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North Pike Consolidated School District

Audited Financial Statements
For the Year Ended June 30, 2013

Fortenberry & Ballard, PC
Certified Public Accountants

**North Pike Consolidated School District
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FINANCIAL AUDIT REPORT

10/10/2019
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10/10/2019

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION**

Superintendent and School Board
North Pike Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike Consolidated School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the North Pike Consolidated 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 District'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.

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TELEPHONE 601-992-5292 FAX 601-992-2033

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike Consolidated School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 18 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Pike Consolidated 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 October 15, 2013, on our consideration of the North Pike Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Pike Consolidated School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 15, 2013

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

2016
2017

1

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

The following discussion and analysis of North Pike Consolidated 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 \$246,205, including a prior period adjustment of \$20,554, which represents a 1% increase from fiscal year 2012. Total net position for 2012 increased \$967,271, which represents a 5% increase from fiscal year 2011.
- General revenues amounted to \$14,244,975 and \$14,277,510, or 81% and 81% 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 \$3,307,261, or 19% of total revenues for 2013 and \$3,270,077, or 19% of total revenues for 2012.
- The District had \$17,326,585 and \$16,580,316 in expenses for fiscal years 2013 and 2012; only \$3,307,261 for 2013 and \$3,270,077 for 2012 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$14,244,975 for 2013 and \$14,277,510 for 2012 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$13,841,977 in revenues and \$14,199,007 in expenditures for 2013 and \$13,915,177 in revenues and \$13,345,603 in expenditures for 2012. The General Fund's fund balance decreased by \$175,030 from 2012 to 2013 and increased by \$531,221 from 2011 to 2012.
- Capital assets, net of accumulated depreciation, decreased by \$274,713 for 2013 and increased by \$833,361 for 2012. The decrease for 2013 was due to the recording of depreciation expense during the fiscal year.
- Long-term debt decreased by \$56,674 for 2013 and decreased by \$54,529 for 2012. This decrease for 2013 was due primarily to the principal payments on outstanding long-term debt. In addition, the liability for compensated absences increased by \$5,522 for 2013 and decreased by \$4,290 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 supplemental information, supplemental information, and other information.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the difference 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-

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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 exceeded liabilities by \$21,614,627 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 depreciation of capital assets.

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Table 1
Condensed Statement of Net position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 5,315,999	5,299,583	0%
Restricted assets	4,694,518	4,294,153	9%
Capital assets, net	<u>12,716,063</u>	<u>12,990,776</u>	(2)%
Total assets	<u>22,726,580</u>	<u>22,584,512</u>	1%
Current liabilities	457,340	510,325	(10)%
Long-term debt outstanding	<u>654,613</u>	<u>705,765</u>	(7)%
Total liabilities	<u>1,111,953</u>	<u>1,216,090</u>	(9)%
Net position:			
Net investment in capital assets	12,144,002	12,362,041	(2)%
Restricted	6,908,546	6,249,068	11%
Unrestricted	<u>2,562,079</u>	<u>2,757,313</u>	(7)%
Total net position	<u>\$ 21,614,627</u>	<u>21,368,422</u>	1%

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 \$274,713.
- The principal retirement of \$56,674 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 \$17,552,236 and \$17,547,587, respectively. The total cost of all programs and services was \$17,326,585 for 2013 and \$16,580,316 for 2012.

