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**Kemper County School District**

Audited Financial Statements  
For the Year Ended June 30, 2014

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Kemper County School District  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Kemper County 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 Kemper County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Kemper County 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.

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

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## **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 Kemper County School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 to 15 and 41 to 45 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 Kemper County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2016, on our consideration of the Kemper County 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 Kemper County School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
August 26, 2016

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

The following discussion and analysis of Kemper County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2014 increased \$2,798,697, including a prior period adjustment of (\$38,691), which represents a 48% increase from fiscal year 2013. Total net position for 2013 decreased \$74,012, including a prior period adjustment of \$546, which represents a 1% decrease from fiscal year 2012.
- General revenues amounted to \$11,789,378 and \$8,223,884, or 76% and 60% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,718,931, or 24% of total revenues for 2014, and \$5,446,748, or 40% of total revenues for 2013.
- The District had \$12,670,921 and \$13,745,190 in expenses for fiscal years 2014 and 2013; only \$3,718,931 for 2014 and \$5,446,748 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$11,789,378 for 2014 were adequate to provide for these programs. General revenues of \$8,223,884 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$11,715,009 in revenues and \$9,547,173 in expenditures for 2014, and \$7,978,711 in revenues and \$7,693,219 in expenditures in 2013. The General Fund's fund balance increased by \$1,691,792 from 2013 to 2014, and increased by \$368,786, including a prior period adjustment of \$546, from 2012 to 2013.
- Capital assets, net of accumulated depreciation, increased by \$700,859 for 2014 and decreased by \$140,471 for 2013. The increase for 2014 was due primarily to the purchase of various items of mobile equipment and furniture and equipment.
- Total long-term debt decreased by \$256,318 for 2014 and decreased by \$366,227 for 2013. The decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$3,172 for 2014 and decreased by \$5,333 for 2013.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

**KEMPER COUNTY SCHOOL DISTRICT**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

**KEMPER COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

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

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

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$8,598,785 as of June 30, 2014.

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

Table 1 presents a summary of the District's net position at June 30, 2014 and June 30, 2013.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 4,032,214	\$ 2,199,884	83.29 %
Restricted assets	522,097	467,225	11.74 %
Capital assets, net	5,041,684	4,340,825	16.15 %
<b>Total assets</b>	<b><u>9,595,995</u></b>	<b><u>7,007,934</u></b>	<b>36.93 %</b>
Current liabilities	124,498	81,988	51.85 %
Long-term debt outstanding	872,712	1,125,858	(22.48) %
<b>Total liabilities</b>	<b><u>997,210</u></b>	<b><u>1,207,846</u></b>	<b>(17.44) %</b>
<b>Net position:</b>			
Net investment in capital assets	4,226,684	3,330,825	26.90 %
Restricted	1,429,854	1,276,954	11.97 %
Unrestricted	2,942,247	1,192,309	146.77 %
<b>Total net position</b>	<b><u>\$ 8,598,785</u></b>	<b><u>\$ 5,800,088</u></b>	<b>48.25 %</b>

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

- Increase in net capital assets in the amount of \$700,859.
- The principal retirement of \$256,318 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$15,508,309 and \$13,670,632, respectively. The total cost of all programs and services was \$12,670,921 for 2014 and \$13,745,190 for 2013.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 403,851	\$ 1,911,315	(78.87) %
Operating grants and contributions	3,315,080	3,535,433	(6.23) %
General revenues:			
Property taxes	5,189,306	2,403,483	115.91 %
Grants and contributions not restricted	5,663,490	5,359,714	5.67 %
Investment earnings	8,164	14,109	(42.14) %
Sixteenth section sources	846,127	413,159	104.79 %
Other	82,291	33,419	146.24 %
<b>Total revenues</b>	<b>15,508,309</b>	<b>13,670,632</b>	<b>13.44 %</b>
<b>Expenses:</b>			
Instruction	6,430,182	6,110,813	5.23 %
Support services	5,269,770	6,694,630	(21.28) %
Non-instructional	863,660	810,352	6.58 %
Sixteenth section	77,666	89,185	(12.92) %
Interest on long-term liabilities	29,643	40,210	(26.28) %
<b>Total expenses</b>	<b>12,670,921</b>	<b>13,745,190</b>	<b>(7.82) %</b>
<b>Increase (Decrease) in net position</b>	<b>2,837,388</b>	<b>(74,558)</b>	<b>3,905.61 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>5,800,088</b>	<b>5,874,100</b>	(1.26) %
<b>Prior Period Adjustment</b>	<b>(38,691)</b>	<b>546</b>	(7,186.26) %
<b>Net Position, July 1, as restated</b>	<b>5,761,397</b>	<b>5,874,646</b>	<b>(1.93) %</b>
<b>Net Position, June 30</b>	<b>\$ 8,598,785</b>	<b>\$ 5,800,088</b>	<b>48.25 %</b>

