth cluster:		
Education for homeless children and youth	84.196	102,522
Total Education for homeless children and youth cluster		<u>102,522</u>
Total passed-through Mississippi Department of Education		<u>37,092,942</u>
<b>Total U.S. Department of Education</b>		<u>37,092,942</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	40,775
Total passed-through Mississippi Department of Education		<u>40,775</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>40,775</u>
<b><u>Corporation for National and Community Service</u></b>		
Passed-through the Mississippi Department of Education:		
		<u>\$ 57,675,107</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.

**JACKSON PUBLIC SCHOOL DISTRICT**

**Supplemental Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2013**

<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	\$ 204,848,835	148,046,406	7,776,174	14,971,967	34,054,288
Other	75,953,126	21,528,659	1,855,625	74,440	52,494,402
<b>Total</b>	<b>\$ 280,801,961</b>	<b>169,575,065</b>	<b>9,631,799</b>	<b>15,046,407</b>	<b>86,548,690</b>
Total number of students *	26,123				
Cost per student	\$ 10,749	6,491	369	576	3,313

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

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

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

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

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

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

OTHER INFORMATION

**JACKSON PUBLIC SCHOOL DISTRICT**

**Other Information**

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 73,583,689	\$ 73,515,639	\$ 75,897,955	\$ 74,685,120
Intermediate sources				
State sources	120,344,422	120,931,885	112,062,375	115,977,267
Federal sources	1,122,646	1,297,012	1,762,755	1,987,605
<b>Total Revenues</b>	<b>195,050,757</b>	<b>195,744,536</b>	<b>189,723,085</b>	<b>192,649,992</b>
<b>Expenditures:</b>				
Instruction	114,685,673	111,114,918	111,555,634	111,462,760
Support services	76,255,908	80,622,526	85,040,599	78,780,347
Noninstructional services		122,345	81,729	61,189
Facilities acquisition and construction				
Debt service:				
Principal	692,262	907,020	636,170	990,076
Interest	231,015	465,566	483,734	412,579
Other	29,539	22,000	25,124	25,875
<b>Total Expenditures</b>	<b>191,894,397</b>	<b>193,254,375</b>	<b>197,822,990</b>	<b>191,732,826</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>3,156,360</b>	<b>2,490,161</b>	<b>(8,099,905)</b>	<b>917,166</b>
<b>Other Financing Sources (Uses):</b>				
Capital leases issued			3,361,207	
Insurance recovery	43,677	57,646	369,098	82,306
Payment to refunded bond escrow agent		(520,062)		(142,000)
Payment to QZAB/QSCB debt escrow agent	(117,884)		(467,000)	
Sale of other property		6,000	28,744	
Operating transfers in	10,521,017	2,330,502	2,883,772	2,582,347
Operating transfers out	(4,934,983)	(5,425,771)	(4,996,014)	(5,941,805)
Other financing uses		(1,915)	(1,875)	(1,875)
<b>Total Other Financing Sources (Uses)</b>	<b>5,511,827</b>	<b>(3,553,600)</b>	<b>1,177,932</b>	<b>(3,421,027)</b>
<b>Net Change in Fund Balances</b>	<b>8,668,187</b>	<b>(1,063,439)</b>	<b>(6,921,973)</b>	<b>(2,503,861)</b>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	4,275,555	5,191,202	11,992,810	14,557,614
Prior period adjustments	(358,485)			2,918
Beginning of period, as restated	<b>3,917,070</b>	<b>5,191,202</b>	<b>11,992,810</b>	<b>14,560,532</b>
<b>Increase (Decrease) in reserve for inventory</b>	<b>(24,860)</b>	<b>147,792</b>	<b>120,365</b>	<b>(63,861)</b>
<b>End of Period</b>	<b>\$ 12,560,397</b>	<b>\$ 4,275,555</b>	<b>\$ 5,191,202</b>	<b>\$ 11,992,810</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**JACKSON PUBLIC SCHOOL DISTRICT**  
**Other Information**