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

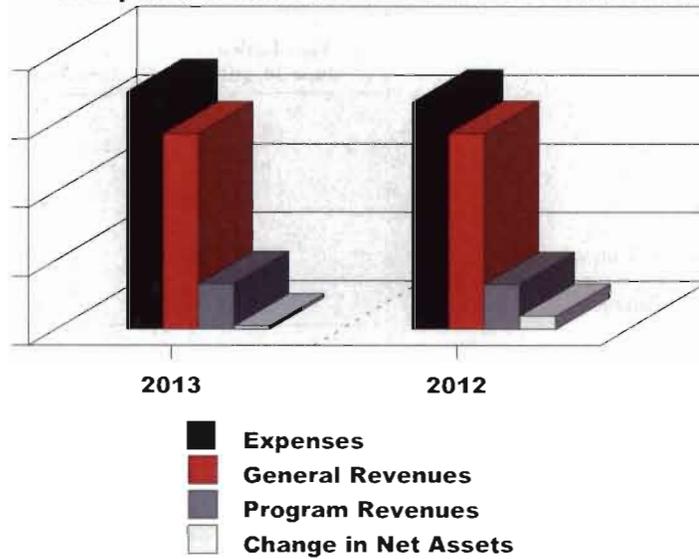
North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Table 2
Changes in Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 861,290	816,137	6%
Operating grants and contributions	2,445,971	1,648,276	48%
Capital grants and contributions		805,664	(100)%
Total program revenues	<u>3,307,261</u>	<u>3,270,077</u>	1%
General revenues:			
Property taxes	2,374,255	2,214,135	7%
Grants and contributions not restricted	10,866,161	11,079,542	(2)%
Investment earnings	132,885	132,969	0%
Sixteenth section sources	863,572	813,720	6%
Other	8,102	37,144	(78)%
Total general revenues	<u>14,244,975</u>	<u>14,277,510</u>	0%
Total revenues	<u>17,552,236</u>	<u>17,547,587</u>	0%
Expenses:			
Instruction	10,116,131	9,555,847	6%
Support services	5,900,556	5,762,818	2%
Non-instructional	1,157,967	1,120,076	3%
Sixteenth section	86,691	72,608	19%
Interest on long-term debt	65,240	68,967	(5)%
Total expenses	<u>17,326,585</u>	<u>16,580,316</u>	5%
Increase (Decrease) in net position	<u>225,651</u>	<u>967,271</u>	(77)%
Net position, July 1, as previously reported	21,368,422	20,401,151	5%
Prior Period Adjustment	20,554		
Net position, July 1, as restated	<u>21,388,976</u>	<u>20,401,151</u>	5%
Net position, June 30	<u>\$ 21,614,627</u>	<u>21,368,422</u>	1%

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Comparative Chart as Per Statement of Activities



Governmental activities

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

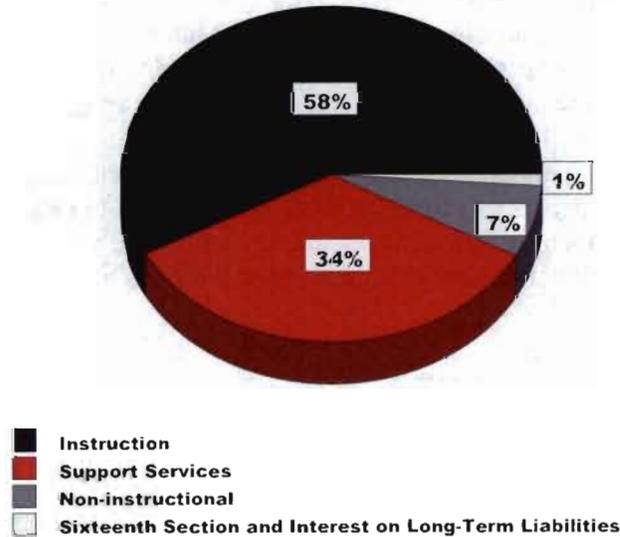
Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	2013	2012	
Instruction	\$ 10,116,131	9,555,847	6%
Support services	5,900,556	5,762,818	2%
Non-instructional	1,157,967	1,120,076	3%
Sixteenth section	86,691	72,608	19%
Interest on long-term liabilities	65,240	68,967	(5)%
Total expenses	\$ 17,326,585	16,580,316	5%

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

<u>Net (Expense) Revenue</u>			
	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
Instruction	\$ (8,901,770)	(8,490,699)	5%
Support services	(5,030,641)	(4,677,501)	8%
Non-instructional	(2,573)	(2,624)	(2)%
Sixteenth section	(19,100)	(70,448)	(73)%
Interest on long-term liabilities	(65,240)	(68,967)	(5)%
Total net (expense) revenue	\$ (14,019,324)	(13,310,239)	5%

Chart of Expenses as Per Statement of Activities



- Net cost of governmental activities (\$14,019,324 for 2013 and \$13,310,239 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$2,374,255 for 2013 and \$2,214,135 for 2012) and state and federal revenues (\$10,866,161 for 2013 and \$11,079,542 for 2012). In addition, there was \$863,572 and \$813,720 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$132,885 for 2013 and \$132,969 for 2012.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9,567,859, an increase of \$468,313, which includes an increase in inventory of \$1,572. \$2,443,414, or 26% 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 or assigned to specific purposes within the general fund. The remaining fund balance of \$7,124,445, or 74% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purpose to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$175,030. The fund balance of Other Governmental Funds showed an increase in the amount of \$282,264, including an increase in inventory of \$1,572. The increase (decrease) in the fund balance for the other major fund was as follows:

Major Fund	Increase (Decrease)
Sixteenth Section Principal Fund	\$ 361,079

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the school district.

