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**SOUTH PIKE SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

SOUTH PIKE SCHOOL DISTRICT

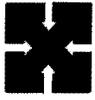
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SOUTH PIKE SCHOOL DISTRICT

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**BANKS, FINLEY,
WHITE & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
South Pike School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the South Pike School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Pike School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. According, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred 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 South Pike 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 4 - 12 and 39 - 42 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 accompanying supplementary information mentioned above 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 South Pike School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as 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 October 26, 2015, on our consideration of the South Pike School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Pike School District's internal control over financial reporting and compliance.

Barr, King, White & Co.

October 26, 2015
Ridgeland, Mississippi

SOUTH PIKE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The following discussion and analysis of South Pike 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 \$672,491, including a prior period adjustment of \$24,774 which represents a 4% increase from fiscal year 2013. Total net position for 2013 increased \$542,608, including a prior period adjustment of \$33,108, which represents a 3% increase from fiscal year 2012.
- ◆ General revenues amounted to \$13,537,050 and \$13,441,319, or 77% and 76% 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 \$4,110,036 or 23% of total revenues for 2014, and \$4,312,826 or 24% of total revenues for 2013.
- ◆ The District had \$16,999,369 and \$17,244,645 in expenses for fiscal years 2014 and 2013; only \$4,110,036 for 2014 and \$4,312,826 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$13,537,050 for 2014 \$13,441,319 for 2013 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$13,030,351 in revenues and \$12,004,079 in expenditures for 2014, and \$12,375,214 in revenues and \$12,078,904 in expenditures in 2013. The General Fund's fund balance increased by \$570,912 from 2013 to 2014, and increased by \$298,051 from 2012 to 2013.
- ◆ Capital assets, net of accumulated depreciation, decreased by \$448,314 for 2014 and decreased by \$543,633 for 2013. The decrease for 2014 was due primarily to an increase in accumulated depreciation.
- ◆ Long-term debt decreased by \$279,305 for 2014 and decreased by \$190,534 for 2013. This decrease for 2014 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$64,305 for 2014 and increased by \$17,466 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.

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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.

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

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.

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 \$16,999,352 as of 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 2013.

	<u>Table 1</u> <u>Condensed Statement of Net Position</u>		
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Current assets	\$ 9,201,211	\$ 9,343,423	(1.52)%
Restricted assets	1,950,937	1,687,876	15.59 %
Capital assets, net	<u>10,228,094</u>	<u>10,676,408</u>	(4.20)%
Total assets	<u>21,380,242</u>	<u>21,707,707</u>	(1.51)%
Current liabilities	127,801	848,452	(84.94)%
Long-term debt outstanding	<u>4,253,089</u>	<u>4,532,394</u>	(6.16)%
Total liabilities	<u>4,380,890</u>	<u>5,380,846</u>	(18.58)%
Net position:			
Net investment in capital assets	6,085,095	6,318,408	(3.69)%
Restricted	3,154,720	3,939,128	(19.91)%
Unrestricted	<u>7,759,537</u>	<u>6,069,325</u>	27.85 %
Total net position	<u>\$ 16,999,352</u>	<u>\$ 16,326,861</u>	4.12 %

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

Decrease in net capital assets in the amount of	\$	448,314
Decrease in current liabilities in the amount of	\$	720,651

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$17,647,086 and \$17,754,145 respectively. The total cost of all programs and services was \$16,999,369 for 2014 and \$17,244,645 for 2013.