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

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 91,114,416	\$ 89,312,231	\$ 92,409,871	\$ 90,888,911
Intermediate sources				
State sources	128,322,424	129,200,340	120,404,513	124,273,106
Federal sources	57,456,134	70,913,121	71,542,634	58,065,808
Sixteenth section sources	1,250,292	1,318,283	1,244,155	1,205,304
<b>Total Revenues</b>	<b>278,143,266</b>	<b>290,743,975</b>	<b>285,601,173</b>	<b>274,433,129</b>
<b>Expenditures:</b>				
Instruction	138,118,300	148,823,200	148,658,522	145,132,469
Support services	100,010,344	105,753,918	115,371,365	97,864,860
Noninstructional services	19,386,670	19,126,621	19,334,953	18,541,597
Sixteenth section	109,113	63,710	70,194	86,185
Facilities acquisition and construction	311,332	3,124,610	24,760,632	69,437,152
Debt service:				
Principal	16,502,659	9,795,903	8,831,170	6,915,076
Interest	5,893,215	9,589,255	9,861,796	10,013,996
Other	470,328	35,700	41,109	144,246
<b>Total Expenditures</b>	<b>280,801,961</b>	<b>296,312,917</b>	<b>326,929,741</b>	<b>348,135,581</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,658,695)	(5,568,942)	(41,328,568)	(73,702,452)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued				
Capital leases issued			3,361,207	
Insurance recovery	868,150	220,769	694,406	82,306
Refunding bonds issued	36,165,000			
Payments held by escrow agent	117,884	520,062	467,000	142,000
Proceeds of loans				8,000,000
Premiums on bonds and refunding bonds issued	3,631,055			
Payment to refunded bond escrow agent	(39,369,801)			(142,000)
Payment to QZAB/QSCB debt escrow agent	(117,884)	(520,062)	(467,000)	
Sale of transportation equipment				
Sale of other property		6,000	28,744	
Operating transfers in	23,949,265	8,205,770	8,938,868	8,957,339
Other financing sources		1,915	1,875	2,844
Operating transfers out	(23,949,265)	(8,205,770)	(8,938,868)	(8,957,339)
Other financing uses	(250,935)	(1,915)	(1,875)	(1,875)
<b>Total Other Financing Sources (Uses)</b>	<b>1,043,469</b>	<b>226,769</b>	<b>4,084,357</b>	<b>8,083,275</b>
<b>Net Change in Fund Balances</b>	<b>(1,615,226)</b>	<b>(5,342,173)</b>	<b>(37,244,211)</b>	<b>(65,619,177)</b>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	27,283,125	32,599,224	69,430,229	135,227,353
Prior period adjustments	14,191	(42,105)	203,080	(106,495)
Beginning of period, as restated	27,297,316	32,557,119	69,633,309	135,120,858
Increase (Decrease) in reserve for inventory	185,971	68,219	210,126	(71,452)
<b>End of Period</b>	<b>\$ 25,868,061</b>	<b>\$ 27,283,165</b>	<b>\$ 32,599,224</b>	<b>\$ 69,430,229</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board  
 Jackson Public 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 Jackson Public School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Jackson Public School District's basic financial statements, and have issued our report thereon dated September 24, 2014.

Internal Control Over Financial Reporting

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

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. **2013-01**

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. **2013-02**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of 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*.

However, we noted certain immaterial instances of noncompliance or other matters that we reported to management of the school district in a separate letter dated September 24, 2014, which is included in this report.

Jackson Public School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Jackson Public School District's responses and, accordingly, we express no opinion on them.

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

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

Watkins, Ward, And Stafford, PLLC  
Jackson, Mississippi  
September 24, 2014

*Watkins Ward and Stafford, PLLC*



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**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  
Jackson Public School District

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

We have audited Jackson Public 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 Jackson Public School District's major federal programs for the year ended June 30, 2013. Jackson Public 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 Jackson Public 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 Jackson Public 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 Jackson Public School District's compliance.

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

In our opinion, Jackson Public 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, 2013.

## Report on Internal Control Over Compliance

Management of Jackson Public 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 Jackson Public 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 Jackson Public 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned cost as item **2013-3** to be a significant deficiency considered to be a material weakness.