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were \$18,765,271, including land, construction in progress, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$331,839 from 2012. Total accumulated depreciation as of June 30, 2013, was \$6,049,208 and total depreciation expense for the year was \$614,665, resulting in total net capital assets of \$12,716,063.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Land	\$ 255,241	255,241	0%
Construction in progress	57,350	1,475,295	(96)%
Buildings	8,453,196	7,199,069	17%
Building improvements	2,143,025	2,172,637	(1)%
Improvements other than buildings	714,433	754,592	(5)%
Mobile equipment	974,041	1,008,329	(3)%
Furniture and equipment	118,777	125,613	(5)%
Total	\$ <u>12,716,063</u>	<u>12,990,776</u>	(2)%

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

Debt Administration. At June 30, 2013, the District had \$654,613 in outstanding long-term debt, of which \$62,185 is due within one year. The liability for compensated absences increased \$5,522 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 572,061	628,735	(9)%
Compensated absences payable	82,552	77,030	7%
Total	\$ <u>654,613</u>	<u>705,765</u>	(7)%

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls 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 revenue.

Enrollment for the 2012-2013 school year decreased by 1% to 2,231 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the North Pike Consolidated School District, 1036 Jaguar Trail, Summit, MS 39666.

FINANCIAL STATEMENTS

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

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

Exhibit A

		Governmental Activities
Assets		
Cash and cash equivalents	\$	4,864,040
Due from other governments		424,269
Inventories		27,690
Restricted assets		4,694,518
Capital assets, non-depreciable:		
Land		255,241
Construction in progress		57,350
Capital assets, net of accumulated depreciation:		
Buildings		8,453,196
Building improvements		2,143,025
Improvements other than buildings		714,433
Mobile equipment		974,041
Furniture and equipment		118,777
Total Assets		22,726,580
Liabilities		
Accounts payable and accrued liabilities		442,658
Interest payable on long-term liabilities		14,682
Long-term liabilities, due within one year:		
Capital related liabilities		59,708
Non-capital related liabilities		2,477
Long-term liabilities, due beyond one year:		
Capital related liabilities		512,353
Non-capital related liabilities		80,075
Total Liabilities		1,111,953
Net Position		
Net investment in capital assets		12,144,002
Restricted for:		
Expendable:		
School-based activities		1,151,860
Debt service		21,041
Capital improvements		45,986
Forestry improvements		113,664
Unemployment benefits		48,685
Sixteenth section		689,471
Nonexpendable:		
Sixteenth section		4,823,157
Unrestricted		2,576,761
Total Net Position	\$	21,614,627

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

NORTH PIKE CONSOLIDATED 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 Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ 10,116,131	\$ 509,496	\$ 704,865	\$ (8,901,770)	
Support services	5,900,556		869,915	(5,030,641)	
Non-instructional	1,157,967	284,203	871,191	(2,573)	
Sixteenth section	86,691	67,591		(19,100)	
Interest on long-term liabilities	65,240			(65,240)	
Total Governmental Activities	\$ 17,326,585	\$ 861,290	\$ 2,445,971	\$ (14,019,324)	

General Revenues:

Taxes:

General purpose levies	2,282,206
Debt purpose levies	92,049

Unrestricted grants and contributions:

State	10,805,806
Federal	60,355
Unrestricted investment earnings	132,885
Sixteenth section sources	863,572
Other	8,102
Total General Revenues	14,244,975

Change in Net Position 225,651

Net Position - Beginning, as previously reported	21,368,422
Prior Period Adjustments	20,554
Net Position - Beginning, as restated	21,388,976
Net Position - Ending	<u>\$ 21,614,627</u>