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

	Table 2 Change in Net Position		Percentage Change
	Year Ended June 30, 2014	Year Ended June 30, 2013	
Revenues			
Program revenues:			
Charges for services	\$ 191,144	\$ 248,583	(23.11)%
Operating grants and contributions	3,918,892	4,064,243	(3.58)%
General revenues:			
Property taxes	4,532,349	4,152,312	9.15 %
Grants and contributions not restricted	8,814,295	8,718,307	1.10 %
Investment earnings	45,594	27,123	68.10%
Sixteenth section sources	144,166	507,011	(71.57)%
Other	646	36,566	(98.23)
Total revenues	17,647,086	17,754,145	(0.60)%
Expenses:			
Instruction	8,210,224	8,931,721	(8.08)%
Support services	7,204,430	6,891,026	4.55 %
Non-instructional	1,301,477	1,293,559	0.61 %
Sixteenth section	59,387	27,603	115.15 %
Interest and on long term- liabilities	223,851	100,736	122.22 %
Total expenses	16,999,369	17,244,645	(1.42)%
Increase (Decrease) in net position	647,717	509,500	27.13 %
Net Position, July 1, as previously reported	16,326,861	15,784,253	3.44 %
Prior Period Adjustment	24,774	33,108	(0.05)
Net Position July 1, as restated	16,351,635	15,817,361	3.38 %
Net Position, June 30	\$ 16,999,352	\$ 16,326,861	4.12 %

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	2014	2013	
Instruction	\$ 8,210,224	\$ 8,931,721	(8.08)%
Support services	7,204,430	6,891,026	4.55 %
Non-instructional	1,301,477	1,293,559	0.61 %
Sixteenth section	59,387	27,603	115.15 %
Interest on long-term liabilities	223,851	100,736	122.22 %
Total expenses	<u>\$ 16,999,369</u>	<u>\$ 17,244,645</u>	(1.42)%

	<u>Net (Expense) Revenue</u>		Percentage Change
	2014	2013	
Instruction	\$ (6,447,571)	\$ (6,846,775)	(5.83)%
Support services	(6,120,040)	(5,865,236)	4.34 %
Non-instructional	(38,484)	(91,469)	(57.93)%
Sixteenth section	(59,387)	(27,603)	115.15 %
Interest on long-term liabilities	(223,851)	(100,736)	122.22 %
Total net (expense) revenue	<u>\$ (12,889,333)</u>	<u>\$ (12,931,819)</u>	(0.33)%

- ◆ Net cost of governmental activities (\$12,889,333 for 2014 and \$12,931,819 for 2013), was financed by general revenue, which is primarily made up of property taxes (\$4,532,349 for 2014 and \$4,152,312 for 2013) and state and federal revenues (\$8,814,295 for 2014 and \$8,718,307 for 2013). In addition, there was \$144,166 and \$507,011 in Sixteenth Section sources for 2014 and 2013, respectively.
- ◆ Investment earnings amounted to \$45,594 for 2014 and \$27,123 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.

SOUTH PIKE SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Year Ended June 30, 2014

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 \$11,094,838, an increase of \$886,095 which includes a prior period adjustment of \$8,724 and an decrease in inventory of \$11,929. \$6,729,707 or 60.66% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,365,131 or 39.34% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$570,912. The fund balance of Other Governmental Funds showed an increase in the amount of \$248,807. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Child Nutrition Fund	\$ 3,911
Title I Fund	No increase or decrease
Sixteenth Section Principal Fund	\$ 62,465

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.

- ◆ Budgeted amounts for revenues in the General Fund were increased during the fiscal year. Amounts originally budgeted were understated.
- ◆ Budgeted amounts for instruction and support services expenditures in the General Fund were decreased during the fiscal year. Amounts originally budgeted were overstated.
- ◆ Budgeted amounts for revenues and expenditures in various special revenue funds receiving federal funding were revised during the fiscal year to reflect actual revenue received and expenditures incurred during the fiscal year.

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 supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2014, the District's total capital assets were \$19,649,248, including land, school buildings, building improvements, and other improvements, buses, other school vehicles, furniture and equipment and any intangible assets. This amount represents an increase of \$75,892 from 2013. Total accumulated depreciation as of June 30, 2014 was \$9,421,154, and total depreciation expense for the year was \$516,301, resulting in total net capital assets of \$10,228,094.