**Governmental activities**

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

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Instruction	\$ 6,430,182	\$ 6,110,813	5.23 %
Support services	5,269,770	6,694,630	(21.28) %
Non-instructional	863,660	810,352	6.58 %
Sixteenth section	77,666	89,185	(12.92) %
Interest on long-term liabilities	29,643	40,210	(26.28) %
<b>Total expenses</b>	<b><u>\$ 12,670,921</u></b>	<b><u>\$ 13,745,190</u></b>	<b>(7.82) %</b>

  

	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Instruction	\$ (5,082,244)	\$ (4,809,462)	5.67 %
Support services	(3,948,029)	(3,501,238)	12.76 %
Non-instructional	56,514	98,818	(42.81) %
Sixteenth section	51,412	(46,350)	210.92 %
Interest on long-term liabilities	(29,643)	(40,210)	(26.28) %
<b>Total net (expense) revenue</b>	<b><u>\$ (8,951,990)</u></b>	<b><u>\$ (8,298,442)</u></b>	<b>7.88 %</b>

- Net cost of governmental activities (\$8,951,990 for 2014 and \$8,298,442 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$5,189,306 for 2014 and \$2,403,483 for 2013) and state and federal revenues (\$5,663,490 for 2014 and \$5,359,714 for 2013). In addition, there was \$846,127 and \$413,159 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$8,164 for 2014 and \$14,109 for 2013.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$4,434,279, an increase of \$1,843,717, which includes a prior period adjustment of (\$38,691) and an increase in inventory of \$6,168. \$2,990,015, or 67% 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 \$1,444,264, or 33% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,691,792. The fund balance of Other Governmental Funds showed an increase in the amount of \$151,941, which includes an increase in inventory of \$6,168. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
ARRA School Improvement Fund	no increase or decrease
Kemper County Renovations Fund	no increase or decrease
16th Section Principal Fund	\$ (16)

**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. Budget revisions during the year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$9,210,707, including land, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$922,904 from 2013 due primarily to the purchase of twelve school buses and various other items of mobile equipment and furniture and equipment. Total accumulated depreciation as of June 30, 2014, was \$4,169,023, and total depreciation expense for the year was \$249,422, resulting in total net capital assets of \$5,041,684.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 25,410	\$ 25,410	0.00 %
Buildings	3,782,489	3,871,190	(2.29) %
Improvements other than buildings	7,685	7,685	0.00 %
Mobile equipment	1,196,468	401,918	197.69 %
Furniture and equipment	29,632	34,622	(14.41) %
<b>Total</b>	<b>\$ 5,041,684</b>	<b>\$ 4,340,825</b>	<b>16.15 %</b>

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

**Debt Administration.** At June 30, 2014, the District had \$872,712 in outstanding long-term debt, of which \$202,886 is due within one year. During the fiscal year, the District made principal payments totaling \$256,318 on outstanding long-term debt. The liability for compensated absences increased \$3,172 from the prior year.

**KEMPER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Limited obligation refunding bonds payable	\$ 815,000	\$ 1,010,000	(19.31) %
Shortfall notes payable	-	61,318	(100.00) %
Compensated absences payable	57,712	54,540	5.82 %
<b>Total</b>	<b><u>\$ 872,712</u></b>	<b><u>\$ 1,125,858</u></b>	<b>(22.48) %</b>

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

**CURRENT ISSUES**

The Kemper County School District is financially stable. The District is proud of its community support of the public schools.

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Kemper County School District, P.O. Box 219, DeKalb, MS 39328.

## FINANCIAL STATEMENTS

**KEMPER COUNTY SCHOOL DISTRICT**

**Statement of Net Position**  
**June 30, 2014**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 3,182,240
Due from other governments	836,688
Inventories	13,286
Restricted assets	522,097
Capital assets, non-depreciable:	
Land	25,410
Capital assets, net of accumulated depreciation:	
Buildings	3,782,489
Improvements other than buildings	7,685
Mobile equipment	1,196,468
Furniture and equipment	29,632
Total Assets	9,595,995
 <b>Liabilities</b>	
Accounts payable and accrued liabilities	119,845
Unearned revenue	187
Interest payable on long-term liabilities	4,466
Long-term liabilities, due within one year:	
Capital related liabilities	200,000
Non-capital related liabilities	2,886
Long-term liabilities, due beyond one year:	
Capital related liabilities	615,000
Non-capital related liabilities	54,826
Total Liabilities	997,210
 <b>Net Position</b>	
Net investment in capital assets	4,226,684
Restricted for:	
Expendable:	
School-based activities	383,719
Debt service	111,813
Capital improvements	54
Forestry improvements	252,338
Unemployment benefits	45,258
Non-expendable:	
Sixteenth section	636,672
Unrestricted	2,942,247
Total Net Position	\$ 8,598,785