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

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2013

Exhibit C

	Major Funds			Total Governmental Funds
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
Assets				
Cash and cash equivalents	\$ 3,401,874	4,694,518	1,462,166	\$ 9,558,558
Due from other governments	165,469		258,800	424,269
Due from other funds	206,080			206,080
Advances to other funds	52,000	818,110		870,110
Inventories			27,690	27,690
Total assets	\$ 3,825,423	\$ 5,512,628	\$ 1,748,656	\$ 11,086,707
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 348,000		94,658	\$ 442,658
Due to other funds			206,080	206,080
Advances from other funds	818,110		52,000	870,110
Total Liabilities	1,166,110	-	352,738	1,518,848
Fund Balances:				
Nonspendable:				
Permanent fund principal		4,694,518		4,694,518
Advances	52,000	818,110		870,110
Inventory			27,690	27,690
Restricted:				
Debt service			35,723	35,723
Capital improvements			45,986	45,986
Forestry improvement purposes			113,664	113,664
Grant activities			525	525
Unemployment benefits			48,685	48,685
Food service			356,167	356,167
Sixteenth section interest			767,478	767,478
Assigned:				
School Administration	2,227			2,227
Activity fund	161,672			161,672
Unassigned				
	2,443,414			2,443,414
Total Fund Balances	2,659,313	5,512,628	1,395,918	9,567,859
Total Liabilities and Fund Balances	\$ 3,825,423	\$ 5,512,628	\$ 1,748,656	\$ 11,086,707

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

NORTH PIKE CONSOLIDATED 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 \$ 9,567,859

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, net of accumulated depreciation

Capital Assets	\$ 18,765,271	
Accumulated depreciation	<u>(6,049,208)</u>	12,716,063

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

Long-Term Debt	(572,061)	
Compensated Absences	<u>(82,552)</u>	(654,613)

3. Governmental funds recognize interest on long-term debt when it becomes
due, however the Statement of Net Position recognizes interest as it accrues.

		<u>(14,682)</u>
--	--	-----------------

Net position of governmental activities \$ 21,614,627

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

NORTH PIKE CONSOLIDATED 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	Sixteenth Section Principal Fund	Other Governmental Funds	
Revenues:				
Local sources	\$ 2,866,886		354,868	\$ 3,221,754
State sources	10,926,034		240,316	11,166,350
Federal sources	49,057		2,096,724	2,145,781
Sixteenth section sources		508,303	510,046	1,018,349
Total Revenues	13,841,977	508,303	3,201,954	17,552,234
Expenditures:				
Instruction	9,249,582		570,531	9,820,113
Support services	4,915,129		891,902	5,807,031
Noninstructional services			1,127,290	1,127,290
Sixteenth section		31,461	55,231	86,692
Facilities acquisition and construction			121,000	121,000
Debt service:				
Principal			56,674	56,674
Interest	34,296		32,397	66,693
Total Expenditures	14,199,007	31,461	2,855,025	17,085,493
Excess (Deficiency) of Revenues over (under) Expenditures	(357,030)	476,842	346,929	466,741
Other Financing Sources (Uses):				
Operating transfers in	187,000	-	433,123	620,123
Operating transfers out	(5,000)	(115,763)	(499,360)	(620,123)
Total Other Financing Sources (Uses)	182,000	(115,763)	(66,237)	-
Net Change in Fund Balances	(175,030)	361,079	280,692	466,741
Fund Balances:				
July 1, 2012	2,834,343	5,151,549	1,113,654	9,099,546
Increase (Decrease) for inventory			1,572	1,572
June 30, 2013	\$ 2,659,313	\$ 5,512,628	\$ 1,395,918	\$ 9,567,859

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

NORTH PIKE CONSOLIDATED 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 \$ 466,741

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

1.	Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets.		
	Capital assets purchased	\$ 319,480	
	Depreciation expense	<u>(614,665)</u>	(295,185)
2.	Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds:		
	Compensated absences		(5,522)
3.	Payment of principal on long-term debt liabilities is reported as an expenditure in the governmental funds, but the payment has no effect on net position.		56,674
4.	Governmental fund recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.		
	Change in accrued interest on debt		1,453
5.	Increase (decrease) in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased (increased) in the Statement of Activities.		1,572
6.	Gains and losses on sale or disposals of assets are not reported in the governmental funds, but are reported in the Statement of Activities.		(82)
			<u>225,651</u>
	Change in net position of governmental activities	\$	<u>225,651</u>