SOUTH PIKE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 4
Capital Assets
Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	\$ 445,759	\$ 445,759	- %
Buildings	7,522,599	7,729,911	(2.68)%
Building improvements	1,282,225	1,357,998	(5.58)%
Improvements other than buildings	13,294	15,952	(16.66)
Mobile equipment	799,307	961,343	(16.86)%
Furniture and equipment	164,910	165,445	(0.32)%
Total	<u>\$ 10,228,094</u>	<u>\$ 10,676,408</u>	(4.20)%

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 \$4,253,089 in outstanding long-term debt, of which \$223,000 is due within one year. The liability for compensated absences decreased by \$64,305 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
Three mill notes payable	\$ 2,143,000	\$ 2,358,000	(9.12)%
Qualified zone academy bonds payable	500,000	500,000	- %
Qualified school construction bonds payable	1,500,000	1,500,000	- %
Compensated absences payable	110,089	174,394	(36.87)%
Total	<u>\$ 4,253,089</u>	<u>\$ 4,532,394</u>	(6.16)%

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

CURRENT ISSUES

The South Pike 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 are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the South Pike School District, 250 W. Bay Street, Magnolia, MS 39652.

SOUTH PIKE SCHOOL DISTRICT
FINANCIAL STATEMENTS

SOUTH PIKE SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 8,538,502
Due from other governments	489,349
Other receivables, net	116,378
Inventories	56,982
Restricted assets	1,950,937
Capital assets, non-depreciable	
Land	445,759
Capital assets, net of accumulated depreciation:	
Buildings	7,522,599
Building improvements	1,282,225
Improvements other than buildings	13,294
Mobile equipment	799,307
Furniture and equipment	<u>164,910</u>
Total Assets	<u>21,380,242</u>
Liabilities	
Accounts payable and accrued liabilities	55,482
Unearned revenue	1,828
Interest payable on long-term liabilities	70,491
Long-term liabilities, due within one year:	
Capital related liabilities	223,000
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,920,000
Noncapital related liabilities	<u>110,089</u>
Total Liabilities	<u>4,380,890</u>
Net Position	
Net investment in capital assets	6,085,095
Restricted for:	
Expendable:	
School-based activities	619,316
Debt service	1,096,360
Forestry improvements	142,410
Unemployment benefits	79,861
Nonexpendable:	
Sixteenth section	1,211,221
Other	5,552
Unrestricted	<u>7,759,537</u>
Total Net Position	<u>\$ 16,999,352</u>

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

SOUTH PIKE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 8,210,224	\$ 97,444	\$ 1,665,209	\$ -	\$ (6,447,571)
Support services	7,204,430	3,023	1,081,367	-	(6,120,040)
Non-instructional	1,301,477	90,677	1,172,316	-	(38,484)
Sixteenth section	59,387	-	-	-	(59,387)
Interest on long-term liabilities	<u>223,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,851)</u>
Total Governmental Activities	<u>\$ 16,999,369</u>	<u>\$ 191,144</u>	<u>\$ 3,918,892</u>	<u>\$ -</u>	<u>(12,889,333)</u>
General Revenues:					
Taxes:					
					4,293,473
					238,876
Unrestricted grants and contributions:					
					8,357,916
					456,379
					45,594
					144,166
					<u>646</u>
					<u>13,537,050</u>
Change in Net Position					
					<u>647,717</u>
Net Position - Beginning, as previously reported					
					16,326,861
					<u>24,774</u>
Net Position - Beginning - as restated					
					<u>16,351,635</u>
Net Position - Ending					
					<u>\$ 16,999,352</u>