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

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
September 24, 2014

*Watkins Ward and Stafford, PLLC*

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



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**INDEPENDENT AUDITOR'S REPORT**

**ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Superintendent and School Board  
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2013, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated September 24, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to 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 \$76,406 of classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

1. The district should have the year-end financial statements available for audit on or before October 15, 2013.

Finding

Section 37-61-21(2), Miss. Code Ann. (1972), requires that Mississippi Public School Districts should have the year-end financial statements available for audit on or before October 15, 2013.

During our test work at Jackson Public School District, we noted that the district did not have the GASB 34 statements completed at the beginning of test work on April 1, 2014. The district provided copies of the old fund financial A's and B's, but the auditor was not provided the GASB 34 financial statements until August 28, 2014.

This noncompliance occurred because the district lacked proper training with respect to preparing the financial statements and performing the conversion process that converts the modified accrual basis (fund financials statements) to accrual basis (government-wide financial statements).

Noncompliance with Section 37-61-21(2), Miss. Code Ann. (1972) could result in the district violating state laws regarding having year-end financial statements available for audit on or before October 15, 2013.

#### Recommendation

We recommend that the district comply with Section 37-61-21(2), Miss. Code Ann. (1972), which requires the district to have the year-end financial statements available for audit on or before October 15 of each year.

#### District's Response

While the District will still be in violation of this requirement for the year ended June 30, 2013, management has established a plan that will allow us to be in compliance with this requirement for the year ended June 30, 2014, and thereafter, by having year-end financial statements available for audit on or before October 15 of each year.

## 2. Bid on Depositories

#### Finding

Management is responsible for the district funds being placed in the depository or depositories selected by the school board in the same manner as provided in Section 27-105-305 for the selection of depositories. School boards shall advertise and accept bids for depositories, no less than once every three (3) years, when such board determines that it can obtain a more favorable rate of interest and less administrative processing. Such depository shall place on deposit with the superintendent of schools the same securities as required in Section 27-105-315.

During our testing of state legal compliance to verify the district's compliance with Section 27-105-315 the bid of school depository every three years. We found that the district did not appropriately bid its depositories but instead chose to extend the existing depositories.

This noncompliance occurred because the Mississippi Code Section 27-105-305 requires that the school boards advertise and accept bids for depositories, no less than once every three (3) years, which was not done in our audit year.

#### Recommendation

We recommend that the district comply with Section 27-105-305, Miss. Code Ann. (1972), which requires that the school boards to advertise and accept bids for depositories, no less than once every three (3) years.

#### District's Response

The District has developed procedures to ensure that the board will comply with the state depository requirements under Section 27-105-305.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the findings in this report to insure that corrective action has been taken.

The Jackson Public School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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.

*Watkins Ward and Stafford, PLLC*

Watkins, Ward and Stafford, PLLC

Jackson, Mississippi

September 24, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Statements:

- |  |            |
|--|------------|
| 1. Type of auditor's report issued:                      | Unmodified |
| 2. Internal control over financial reporting:            |            |
| a. Material weakness identified?                         | Yes        |
| b. Significant deficiency identified?                    | Yes        |
| 3. Noncompliance material to financial statements noted? | No         |

Federal Awards:

- |  |               |
|--|---------------|
| 4. Internal control over major programs: |               |
| a. Material weakness identified?         | Yes           |
| b. Significant deficiency identified?    | None Reported |

- |   |            |
|---|------------|
| 5. Type of auditor's report issued on compliance for major programs:  | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | Yes        |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010; 84.389	Title I Cluster
84.027; 84.173	Special Education Cluster
84.184	Safe and Drug Free Schools and Communities – National Program

- |   |             |
|---|-------------|
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$1,730,253 |
| 9. Auditee qualified as low-risk auditee?   | No          |
| 10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133. | Yes         |

## Section II: Financial Statement Findings

### Significant Deficiency Considered to be a Material Weakness:

#### 2013-01 Finding

#### Payroll and Human Resources Department Internal Controls Related to Segregation of Duties should be strengthened to safeguard against and deter fraud

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding against and deter fraud and embezzlement.