**KEMPER COUNTY SCHOOL DISTRICT**

**Statement of Activities**

**For the Year Ended June 30, 2014**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 6,430,182	\$ 151,938	\$ 1,196,000	\$ (5,082,244)
Support services	5,269,770	-	1,321,741	(3,948,029)
Non-instructional	863,660	122,835	797,339	56,514
Sixteenth section	77,666	129,078	-	51,412
Interest on long-term liabilities	29,643	-	-	(29,643)
<b>Total Governmental Activities</b>	<b>\$ 12,670,921</b>	<b>\$ 403,851</b>	<b>\$ 3,315,080</b>	<b>\$ (8,951,990)</b>

General Revenues:

Taxes:

General purpose levies	5,128,386
Debt purpose levies	60,920

Unrestricted grants and contributions:

State	5,492,602
Federal	170,888
Unrestricted investment earnings	8,164
Sixteenth section sources	846,127
Other	82,291

Total General Revenues	<u>11,789,378</u>
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Change in Net Position	<u>2,837,388</u>
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Net Position - Beginning, as previously reported	5,800,088
Prior Period Adjustments	<u>(38,691)</u>

Net Position - Beginning, as restated	<u>5,761,397</u>
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Net Position - Ending	<u><u>\$ 8,598,785</u></u>
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**KEMPER COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

**Exhibit C**

**Balance Sheet**  
**June 30, 2014**

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	ARRA School Improvement Fund	Kemper County Renovations Fund	16th Section Principal Fund	Other Governmental Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 2,503,339	\$ -	\$ -	\$ -	\$ 520,097	\$ 678,901	\$ 3,702,337
Cash with fiscal agents	-	-	-	-	-	2,000	2,000
Due from other governments	75,257	91,008	177,199	240,751	-	250,645	834,860
Due from other funds	642,774	-	-	-	-	2,831	645,605
Advance to other funds	-	-	-	-	116,575	-	116,575
Inventories	-	-	-	-	-	13,286	13,286
Total assets	\$ 3,221,370	\$ 91,008	\$ 177,199	\$ 240,751	\$ 636,672	\$ 947,663	\$ 5,314,663
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 104,836	\$ 198	\$ -	\$ -	\$ -	\$ 14,811	\$ 119,845
Due to other funds	-	90,810	177,199	240,751	-	135,017	643,777
Advances from other funds	116,575	-	-	-	-	-	116,575
Unavailable revenue - federal programs	-	-	-	-	-	187	187
Total Liabilities	221,411	91,008	177,199	240,751	-	150,015	880,384
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	-	13,286	13,286
Permanent fund principal	-	-	-	-	520,097	-	520,097
Advances	-	-	-	-	116,575	-	116,575
<b>Restricted:</b>							
Debt service	-	-	-	-	-	116,279	116,279
Capital projects	-	-	-	-	-	54	54
Forestry improvement purposes	-	-	-	-	-	252,338	252,338
Grant activities	-	-	-	-	-	133,306	133,306
Unemployment benefits	-	-	-	-	-	45,258	45,258
Child nutrition	-	-	-	-	-	237,127	237,127
<b>Assigned:</b>							
Activity funds	9,944	-	-	-	-	-	9,944
<b>Unassigned</b>	2,990,015	-	-	-	-	-	2,990,015
Total Fund Balances	2,999,959	-	-	-	636,672	797,648	4,434,279
Total Liabilities and Fund Balances	\$ 3,221,370	\$ 91,008	\$ 177,199	\$ 240,751	\$ 636,672	\$ 947,663	\$ 5,314,663

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

KEMPER COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds \$ 4,434,279

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

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

Land	\$ 25,410	
Buildings	6,427,498	
Improvements other than buildings	38,425	
Mobile equipment	2,323,530	
Furniture and equipment	395,844	
Accumulated depreciation	(4,169,023)	5,041,684

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

Limited obligation refunding bonds	(815,000)	
Compensated absences	(57,712)	
Accrued interest payable	(4,466)	(877,178)