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

SOUTH PIKE SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 6,205,110	\$ 524,024	\$ -	\$ 1,076,221	\$ 1,809,368	\$ 9,614,723
Cash with fiscal agent	-	-	-	-	148	148
Investments	-	-	-	-	874,567	874,567
Due from other governments	157,469	-	226,771	-	105,109	489,349
Due from other funds	720,469	24,872	3,071	-	69,215	817,627
Advances to other funds	-	-	-	135,000	-	135,000
Inventories	-	56,982	-	-	-	56,982
Total Assets	<u>\$ 7,083,048</u>	<u>\$ 605,878</u>	<u>\$ 229,842</u>	<u>\$ 1,211,221</u>	<u>\$ 2,858,407</u>	<u>\$ 11,988,396</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 25,594	\$ 2,620	\$ 2,389	\$ -	\$ 9,121	\$ 39,724
Due to other funds	107,824	299,946	227,453	-	81,783	717,006
Advances from other funds	135,000	-	-	-	-	135,000
Unearned revenue	-	-	-	-	1,828	1,828
Total Liabilities	<u>268,418</u>	<u>302,566</u>	<u>229,842</u>	<u>-</u>	<u>92,732</u>	<u>893,558</u>
Fund Balances:						
Nonspendable:						
Inventory	-	56,982	-	-	-	56,982
Permanent fund principal	-	-	-	1,076,221	-	1,076,221
Advances	-	-	-	135,000	-	135,000
Restricted:						
Debt service	-	-	-	-	1,166,852	1,166,852
Forestry improvement purposes	-	-	-	-	142,410	142,410
Unemployment benefits	-	-	-	-	79,861	79,861
Food service	-	246,330	-	-	-	246,330
Sixteenth section	-	-	-	-	1,054,998	1,054,998
Grant activities	-	-	-	-	321,554	321,554
Assigned:						
Activity funds	84,923	-	-	-	-	84,923
Unassigned	6,729,707	-	-	-	-	6,729,707
Total Fund Balances	<u>6,814,630</u>	<u>303,312</u>	<u>-</u>	<u>1,211,221</u>	<u>2,765,675</u>	<u>11,094,838</u>
Total Liabilities and Fund Balances	<u>\$ 7,083,048</u>	<u>\$ 605,878</u>	<u>\$ 229,842</u>	<u>\$ 1,211,221</u>	<u>\$ 2,858,407</u>	<u>\$ 11,988,396</u>

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

SOUTH PIKE SCHOOL DISTRICT
Governmental Funds
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Total Fund Balances for Governmental Funds \$ 11,094,838

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	\$ 445,759	
	Buildings	11,653,829	
	Building improvements	1,894,327	
	Improvements other than buildings	66,470	
	Mobile equipment	2,630,690	
	Furniture and equipment	2,958,173	
	Accumulated depreciation	<u>(9,421,154)</u>	10,228,094
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:		
	Qualified school construction bonds payable	(1,500,000)	
	Notes payable	(2,143,000)	
	Qualified zone academy bonds payable	(500,000)	
	Compensated absences	(110,089)	
	Accrued interest payable	<u>(70,491)</u>	<u>(4,323,580)</u>
	Net Position of Governmental Activities		<u>\$ 16,999,352</u>

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

SOUTH PIKE SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	Sixteenth Section Principal Fund		
Revenues:						
Local sources	\$ 4,062,222	\$ 91,590	\$ -	\$ -	\$ 612,251	\$ 4,766,063
State sources	8,439,533	21,101	-	-	376,905	8,837,539
Federal sources	528,596	1,175,894	1,343,741	-	847,416	3,895,647
Sixteenth section sources	-	-	-	62,465	84,724	147,189
Total Revenues	<u>13,030,351</u>	<u>1,288,585</u>	<u>1,343,741</u>	<u>62,465</u>	<u>1,921,296</u>	<u>17,646,438</u>
Expenditures:						
Instruction	6,129,210	-	771,394	-	1,096,626	7,997,230
Support services	5,780,669	108,959	368,020	-	805,910	7,063,558
Noninstructional services	-	1,163,138	33,995	-	40,360	1,237,493
Sixteenth section	-	-	-	-	59,387	59,387
Debt service:						
Principal	-	-	-	-	215,000	215,000
Interest	94,200	-	-	-	83,156	177,356
Other	-	-	-	-	1,900	1,900
Total Expenditures	<u>12,004,079</u>	<u>1,272,097</u>	<u>1,173,409</u>	<u>-</u>	<u>2,302,339</u>	<u>16,751,924</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,026,272</u>	<u>16,488</u>	<u>170,332</u>	<u>62,465</u>	<u>(381,043)</u>	<u>894,514</u>
Other Financing Sources (Uses):						
Other sources	-	-	-	-	650	650
Operating transfers in	18,352	330	-	-	522,553	541,235
Operating transfers out	(357,437)	(978)	(164,468)	-	(18,352)	(541,235)
Payment to Qualified Zone Academy	-	-	-	-	-	-
Debt escrow agent	(124,999)	-	-	-	124,999	-
Other financing uses	-	-	(5,864)	-	-	(5,864)
Total Other Financing Sources (Uses)	<u>(464,084)</u>	<u>(648)</u>	<u>(170,332)</u>	<u>-</u>	<u>629,850</u>	<u>(5,214)</u>
Net Change in Fund Balances	<u>562,188</u>	<u>15,840</u>	<u>-</u>	<u>62,465</u>	<u>248,807</u>	<u>889,300</u>
Fund Balances:						
July 1, 2013, as previously reported	6,243,718	299,401	-	1,148,756	2,516,868	10,208,743
Prior Period Adjustments	8,724	-	-	-	-	8,724
July 1, 2013, as restated	<u>6,252,442</u>	<u>299,401</u>	<u>-</u>	<u>1,148,756</u>	<u>2,516,868</u>	<u>10,217,467</u>
Increase (Decrease) in reserve for inventory	-	(11,929)	-	-	-	(11,929)
June 30, 2014	<u>\$ 6,814,630</u>	<u>\$ 303,312</u>	<u>\$ -</u>	<u>\$ 1,211,221</u>	<u>\$ 2,765,675</u>	<u>\$ 11,094,838</u>