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

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position

Exhibit E

June 30, 2013

	<u>Private-purpose Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 11,228	\$ 933,228
Total Assets	<u>11,228</u>	<u>933,228</u>
Liabilities		
Accounts payable and accrued liabilities		917,432
Due to student clubs		<u>15,796</u>
Total Liabilities		\$ <u>933,228</u>
Net Position		
Reserved for Endowments	<u>11,228</u>	
Total Net Position	\$ <u>11,228</u>	

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

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Fiduciary Funds

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

Exhibit F

	Private-purpose Trust Fund
Additions:	
Interest on investments	\$ 118
Total Additions	<u>118</u>
Deductions:	
Scholarship Awarded	<u>501</u>
Total Deductions	<u>501</u>
Change in Net Position	<u>(383)</u>
Net Position:	
July 1, 2012	<u>11,611</u>
June 30, 2013	\$ <u><u>11,228</u></u>

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

North Pike Consolidated School District

Notes to the Financial Statements
June 30, 2013

North Pike Consolidated School District

Notes to the Financial Statements
For the 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 a "primary government." The school district is governed by a five (5) member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, North Pike Consolidated 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,

North Pike Consolidated School District

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

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 consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund - This fund is used to account for nonexpendable revenues generated from 16th section lands.

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

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

The District's fiduciary funds include the following:

North Pike Consolidated School District

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

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

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

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

Zachary Cox Scholarship Fund - This is a private purpose trust fund used to accumulate donations for scholarship awards made annually.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

North Pike Consolidated School District

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

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

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

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

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

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

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

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

North Pike Consolidated School District

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

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, 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 Sections 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.

North Pike Consolidated School District

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

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

North Pike Consolidated School District

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements other than Buildings	25,000	20 years
Mobile Equipment	5,000	5-10 years
Furniture and Equipment	5,000	3-7 years
Leased Property Under Capital Leases	*	*

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

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed

North Pike Consolidated School District

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

personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

8. Long-term Liabilities and Deferred Debt Expense

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. Currently there are no bond issue costs, bond discounts or premiums presented in this report.

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

9. Fund Balances

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

Governmental fund balance is classified as 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.

North Pike Consolidated School District

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 7% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Note 2 - Cash and Cash Equivalents

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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

North Pike Consolidated School District

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

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

Cash and Cash Equivalents

The carrying amount of the school district’s deposits with financial institutions reported in the governmental funds and fiduciary funds was \$9,558,558 and \$944,456, respectively. The bank balance was \$10,526,110.

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 \$10,526,110 was exposed to custodial credit risk.

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

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Funds	Other Governmental Funds	\$ <u>206,080</u>

The primary purpose of the interfund receivable and payable is to cover deficit cash and for normal business operations.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 52,000
Sixteenth Section Principal Fund	General Fund	<u>818,110</u>
Total		\$ <u>870,110</u>

North Pike Consolidated School District

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

Sixteenth Section Principal Loans Payable

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

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 40,857	32,725	73,582
2015	42,492	31,090	73,582
2016	44,191	29,391	73,582
2017	45,959	27,623	73,582
2018	47,797	25,784	73,581
2019 - 2023	269,241	98,668	367,909
2024 - 2028	327,573	40,336	367,909
Total	\$ 818,110	285,617	1,103,727

The purpose of the initial \$52,000 loan was to provide funds for the first note payment on the three mill note in the absence of adequate ad valorem tax receipts at the time the payment was required. The advance will be repaid at the conclusion of the note.

C. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 187,000
Other Governmental Funds	General Fund	5,000
	Sixteenth Section Principal Fund	115,763
	Other Governmental Funds	312,360
Total		\$ 620,123

The primary purpose of the interfund transfers out of the general fund and into the other governmental funds was to finance basic operations of the district that are not directly funded. One of the reasons for the transfer out of the governmental funds is the indirect cost allocation to the general fund.

North Pike Consolidated School District

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

Note 4 - Restricted Assets

The restricted assets represent the cash balance totaling \$4,694,518, 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.