Net Position of governmental activities \$ 8,598,785

**KEMPER COUNTY SCHOOL DISTRICT**  
**Governmental Funds**

Exhibit D

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

	General Fund	Major Funds				Total Governmental Funds
		Title I Fund	ARRA School Improvement Fund	Kemper County Renovations Fund	16th Section Principal Fund	
<b>Revenues:</b>						
Local sources	\$ 5,423,468	\$ -	\$ -	\$ -	\$ -	\$ 5,423,468
State sources	5,274,330	-	-	-	-	5,274,330
Federal sources	170,888	571,979	957,073	-	-	1,699,940
Sixteenth section sources	846,323	-	-	6,344	-	852,667
<b>Total Revenues</b>	<b>11,715,009</b>	<b>571,979</b>	<b>957,073</b>	<b>6,344</b>	<b>2,257,904</b>	<b>15,508,309</b>
<b>Expenditures:</b>						
Instruction	4,905,137	431,039	303,448	-	-	5,639,624
Support services	4,596,500	97,754	629,777	-	-	5,323,631
Noninstructional services	23,890	32,737	23,848	-	-	80,475
Sixteenth section	15,787	-	-	-	-	15,787
Debt service:						
Principal	-	-	-	-	-	-
Interest	5,859	-	-	-	-	5,859
Other	-	-	-	-	1,000	1,000
<b>Total Expenditures</b>	<b>9,547,173</b>	<b>561,530</b>	<b>957,073</b>	<b>-</b>	<b>2,566,293</b>	<b>13,632,069</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>2,167,836</b>	<b>10,449</b>	<b>-</b>	<b>6,344</b>	<b>(308,389)</b>	<b>1,876,240</b>
<b>Other Financing Sources (Uses):</b>						
Operating transfers in	50,273	-	-	-	38,691	88,964
Operating transfers out	(526,317)	(10,449)	-	(6,360)	(60,679)	(603,805)
<b>Total Other Financing Sources (Uses)</b>	<b>(476,044)</b>	<b>(10,449)</b>	<b>-</b>	<b>(6,360)</b>	<b>454,162</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,691,792</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>145,773</b>	<b>1,876,240</b>
<b>Fund Balances:</b>						
July 1, 2013, as previously reported	1,308,167	-	-	636,688	645,707	2,590,562
Prior period adjustments	-	-	-	(38,691)	-	(38,691)
July 1, 2013, as restated	1,308,167	-	-	636,688	645,707	2,551,871
<b>Increase (Decrease) in inventory</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,168</b>	<b>6,168</b>
<b>June 30, 2014</b>	<b>\$ 2,999,959</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 636,672</b>	<b>\$ 797,648</b>	<b>\$ 4,434,279</b>

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

**KEMPER COUNTY SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 1,876,240

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

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

Capital outlay	\$ 951,512	
Depreciation expense	<u>(249,422)</u>	702,090

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold. (1,231)

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

Payments of debt principal	256,318	
Accrued interest payable	<u>975</u>	257,293

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

Change in compensated absences	(3,172)	
Change in inventory	<u>6,168</u>	2,996

**Change in Net Position of governmental activities** \$ 2,837,388

KEMPER COUNTY SCHOOL DISTRICT

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2014**

**Exhibit E**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 499,039
Total Assets	<u>\$ 499,039</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 474,249
Due to other funds	1,828
Due to student clubs	22,962
Total Liabilities	<u>\$ 499,039</u>

**Kemper County School District**

Notes to the Financial Statements  
Fiscal Year Ended June 30, 2014

# KEMPER COUNTY SCHOOL DISTRICT

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

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

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

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

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

For financial reporting purposes, Kemper County School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

### **B. Government-wide and Fund Financial Statements**

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or

KEMPER COUNTY SCHOOL DISTRICT

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

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

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

The school district reports the following major governmental funds:

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

Title I Fund - This is a special revenue fund that accounts for the federal revenue received and expenditures incurred related to the District's Title I program.

ARRA School Improvement Fund - This is a special revenue fund that accounts for the federal revenue received under the American Recovery and Reinvestment Act (ARRA), which provides additional funding to improve the curriculum and instruction of the school district.

Kemper County Renovations Fund - This is a capital projects fund that accounts for insurance proceeds received and expenditures incurred for the repair/renovation of school facilities.

16th Section Principal Fund - This is a permanent fund consisting of funds derived from certain uses which shall be invested and only the interest and income derived from such funds shall be expendable by the school district.

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

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

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

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

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

## KEMPER COUNTY SCHOOL DISTRICT

### Notes to the Financial Statements For the Year Ended June 30, 2014

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

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

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

#### FIDUCIARY FUNDS

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

#### **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.

KEMPER COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

**D. Encumbrances**

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

KEMPER COUNTY SCHOOL DISTRICT

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

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

KEMPER COUNTY SCHOOL DISTRICT

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

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

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

8. Long-term Liabilities and Bond Discounts/Premiums

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

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

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:

KEMPER COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

**Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents**

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school district's deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss.

KEMPER COUNTY SCHOOL DISTRICT

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

Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$3,702,337 and \$499,039, respectively. The bank balance was \$4,777,914.

*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. 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. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$4,777,914 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$2,000.

KEMPER COUNTY SCHOOL DISTRICT

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

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

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 90,810
	ARRA School Improvement Fund	177,199
	Kemper County Renovations Fund	240,751
	Other governmental funds	132,186
	Fiduciary funds	1,828
Other governmental funds	Other governmental funds	2,831
Total		<u>\$ 645,605</u>

The purpose of the inter-fund loans was primarily to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

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

Receivable Fund	Payable Fund	Amount
16th Section Principal Fund	General Fund	<u>\$ 116,575</u>

Sixteenth section principal loans payable

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

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 57,123	\$ 3,624	\$ 60,747
2016	59,452	1,296	60,748
Total	<u>\$ 116,575</u>	<u>\$ 4,920</u>	<u>\$ 121,495</u>

KEMPER COUNTY SCHOOL DISTRICT

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

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Kemper County Renovations Fund	\$ 38,691
	Other governmental funds	487,626
Title I Fund	Other governmental funds	10,449
16th Section Principal Fund	General Fund	6,360
Other governmental funds	General Fund	43,913
	Other governmental funds	16,766
Total		<u>\$ 603,805</u>

The interfund transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, unemployment compensation transfers, the transfer of excess funds from Hancock Bank, the transfer of expendable sixteenth section funds to the General Fund, and other routine transfers. These transfers were consistent with the activities of the fund making the transfer.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$520,097 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$2,000 of the MAEP Limited Obligation Bond Fund.