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

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

Net Change in Fund Balances - Total Governmental Funds \$ 889,300

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	\$ 51,937	
	Depreciation expense	<u>(516,301)</u>	(464,364)
2.	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	215,000	
	Accrued interest payable	<u>(44,595)</u>	170,405
3.	Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
	Change in compensated absences	64,305	
	Change in inventory reserve	<u>(11,929)</u>	<u>52,376</u>
	Change in Net Position of Governmental Activities		<u>\$ 647,717</u>

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

SOUTH PIKE SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 627,908
Due from other funds	<u>15,707</u>
Total Assets	<u>\$ 643,615</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 487,760
Due to other funds	116,328
Due to student clubs	<u>39,527</u>
Total Liabilities	<u>\$ 643,615</u>

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

SOUTH PIKE 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 (5) member board to which each member was elected by the citizens of each defined county district.

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

B. Government-wide 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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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 fund is used to account for the federal revenues and expenditures associated with the education of economically deprived children.

Child Nutrition Fund - This fund accounts for the Child Nutrition local, state, and federal revenues that are received and the expenses associated with Child Nutrition.

Sixteen Section Principal Fund - This is a Permanent Fund that accounts for the nonspendable resources associated with Sixteenth Section land.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND

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.

SOUTH PIKE 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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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

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

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are 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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds.

	Capitalization Policy	Estimated Useful Life
Land	\$ -	0
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 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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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:

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.

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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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.

NOTE 2 - CASH AND CASH EQUIVALENTS, CASH WITH FISCAL AGENTS, AND INVESTMENTS

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$9,614,723 and \$627,908, respectively.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$10,992,446 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$148.

Investments

As of June 30, 2014, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AAA	less than 1	\$ <u>874,567</u>
Total			\$ <u>874,567</u>

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

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

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

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Trustmark National Bank	\$ <u>874,567</u>	100.00 %
	\$ <u>874,567</u>	

SOUTH PIKE 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	Child Nutrition fund	\$ 299,946
	Title I fund	227,453
	Other governmental funds	78,712
	Fiduciary Funds	114,358
Child Nutrition Fund	General Fund	22,902
	Fiduciary funds	1,970
Title I Fund	Other governmental funds	3,071
Other governmental funds	General fund	69,215
Fiduciary funds	General Fund	15,707
Total		<u>\$ 833,334</u>

The purpose of the inter-fund receivables and payables are to close out federal program funds at year end. All inter-fund receivables and payables are expected to be repaid within one year.

B. Advances To/From Other Funds.

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	\$ 135,000
Total		<u>\$ 135,000</u>

Advances were made for repairs and renovation of facilities.

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the 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	\$ 45,000	\$ 5,400	\$ 50,400
2016	45,000	3,600	48,600
2017	45,000	1,800	46,800
Total	<u>\$ 135,000</u>	<u>\$ 10,800</u>	<u>\$ 145,800</u>

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

C. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Child Nutrition Funds	\$ 330
	Other governmental funds	357,107
Child Nutrition Fund	Other governmental funds	978
Title I Fund	Other governmental funds	164,468
Other governmental funds	General Fund	<u>18,352</u>
Total		<u>\$ 541,235</u>

The purposes of inter-fund transfers are to transfer federal program indirect costs to the General fund and to close out federal programs at year end. These transfers are consistent with the activities of the fund making the transfer.