Note 5 - Capital Assets

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

	Balance 7-1-2012	Additions	Retirements	Completed Construction	Adjustments	Balance 6-30-2013
<u>Non-depreciable capital assets</u>						
Land	\$ 255,241					255,241
Construction in progress	1,475,295	87,436		(1,505,381)		57,350
Total non-depreciable capital assets	1,730,536	87,436	0	(1,505,381)	0	312,591
<u>Depreciable capital assets:</u>						
Buildings	10,418,618	33,564		1,428,457	20,554	11,901,193
Building improvements	2,586,473			76,924		2,663,397
Improvements other than buildings	1,003,981					1,003,981
Mobile equipment	2,310,616	161,600				2,472,216
Furniture and equipment	383,208	36,880	8,195			411,893
Total depreciable capital assets	16,702,896	232,044	8,195	1,505,381	20,554	18,452,680
<u>Less accumulated depreciation for:</u>						
Buildings	3,219,549	228,448				3,447,997
Building improvements	413,836	106,536				520,372
Improvements other than buildings	249,389	40,159				289,548
Mobile equipment	1,302,287	195,888				1,498,175
Furniture and equipment	257,595	43,634	8,113			293,116
Total accumulated depreciation	5,442,656	614,665	8,113	0	0	6,049,208
Total depreciable capital assets, net	11,260,240	(382,621)	82	1,505,381	20,554	12,403,472
Governmental activities capital assets, net	\$ 12,990,776	(295,185)	82	0	20,554	12,716,063

Adjustments were made to properly present capital assets.

Depreciation expense was charged to the following governmental functions:

	Amount
Instructional	\$ 324,061
Support services	221,559
Non-instructional	69,045
Total depreciation expense	\$ 614,665

North Pike Consolidated School District

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

Commitments under construction contracts at June 30, 2013, are summarized as follows:

	Spent to June 30, 2013	Remaining Commitment
North Pike High School Career Tech Center	\$ 57,350	2,550,418

Construction projects included in governmental activities are funded with North Pike Building Funds.

Note 6 - Long-Term Liabilities

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

	Balance 7-1-2012	Additions	Reductions	Balance 6-30-2013	Due in One Year
A. Three mill notes payable	\$ 628,735		56,674	572,061	59,708
B. Compensated absences payable	77,030	5,522		82,552	2,477
Total	\$ 705,765	5,522	56,674	654,613	62,185

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable	5.00%	01-09-01	01-20-21	\$ 1,114,000	572,061

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 59,708	29,100	88,808
2015	63,012	26,060	89,072
2016	66,206	22,866	89,072
2017	69,509	19,562	89,071
2018	73,086	15,985	89,071
2019 - 2021	240,540	24,976	265,516
Total	\$ 572,061	138,549	710,610

North Pike Consolidated School District

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

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

B. Compensated absences payable

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

Note 7 - Other Commitments

Commitments under construction contracts are described in Note 5.

Operating leases:

The school district has several operating leases for the following:

1. Four Copiers
2. One postage meter

Lease expenditures for the year ended June 30, 2013, amount to \$8,029.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2014	\$ 3,852

Note 8 - Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplemental 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

North Pike Consolidated School District

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

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 \$1,365,153, \$1,149,673, and \$1,064,059, respectively, which equaled the required contributions for each year.

Note 9 - Sixteenth Section Lands

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and 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	\$ 49,473
2015	38,431
2016	35,240
2017	28,464
2018	18,475
2019 - 2023	75,653
2024 - 2028	56,048
2029 - 2033	56,048
2034 - 2038	54,998
Total	<u>\$ 412,830</u>

Note 10 - Contingencies

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

North Pike Consolidated School District

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

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

Note 11 - Risk Management

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

Note 12 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the North Pike Consolidated School District evaluated the activity of the district through the date the report was available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

On September 5, 2013, the school district entered into an agreement for a sixteenth section principal loan in the amount of \$2,500,000 for funding of the North Pike Career and Technical Center Building, bearing an interest rate of 4%.