KEMPER COUNTY SCHOOL DISTRICT

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

**Note 5 – Capital Assets**

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 25,410	\$	\$	\$ 25,410
Total non-depreciable capital assets	25,410	-	-	25,410
<u>Depreciable capital assets:</u>				
Buildings	6,427,498			6,427,498
Improvements other than buildings	38,425			38,425
Mobile equipment	1,391,545	942,485	10,500	2,323,530
Furniture and equipment	404,925	9,027	18,108	395,844
Total depreciable capital assets	8,262,393	951,512	28,608	9,185,297
<u>Less accumulated depreciation for:</u>				
Buildings	2,556,308	88,701		2,645,009
Improvements other than buildings	30,740			30,740
Mobile equipment	989,627	146,885	9,450	1,127,062
Furniture and equipment	370,303	13,836	17,927	366,212
Total accumulated depreciation	3,946,978	249,422	27,377	4,169,023
Total depreciable capital assets, net	4,315,415	702,090	1,231	5,016,274
Governmental activities capital assets, net	\$ 4,340,825	\$ 702,090	\$ 1,231	\$ 5,041,684

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 73,700
Support services	156,094
Non-instructional	19,628
Total depreciation expense - Governmental activities	\$ 249,422

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. Limited obligation refunding bonds payable	\$ 1,010,000	\$	\$ 195,000	\$ 815,000	\$ 200,000
B. Shortfall notes payable	61,318		61,318	-	-
C. Compensated absences payable	54,540	3,172		57,712	2,886
Total	\$ 1,125,858	\$ 3,172	\$ 256,318	\$ 872,712	\$ 202,886

KEMPER COUNTY SCHOOL DISTRICT

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

**A. Limited obligation refunding bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds, Series 2010	2.0-2.5%	12/17/2010	4/1/2018	\$ 1,345,000	\$ 815,000
Total				<u>\$ 1,345,000</u>	<u>\$ 815,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 200,000	\$ 17,863	\$ 217,863
2016	200,000	13,862	213,862
2017	205,000	9,863	214,863
2018	210,000	5,250	215,250
Total	<u>\$ 815,000</u>	<u>\$ 46,838</u>	<u>\$ 861,838</u>

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

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

**B. Shortfall notes payable**

The shortfall notes payable was paid in full during the fiscal year from the Ad Valorem Tax Shortfall 2011 Debt Service Fund.

**C. Compensated absences payable**

As more fully explained in Note 1(E)(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 – 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

KEMPER COUNTY SCHOOL DISTRICT

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

statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$980,569, \$829,161 and \$705,301, respectively, which equaled the required contributions for each year.

**Note 8 – Sixteenth Section Lands**

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

Year Ending June 30	Amount
2015	\$ 148,003
2016	137,640
2017	125,690
2018	82,992
2019	72,605
2020 – 2024	285,333
2025 – 2029	164,268
2030 – 2034	91,129
2035 – 2039	70,748
Thereafter	82,229
Total	<u>\$ 1,260,637</u>

**Note 9 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

Explanation	Amount
To correct prior year receivable at the governmental fund level	<u>\$ (38,691)</u>

KEMPER COUNTY SCHOOL DISTRICT

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

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

Fund	Explanation	Amount
Kemper County Renovations Fund	To correct prior year receivable	\$ <u>(38,691)</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.

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. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

KEMPER COUNTY SCHOOL DISTRICT

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

**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 Kemper County School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

The School District approved to accept royalty checks from Liberty Fuels Company for Coal Excavation in July, August and November of 2014 totaling \$312,892.