During our tests of internal controls we noted the following:

The Director of Finance performed or had the ability to perform the following functions, which indicated a lack of proper internal controls to adequately ensure segregation of duties:

- Process payroll checks
- Input new employee into payroll system
- Override payroll reconciliation functions
- Accessibility to accounting software to perform payroll and human resources functions
- Post and unpost payroll entries in payroll software

Without proper segregation of duties, the district increases the risk that unauthorized or inappropriate transactions could be processed and the district personnel would not detect the problem while performing their normal duties. We found inconsistencies during our test of payroll, which lead the district to further investigate the matter that later revealed a fraud and misappropriation.

#### Recommendation

We recommend that the district strengthen its internal controls to ensure duties are divided to the greatest possible extent to deter unauthorized access which could cause fraud and abuse.

### Significant Deficiency Not Considered to Be a Material Weakness

#### 2013-02 Finding

The capital asset schedule used to calculate depreciation is manual and inadequate. The capital asset software used by the district to track capital assets should be used to calculate depreciation. As a result, non-depreciable and depreciable capital assets purchased had been incorrectly classified, which caused depreciation expense to be understated. This condition was caused by an incomplete preparation of the large manual spreadsheet application that is utilized to create the depreciation schedule for capital assets. Appropriate adjustments were performed to properly state capital assets at year end.

#### Recommendation

The district should utilize a capital asset software that is capable of classifying and depreciating capital assets properly.

Section III: Federal Award Findings and Questioned Costs

Significant Deficiency Considered to be a Material Weakness:

2013-03

Program: Title II Fund – CFDA# 84.367

Compliance requirement: Cash Management

During testing, the auditor noted excessive cash balance within this federal reimbursable fund.

The excessive cash balance was caused due to insufficient internal controls in cash management in the current year.

This could cause the district to have questioned cost and reimburse federal programs the interest earned on federal funds.

Recommendation:

The district should follow stronger internal controls to ensure that reimbursements are not requested until funds have been expended.

AUDITEE'S CORRECTIVE ACTION PLAN  
AND / OR  
SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

**Jackson Public School District**  
Post Office Box 2338  
Jackson, MS 39225-2338  
**Dr. Cedrick Gray - Superintendent**  
**Sharolyn Miller, Chief Financial Officer**

**AUDITEE'S CORRECTIVE ACTION PLAN**

As required by Section \_\_\_\_, 315(c) of OMB Circular A-133, the Jackson Public School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the Year ended June 30, 2013:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2013-01	<u>Payroll and Human Resources Internal Controls Relating to Segregation of Duties</u>

Should be Strengthened

A. Name of contact person responsible for Corrective Action:

Name: Sharolyn Miller

Title: Chief Financial Officer

B. Corrective Action Planned:

The district will implement controls to segregate the processes in the district business office.

C. June 30, 2014

2013-02	<u>Capital Asset Process and Depreciation</u>
---------	---

A. Name of contact person responsible for Corrective Action:

Name: Sharolyn Miller

Title: Chief Financial Officer

B. Corrective Action Planned:

The district will implement policies and procedures to ensure that capital assets are properly depreciated with the district's capital asset software system

C. June 30, 2014

2013-03	<u>Federal Award Finding</u>
---------	------------------------------

A. Name of contact person responsible for Corrective Action:

Name: Sharolyn Miller

Title: Chief Financial Officer

B. Corrective Action Planned:

Management has implemented the necessary controls in Federal Program Department to ensure that budgets and expenditures are implemented timely and that all funds are expended in accordance with approved program.

**Jackson Public School District**  
Post Office Box 2338  
Jackson, MS 39225-2338  
**Dr. Cedrick Gray - Superintendent**  
**Sharolyn Miller, Chief Financial Officer**

**AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

As required by Section \_\_.315(b) of OMB Circular A-133, the Jackson Public School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2013:

<u>Findings</u>	<u>Status</u>
2012-01	Uncorrected
2012-02	Corrected
2012-03	Corrected
2012-04	Corrected