Note 13 - Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation:</u>	<u>Amount</u>
<u>Governmental Activities:</u>	
Adjustments were made to properly present capital assets.	\$ <u>20,554</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Exhibit 1

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,697,987	2,866,887	2,866,886	168,900	(1)
State sources	10,907,540	10,926,034	10,926,034	18,494	-
Federal sources	40,000	49,057	49,057	9,057	-
Total Revenues	<u>13,645,527</u>	<u>13,841,978</u>	<u>13,841,977</u>	<u>196,451</u>	<u>(1)</u>
Expenditures:					
Instruction	9,084,122	9,249,581	9,249,582	(165,459)	(1)
Support services	4,944,437	4,915,129	4,915,129	29,308	-
Debt service:					
Interest	35,807	34,296	34,296	1,511	-
Total Expenditures	<u>14,064,366</u>	<u>14,199,006</u>	<u>14,199,007</u>	<u>(134,640)</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(418,839)</u>	<u>(357,028)</u>	<u>(357,030)</u>	<u>61,811</u>	<u>(2)</u>
Other Financing Sources (Uses):					
Transfers In	186,500	188,500	187,000	2,000	(1,500)
Transfers Out	<u>(6,500)</u>	<u>(6,500)</u>	<u>(5,000)</u>	-	1,500
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>182,000</u>	<u>182,000</u>	<u>2,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(238,839)</u>	<u>(175,028)</u>	<u>(175,030)</u>	<u>63,811</u>	<u>(2)</u>
Fund Balances:					
July 1, 2012	<u>2,412,500</u>	<u>2,834,342</u>	<u>2,834,343</u>	<u>421,842</u>	<u>1</u>
June 30, 2013	<u>\$ 2,173,661</u>	<u>2,659,314</u>	<u>2,659,313</u>	<u>485,653</u>	<u>(1)</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

North Pike Consolidated School District

Notes to the Required Supplementary 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.

SUPPLEMENTARY INFORMATION

North Pike Consolidated School District
 Schedule of Expenditure of Federal Awards
 For the Year Ended June 30, 2013

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 210,546
National School Lunch Program	10.555	757,655
Total Child Nutrition Cluster		<u>968,201</u>
Total passed-through Mississippi Department of Education		<u>968,201</u>
Total U. S. Department of Agriculture		<u>968,201</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	31,469
Total Federal Communications Commission		<u>31,469</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	424,999
Career and Technical Education - Basic Grants to States	84.048	26,603
Rural Education	84.358	61,923
Improving Teacher Quality - State Grants	84.367	90,772
Special Education Cluster:		
Special Education - Grants to States	84.027	499,638
Special Education - Preschool Grants	84.173	12,110
Total Special Education Cluster		<u>511,748</u>
Total passed-through the Mississippi Department of Education		<u>1,116,045</u>
Total U.S Department of Education		<u>1,116,045</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical Assistance Program	93.778	16,408
Total passed-through Mississippi Department of Education		<u>16,408</u>
Total U.S. Department of Health and Human Services		<u>16,408</u>
TOTAL FOR ALL FEDERAL AWARDS	\$	<u>2,132,123</u>

Notes to Schedule

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

North Pike Consolidated School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2013

Schedule 2

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 12,845,821	10,009,187	574,151	1,005,591	1,256,892
Other	4,239,672	1,439,385	181,273	83,871	2,535,143
Total	\$ <u>17,085,493</u>	<u>11,448,572</u>	<u>755,424</u>	<u>1,089,462</u>	<u>3,792,035</u>
Total number of students *	2,231				
Cost per student	\$ 7,658	5,131	339	488	1,700

For purpose 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 functions: Support Services - School Administration.

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

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

OTHER INFORMATION

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

"UNAUDITED"