REQUIRED SUPPLEMENTARY INFORMATION

**KEMPER COUNTY SCHOOL DISTRICT**  
**Required Supplementary Information**

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 4,256,078	\$ 4,983,234	\$ 5,423,468	\$ 727,156	\$ 440,234
State sources	5,271,532	5,221,194	5,274,330	(50,338)	53,136
Federal sources	220,000	145,444	170,888	(74,556)	25,444
Sixteenth section sources	-	-	846,323	-	846,323
Total Revenues	9,747,610	10,349,872	11,715,009	602,262	1,365,137
<b>Expenditures:</b>					
Instruction	4,652,972	4,918,629	4,905,137	(265,657)	13,492
Support services	4,588,837	4,530,108	4,596,500	58,729	(66,392)
Noninstructional services	23,919	23,890	23,890	29	-
Sixteenth section	-	-	15,787	-	(15,787)
Debt service:					
Principal	54,888	-	-	54,888	-
Interest	5,859	5,859	5,859	-	-
Total Expenditures	9,326,475	9,478,486	9,547,173	(152,011)	(68,687)
Excess (Deficiency) of Revenues over (under) Expenditures	421,135	871,386	2,167,836	450,251	1,296,450
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	753,046	1,905,111	50,273	1,152,065	(1,854,838)
Operating transfers out	(1,174,181)	(1,279,423)	(526,317)	(105,242)	753,106
Total Other Financing Sources (Uses)	(421,135)	625,688	(476,044)	1,046,823	(1,101,732)
Net Change in Fund Balances	-	1,497,074	1,691,792	1,497,074	194,718
Fund Balances:					
July 1, 2013	-	1,152,222	1,308,167	1,152,222	155,945
June 30, 2014	\$ -	\$ 2,649,296	\$ 2,999,959	\$ 2,649,296	\$ 350,663

**KEMPER COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule**

**Title I Fund**

**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 562,201	\$ 571,781	\$ 571,979	\$ 9,580	\$ 198
Total Revenues	562,201	571,781	571,979	9,580	198
<b>Expenditures:</b>					
Instruction	390,312	431,039	431,039	(40,727)	-
Support services	30,660	97,556	97,754	(66,896)	(198)
Noninstructional services	28,789	32,737	32,737	(3,948)	-
Total Expenditures	449,761	561,332	561,530	(111,571)	(198)
Excess (Deficiency) of Revenues over (under) Expenditures	112,440	10,449	10,449	(101,991)	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(112,440)	(10,449)	(10,449)	101,991	-
Total Other Financing Sources (Uses)	(112,440)	(10,449)	(10,449)	101,991	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

**KEMPER COUNTY SCHOOL DISTRICT**

**Required Supplementary Information**

**Budgetary Comparison Schedule  
ARRA School Improvement Fund  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 1,189,395	\$ 957,073	\$ 957,073	\$ (232,322)	\$ -
Total Revenues	1,189,395	957,073	957,073	(232,322)	-
<b>Expenditures:</b>					
Instruction	426,666	303,448	303,448	123,218	-
Support services	702,669	627,175	629,777	75,494	(2,602)
Noninstructional services	23,537	23,848	23,848	(311)	-
Total Expenditures	1,152,872	954,471	957,073	198,401	(2,602)
Excess (Deficiency) of Revenues over (under) Expenditures	36,523	2,602	-	(33,921)	(2,602)
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(36,523)	(2,602)	-	33,921	2,602
Total Other Financing Sources (Uses)	(36,523)	(2,602)	-	33,921	2,602
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## KEMPER COUNTY SCHOOL DISTRICT

### Notes to the Required Supplementary Information For the Year Ended June 30, 2014

#### Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

## SUPPLEMENTARY INFORMATION

**KEMPER COUNTY SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 287,106
National School Lunch Program	10.555	552,455
Summer Food Service Program for Children	10.559	1,510
Total child nutrition cluster		<u>841,071</u>
Total passed-through Mississippi Department of Education		<u>841,071</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>		<u>841,071</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	36,332
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>		<u>36,332</u>
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>		
Administered through the Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	37,251
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>		<u>37,251</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	682,973
Career and Technical Education - Basic Grants to States	84.048	19,762
Twenty-First Century Community Learning Centers	84.287	121,458
Rural Education	84.358	20,632
Supporting Effective Instruction State Grant	84.367	125,097
Subtotal		<u>969,922</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	202,738
Special Education - Preschool Grants	84.173	8,533
Total Special Education Cluster		<u>211,271</u>
School Improvements Grant Cluster:		
School Improvement Grants	84.377	676,722
ARRA - School Improvement Grants, Recovery Act	84.388	280,351
Total School Improvement Grants Cluster		<u>957,073</u>
Total passed-through the Mississippi Department of Education		<u>2,138,266</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>		<u>2,138,266</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
Passed-through Mississippi Department of Education:		
Medical Assistance Program	93.778	2,543
Total passed-through Mississippi Department of Education		<u>2,543</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>2,543</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u>\$ 3,055,463</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.

**KEMPER COUNTY SCHOOL DISTRICT****Schedule 2**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits	\$ 8,699,620	6,057,863	690,128	585,700	1,365,929
Other	4,932,449	1,626,888	228,894	58,487	3,018,180
Total	\$ <u>13,632,069</u>	<u>7,684,751</u>	<u>919,022</u>	<u>644,187</u>	<u>4,384,109</u>
Total number of students *	<u>1,036</u>				
Cost per student	\$ <u>13,158</u>	<u>7,417</u>	<u>887</u>	<u>622</u>	<u>4,232</u>

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

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

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

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

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

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

## OTHER INFORMATION

**KEMPER COUNTY SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 General Fund  
 Last Four Years

"UNAUDITED"