NOTE 4 - RESTRICTED ASSETS

The restricted assets represent the cash balance totaling \$1,076,221 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 investment balance, totaling \$374,642, of the Qualified School Construction Bond Fund and cash with fiscal agent balance and investment balance, totaling \$148 and \$499,926 in QZAB Bond Retirement Fund.

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities:	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance June 30, 2014</u>
<u>Non-depreciable Capital Assets:</u>					
Land	\$ 445,759	\$ -	\$ -	\$ -	\$ 445,759
Total non-depreciable capital assets	<u>445,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,759</u>
<u>Depreciable capital assets:</u>					
Buildings	11,653,829	-	-	-	11,653,829
Building improvements	1,894,327	-	-	-	1,894,327
Improvements other than buildings	66,470	-	-	-	66,470
Mobile equipment	2,630,690	-	-	-	2,630,690
Furniture and equipment	<u>2,882,281</u>	<u>51,937</u>	<u>-</u>	<u>23,955</u>	<u>2,958,173</u>
Total depreciable capital assets	<u>19,127,597</u>	<u>51,937</u>	<u>-</u>	<u>23,955</u>	<u>19,203,489</u>
<u>Less accumulated depreciation for:</u>					
Buildings	3,923,918	207,312	-	-	4,131,230
Building improvements	536,329	75,773	-	-	612,102
Improvements other than buildings	50,518	2,658	-	-	53,176
Mobile equipment	1,669,347	162,036	-	-	1,831,383
Furniture and equipment	<u>2,716,836</u>	<u>68,522</u>	<u>-</u>	<u>7,905</u>	<u>2,793,263</u>
Total accumulated depreciation	<u>8,896,948</u>	<u>516,301</u>	<u>-</u>	<u>7,905</u>	<u>9,421,154</u>
Total depreciable capital assets, net	<u>10,230,649</u>	<u>(464,364)</u>	<u>-</u>	<u>16,050</u>	<u>9,782,335</u>
Governmental activities capital assets, net	<u>\$ 10,676,408</u>	<u>\$ (464,364)</u>	<u>\$ -</u>	<u>\$ 16,050</u>	<u>\$ 10,228,094</u>

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

Depreciation expense was charged to the following governmental functions:

	Amount
Government Activities:	
Instruction	\$ 252,144
Support services	208,886
Non-instructional	55,271
Total depreciation expense - Governmental Activities	\$ 516,301

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

NOTE 6 - LONG -TERM LIABILITIES

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

	Balance Jul. 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
A. Three mill note payable	\$ 2,358,000	-	215,000	\$ 2,143,000	\$ 223,000
B. Qualified zone academy bonds payable	500,000	-	-	500,000	-
C. Qualified school construction bond payable	1,500,000	-	-	1,500,000	-
D. Compensated absences payable	174,394	-	64,305	110,089	-
Total	\$ 4,532,394	\$ -	\$ 279,305	\$ 4,253,089	\$ 223,000

A. Three mill notes payable

Debt currently outstanding is as follows

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes Series 2008	3.695%	12/19/2008	9/15/2023	\$ 3,250,000	\$ 2,143,000
Total				\$ 3,250,000	\$ 2,143,000

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 223,000	75,063	\$ 298,063
2016	230,000	66,695	296,695
2017	215,000	58,473	273,473
2018	215,000	50,529	265,529
2019	215,000	42,584	257,584
2020 - 2024	<u>1,045,000</u>	<u>88,404</u>	<u>1,133,404</u>
Total	<u>\$ 2,143,000</u>	<u>381,748</u>	<u>\$ 2,524,748</u>

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

B. Qualified zone academy bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bonds	0%	1/15/2005	10/13/2014	\$ <u>500,000</u>	\$ <u>500,000</u>
Total				\$ <u>500,000</u>	\$ <u>500,000</u>