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 2,866,886	2,723,110	2,764,842	2,558,672
State sources	10,926,034	11,060,781	9,982,464	10,300,280
Federal sources	49,057	131,286	58,189	22,729
Total Revenues	<u>13,841,977</u>	<u>13,915,177</u>	<u>12,805,495</u>	<u>12,881,681</u>
Expenditures:				
Instruction	9,249,582	8,743,788	7,552,577	7,599,059
Support services	4,915,129	4,566,008	4,117,234	4,326,573
Noninstructional services				
Facilities acquisition and construction			19,800	120,876
Debt service:				
Interest	34,296		37,260	38,657
Other		35,807		
Total Expenditures	<u>14,199,007</u>	<u>13,345,603</u>	<u>11,726,871</u>	<u>12,085,165</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(357,030)</u>	<u>569,574</u>	<u>1,078,624</u>	<u>796,516</u>
Other Financing Sources (Uses):				
Insurance loss recoveries			5,793	642
Sale of transportation equipment		6,764		3,177
Operating transfers in	187,000	36,807	36,500	210,717
Operating transfers out	(5,000)	(81,924)	(808,500)	(798,607)
Total Other Financing Sources (Uses)	<u>182,000</u>	<u>(38,353)</u>	<u>(766,207)</u>	<u>(584,071)</u>
Net Change in Fund Balances	<u>(175,030)</u>	<u>531,221</u>	<u>312,417</u>	<u>212,445</u>
Fund Balances:				
July 1,	2,834,343	2,303,122	1,990,705	1,778,260
June 30,	<u>\$ 2,659,313</u>	<u>2,834,343</u>	<u>2,303,122</u>	<u>1,990,705</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

"UNAUDITED"

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 3,221,754	3,092,681	3,155,141	2,947,181
State sources	11,166,350	11,305,226	10,206,629	10,477,232
Federal sources	2,145,781	2,253,496	4,104,822	2,937,490
Sixteenth section sources	1,018,349	896,185	931,166	953,459
Total Revenues	<u>17,552,234</u>	<u>17,547,588</u>	<u>18,397,758</u>	<u>17,315,362</u>
Expenditures:				
Instruction	9,820,113	9,286,802	9,313,076	9,108,547
Support services	5,807,031	5,528,748	5,814,480	5,230,322
Noninstructional services	1,127,290	1,045,012	1,055,146	1,005,236
Sixteenth section	86,692	72,608	95,829	90,037
Facilities acquisition and construction	121,000	1,411,322	134,203	920,942
Debt service:				
Principal	56,674	54,529	51,904	49,407
Interest	66,693	34,542	74,427	78,322
Other		35,807		
Total Expenditures	<u>17,085,493</u>	<u>17,469,370</u>	<u>16,539,065</u>	<u>16,482,813</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>466,741</u>	<u>78,218</u>	<u>1,858,693</u>	<u>832,549</u>
Other Financing Sources (Uses):				
Insurance loss recoveries			5,793	642
Sale of transportation equipment		6,764		3,176
Operating transfers in	620,123	339,223	2,236,081	1,551,521
Operating transfers out	(620,123)	(339,223)	(2,236,081)	(1,551,521)
Total Other Financing Sources (Uses)	<u>0</u>	<u>6,764</u>	<u>5,793</u>	<u>3,818</u>
Net Change in Fund Balances	466,741	84,982	1,864,486	836,367
Fund Balances:				
July 1,	9,099,546	9,025,837	7,156,396	6,310,683
Increase (Decrease) in inventory	1,572	(11,273)	4,955	9,346
June 30,	<u>\$ 9,567,859</u>	<u>9,099,546</u>	<u>9,025,837</u>	<u>7,156,396</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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
North Pike Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Pike Consolidated School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the North Pike Consolidated School District's basic financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

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

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

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

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Pike Consolidated 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*.

Purpose of this Report

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

This report is intended solely for the information and use of management, the school board, others within the entity, and 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 15, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board
North Pike Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited North Pike Consolidated 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 its major federal programs for the year ended June 30, 2013. The North Pike Consolidated School District's major federal programs are identified in the summary of the 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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Pike Consolidated 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 the 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 on the school district's compliance.

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Opinion on Each Major Federal Program

In our opinion, the North Pike Consolidated 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 the North Pike Consolidated School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Pike Consolidated 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 the 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of out 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Pike Consolidated School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise North Pike Consolidated School District's basic financial statements. We issued our report thereon dated October 15, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the school board, others within the entity, 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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 15, 2013

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
North Pike Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike Consolidated School District as of and for the year ended June 30, 2013, which collectively comprise the North Pike Consolidated School District's basic financial statements and have issued our report thereon dated October 15, 2013. 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 ensure 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 \$5,506 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 ensure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

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

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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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
October 15, 2013

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

North Pike Consolidated School District

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unqualified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster	10.553 & 10.555
Title I Grants to Local Educational Agencies	84.010

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statement Findings

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

Section III: Findings and Questioned Costs for Federal Awards

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