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 5,423,468	2,436,611	1,939,478	1,716,305
State sources	5,274,330	4,973,654	4,940,859	4,801,493
Federal sources	170,888	168,043	227,165	182,604
Sixteenth section sources	846,323	400,403	-	-
Total Revenues	<u>11,715,009</u>	<u>7,978,711</u>	<u>7,107,502</u>	<u>6,700,402</u>
<b>Expenditures:</b>				
Instruction	4,905,137	4,399,225	4,064,503	3,844,378
Support services	4,596,500	3,244,384	2,918,193	2,596,929
Noninstructional services	23,890	22,913	13,235	5,760
Sixteenth section	15,787	18,689	-	-
Debt service:				
Interest	5,859	8,008	10,073	12,057
Total Expenditures	<u>9,547,173</u>	<u>7,693,219</u>	<u>7,006,004</u>	<u>6,459,124</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,167,836</u>	<u>285,492</u>	<u>101,498</u>	<u>241,278</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	-	-	-	177,803
Insurance recovery	-	-	10,779	4,296
Sale of transportation equipment	-	-	6,017	-
Sale of other property	-	-	-	-
Operating transfers in	50,273	747,882	470,053	366,467
Operating transfers out	(526,317)	(665,134)	(488,254)	(470,709)
Total Other Financing Sources (Uses)	<u>(476,044)</u>	<u>82,748</u>	<u>(1,405)</u>	<u>77,857</u>
Net Change in Fund Balances	<u>1,691,792</u>	<u>368,240</u>	<u>100,093</u>	<u>319,135</u>
<b>Fund Balances:</b>				
July 1, as previously reported	1,308,167	939,381	844,607	525,472
Prior period adjustment	-	546	(5,319)	-
July 1, as restated	<u>1,308,167</u>	<u>939,927</u>	<u>839,288</u>	<u>525,472</u>
June 30,	<u>\$ 2,999,959</u>	<u>1,308,167</u>	<u>939,381</u>	<u>844,607</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**KEMPER COUNTY SCHOOL DISTRICT**

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

"UNAUDITED"

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 5,547,768	2,797,922	2,182,400	1,876,414
State sources	5,749,892	5,419,598	5,408,359	5,203,829
Federal sources	3,228,677	3,337,086	3,550,370	3,177,864
Sixteenth section sources	981,972	465,606	698,317	405,429
Total Revenues	<u>15,508,309</u>	<u>12,020,212</u>	<u>11,839,446</u>	<u>10,663,536</u>
<b>Expenditures:</b>				
Instruction	6,354,262	6,039,092	6,071,487	5,499,296
Support services	6,063,164	6,654,274	5,385,835	4,040,310
Noninstructional services	850,041	785,745	724,804	717,285
Sixteenth section	77,666	89,185	129,069	80,387
Debt service:				
Principal	256,318	366,227	314,943	263,677
Interest	29,618	42,163	61,562	62,815
Other	1,000	1,000	1,000	1,917
Total Expenditures	<u>13,632,069</u>	<u>13,977,686</u>	<u>12,688,700</u>	<u>10,665,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,876,240</u>	<u>(1,957,474)</u>	<u>(849,254)</u>	<u>(2,151)</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	-	-	-	177,803
Refunding bonds issued	-	-	-	1,318,326
Insurance recovery	-	1,650,420	1,270,252	4,296
Payment to refunded bond escrow agent	-	-	-	(1,285,000)
Sale of transportation equipment	-	-	6,017	-
Sale of other property	-	-	158	-
Operating transfers in	603,805	1,414,205	961,394	837,176
Other financing sources	-	-	-	25,000
Operating transfers out	<u>(603,805)</u>	<u>(1,414,205)</u>	<u>(961,394)</u>	<u>(837,176)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,650,420</u>	<u>1,276,427</u>	<u>240,425</u>
Net Change in Fund Balances	1,876,240	(307,054)	427,173	238,274
<b>Fund Balances:</b>				
July 1, as previously reported	2,590,562	2,898,616	2,484,953	2,250,513
Prior period adjustments	(38,691)	546	(5,319)	-
July 1, as restated	<u>2,551,871</u>	<u>2,899,162</u>	<u>2,479,634</u>	<u>2,250,513</u>
Increase (Decrease) in inventory	6,168	(1,546)	(8,191)	(3,834)
June 30,	<u>\$ 4,434,279</u>	<u>2,590,562</u>	<u>2,898,616</u>	<u>2,484,953</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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Superintendent and School Board  
Kemper County 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 Kemper County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Kemper County School District's basic financial statements, and have issued our report thereon dated August 26, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kemper County 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 Kemper County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kemper County 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as Finding 2014-001.

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

## **Kemper County School District's Response to Finding**

Kemper County School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Kemper County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
August 26, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Kemper County School District

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

We have audited Kemper County 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 Kemper County School District's major federal programs for the year ended June 30, 2014. The Kemper County 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 its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Kemper County 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.

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

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

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

## **Report on Internal Control Over Compliance**

Management of the Kemper County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kemper County 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2014-002 that we consider to be a significant deficiency.