C. Qualified school construction bonds payable

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	0%	12/15/2010	12/15/2022	\$ <u>1,500,000</u>	\$ <u>1,500,000</u>
				<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

D. Compensated absences payable

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

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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 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 for the fiscal year ended 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 \$1,420,967, \$1,310,663, and \$1,191,228, 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	\$ 56,089
2016	46,676
2017	22,555
2018	7,965
2019	6,964
2020 to 2024	30,088
2025 to 2029	27,299
2030 to 2034	24,375
2035 to 2039	7,652
2040 to 2044	1,260
	\$ 230,923

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

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

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To write off old outstanding checks and prior year bank reconciliation differences and to correct prior year overstatement of receivables.	\$ 8,714
To correct the cost and accumulated depreciation of capital assets for items purchased in prior year	<u>16,060</u>
Total	<u>\$ 24,774</u>

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General Funds	To write off old outstanding checks and bank reconciliation differences noted in prior years	<u>\$ 8,724</u>
Total		<u>\$ 8,724</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.

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

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 90 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.

.NOTE 12 - QUALIFIED ZONE ACADEMY BONDS

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark National Bank and Hancock Bank, has entered into such an arrangement dated January 15, 2005.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before October 16, 2014. The amount on deposit at June 30, 2014 was \$500,074. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The school district has made all of the scheduled annual deposits to the sinking fund.

NOTE 13 - QUALIFIED SCHOOL CONSTRUCTION BONDS

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

SOUTH PIKE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2014

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was \$374,642. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2015	\$ 125,000
2016	125,000
2017	125,000
2018	125,000
2019	125,000
2020 - 2024	<u>500,000</u>
Total	<u>\$ 1,125,000</u>

NOTE 14 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the South Pike School District evaluated the activity of the district through October 26, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

SOUTH PIKE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH PIKE 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
Revenues:					
Local sources	\$ 3,881,760	\$ 3,975,121	\$ 4,062,222	\$ 93,361	\$ 87,101
State sources	8,148,191	8,368,241	8,439,533	220,050	71,292
Federal sources	<u>103,627</u>	<u>444,320</u>	<u>528,596</u>	<u>340,693</u>	<u>84,276</u>
Total Revenues	<u>12,133,578</u>	<u>12,787,682</u>	<u>13,030,351</u>	<u>654,104</u>	<u>242,669</u>
Expenditures:					
Instruction	6,482,273	6,129,210	6,129,210	353,063	-
Support services	6,664,658	5,780,669	5,780,669	883,989	-
Debt service:					
Principal	45,000	-	-	45,000	-
Interest	94,200	9,000	94,200	85,200	(85,200)
Other	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>-</u>
Total Expenditures	<u>13,287,381</u>	<u>11,918,879</u>	<u>12,004,079</u>	<u>1,368,502</u>	<u>(85,200)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,153,803)</u>	<u>868,803</u>	<u>1,026,272</u>	<u>2,022,606</u>	<u>157,469</u>
Other Financing Sources (Uses):					
Insurance recovery	-	-	-	-	-
Operating transfers in	102,400	1,362,343	18,352	1,259,943	(1,343,991)
Operating transfers out	(35,000)	(1,701,791)	(357,437)	(1,666,791)	1,344,354
Payment to Qualified Zone Academy debt escrow agent	<u>(125,000)</u>	<u>(125,000)</u>	<u>(124,999)</u>	<u>-</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(57,600)</u>	<u>(464,448)</u>	<u>(464,084)</u>	<u>(406,848)</u>	<u>364</u>
Net Change in Fund Balances	<u>(1,211,403)</u>	<u>404,355</u>	<u>562,188</u>	<u>1,615,758</u>	<u>157,833</u>
Fund Balances:					
July 1, 2013, as previously reported	6,181,122	6,236,658	6,243,718	55,536	7,060
Prior period adjustments	<u>-</u>	<u>9,087</u>	<u>8,724</u>	<u>9,087</u>	<u>(363)</u>
July 1, 2013 as restated	<u>6,181,122</u>	<u>6,245,745</u>	<u>6,252,442</u>	<u>64,623</u>	<u>6,697</u>
June 30, 2014	<u>\$ 4,969,719</u>	<u>\$ 6,650,100</u>	<u>\$ 6,814,630</u>	<u>\$ 1,680,381</u>	<u>\$ 164,530</u>