Kemper County School District's response to the internal control over compliance finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. Kemper County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
August 26, 2016

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  
Kemper County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kemper County School District as of and for the year ended June 30, 2014, which collectively comprise the Kemper County School District's basic financial statements and have issued our report thereon dated August 26, 2016. 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 \$520 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 disclosed the following immaterial instance

of noncompliance with other state laws and regulations. Our immaterial finding and recommendation and your response are as follows:

**Finding 1:**

Criteria:

Section 37-61-21(2), Miss. Code Ann. (1972), states that on or before the fifteenth day of October of each year, the local school board of each school district, with the assistance of the school district superintendent, shall prepare and file with the State Department of Education year-end financial statements and any other budgetary information that the State Board of Education may require. The State Board of Education shall prescribe and provide forms to each school district for this purpose. No additional changes may be made to the financial statements after October 15 of each year.

Condition:

The year-end financial statements were submitted timely, but substantial journal entries were made after the submission.

Cause:

This noncompliance occurred because the district lacked proper training and knowledge that no additional changes may be made to the financial statements after October 15 of each year.

Effect:

Noncompliance with Section 37-61-21(2), Miss. Code Ann. (1972) could result in misstatement of financial statements as well as management and board members adopting policies and basing decisions on obsolete information.

Recommendation:

After the year-end financial statements are submitted and approved by the State Department of Education, no additional changes should be made to the financial statements after October 15 of each year.

Response:

The District will not make additional changes after their year-end financial statements and any other budgetary information to the State Department of Education on or before the fifteenth day of October of each year.

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

The Kemper County School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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 and 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  
August 26, 2016

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Kemper County School District**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? Yes.
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? Yes.
5. Type of auditor's report issued on compliance for major programs: Unmodified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes.
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.377 & 84.388	School Improvement Grant Cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? No.

## Section II: Financial Statement Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported under *Government Auditing Standards*:

### **Significant Deficiency:**

Finding 2014-001

#### Criteria:

A sound system of internal controls should be in place that requires the cashier and cafeteria manager to sign the daily sales report to ensure assets are safeguarded.

#### Condition:

During the course of our audit of lunchroom deposits, we noted daily sales reports were not signed by the cafeteria manager and the cashier.

#### Effect:

This is the result of an inadequate system of internal controls.

#### Cause:

The lack of controls could result in missing or unaccounted cash.

#### Recommendation:

Procedures should be in place in order that the cafeteria managers are required to sign the daily sales reports along with the cashier.

### Section III: Findings and Questioned Costs for Federal Awards

The results of our tests disclosed the following finding and questioned costs related to the federal awards:

#### **Significant Deficiency and Noncompliance:**

Finding 2014-002

Program: Child Nutrition Cluster  
CFDA Number: 10.553, 10.555 & 10.559

Compliance Requirement: Reporting

#### Criteria:

A sound system of internal controls over compliance should be in place to ensure software system is evaluated and corrected as information is transferred from participation report to monthly claims.

#### Condition:

There is an inadequate control issue within the system of the Child Nutrition department in which the number of participants from the monthly Daily Participation Report does not transfer accurately to monthly claims submitted.

#### Effect:

The Child Nutrition Director requested excess reimbursement for meals claimed under free status.

#### Cause:

The Child Nutrition Director did not check to ensure that information was being correctly reported within the system.

#### Recommendation:

The school district should implement controls to ensure information is being reported correctly.

**AUDITEE'S CORRECTIVE ACTION PLAN AND  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

Kemper County School District  
P.O. Box 219  
DeKalb, MS 39328  
**Jackie Pollock, Superintendent**  
**Keisha Smoot, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 315(c) of OMB Circular A-133, the Kemper County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2014:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2014-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p style="margin-left: 40px;">Name: Amanda Williams Title: Child Nutrition Director Phone Number: 601-743-5292</p> <p>b. Corrective Action Planned:</p> <p style="margin-left: 40px;">The district will require all cafeteria managers to sign daily sales reports along with cafeteria cashiers.</p> <p>c. Anticipated Completion Date:</p> <p style="margin-left: 40px;">June 30, 2016</p>
2014-002	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p style="margin-left: 40px;">Name: Amanda Williams Title: Child Nutrition Director Phone Number: 601-743-5292</p> <p>b. Corrective Action Planned:</p> <p style="margin-left: 40px;">The district will implement internal controls to ensure that monthly claims are submitted accurately.</p> <p>c. Anticipated Completion Date:</p> <p style="margin-left: 40px;">June 30, 2016</p>

Kemper County School District

P.O. Box 219

DeKalb, MS 39328

**Jackie Pollock, Superintendent**

**Kakeisha Smoot, Business Manager**

SUMMARY OF PRIOR AUDIT FINDINGS

As required by Section \_\_\_\_315(b) of OMB Circular A-133, the Kemper County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2014:

Finding

Status

2013-1

Corrected