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

SOUTH PIKE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Child Nutrition Fund
 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variances Positive (Negative)	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Local sources	\$ 104,276	91,591	91,590	(12,685)	\$ (1)
State sources	11,376	12,208	21,101	832	8,893
Federal sources	<u>1,082,808</u>	<u>1,107,304</u>	<u>1,175,894</u>	<u>24,496</u>	<u>68,590</u>
Total Revenues	<u>1,198,460</u>	<u>1,211,103</u>	<u>1,288,585</u>	<u>12,643</u>	<u>77,482</u>
Expenditures:					
Support services	112,308	108,958	108,959	3,350	(1)
Non instructional services	<u>1,105,720</u>	<u>1,094,548</u>	<u>1,163,138</u>	<u>11,172</u>	<u>(68,590)</u>
Total Expenditures	<u>1,218,028</u>	<u>1,203,506</u>	<u>1,272,097</u>	<u>14,522</u>	<u>(68,591)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,568)</u>	<u>7,597</u>	<u>16,488</u>	<u>27,165</u>	<u>8,891</u>
Other Financing Services (Uses)					
Operating transfers in	-	330	330	330	-
Operating transfers out	<u>-</u>	<u>(977)</u>	<u>(978)</u>	<u>(977)</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(647)</u>	<u>(648)</u>	<u>(647)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(19,568)</u>	<u>6,950</u>	<u>15,840</u>	<u>26,518</u>	<u>8,890</u>
Fund Balances:					
July 1, 2013, as previously reported	304,532	283,103	299,401	(21,429)	16,298
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
July 1, 2013, as restated	<u>304,532</u>	<u>283,103</u>	<u>299,401</u>	<u>(21,429)</u>	<u>16,298</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>(16,299)</u>	<u>(11,929)</u>	<u>(16,299)</u>	<u>4,370</u>
June 30, 2014	<u>\$ 284,964</u>	<u>\$ 273,754</u>	<u>\$ 303,312</u>	<u>\$ (11,210)</u>	<u>\$ 29,558</u>

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

SOUTH PIKE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Title I
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variances Positive (Negative)	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Federal sources	\$ 1,431,537	\$ 1,343,741	\$ 1,343,741	\$ (87,796)	\$ -
Total Revenues	<u>1,431,537</u>	<u>1,343,741</u>	<u>1,343,741</u>	<u>(87,796)</u>	<u>-</u>
Expenditures:					
Instruction	816,273	771,395	771,394	44,878	1
Support services	307,032	368,020	368,020	(60,988)	-
Noninstructional services	<u>42,918</u>	<u>33,995</u>	<u>33,995</u>	<u>8,923</u>	<u>-</u>
Total Expenditures	<u>1,166,223</u>	<u>1,173,410</u>	<u>1,173,409</u>	<u>(7,187)</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>265,314</u>	<u>170,331</u>	<u>170,332</u>	<u>(94,983)</u>	<u>1</u>
Other Financing Sources (Uses):					
Operating transfers out	(265,314)	(164,468)	(164,468)	100,846	-
Other uses	<u>-</u>	<u>(5,863)</u>	<u>(5,864)</u>	<u>(5,863)</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>(265,314)</u>	<u>(170,331)</u>	<u>(170,332)</u>	<u>94,983</u>	<u>(1)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
July 1, 2013,	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SOUTH PIKE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(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.

SOUTH PIKE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SOUTH PIKE SCHOOL DISTRICT
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through MS Department of Education:		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 314,482
National School Lunch Program	10.555	861,412
Summer Food Service Program for Children	10.559	<u>3,151</u>
Total Child Nutrition Cluster		<u>1,179,045</u>
Fresh Fruit and Vegetable Program	10.582	<u>35,766</u>
Total U.S. Department of Agriculture		<u>1,214,811</u>
 <u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I Part A Cluster:		
Title I Grants to Local Educational Agencies	84.010	<u>1,409,531</u>
Total Title I Part A Cluster		1,409,531
Career and Technical Education - Basic Grants to States	84.048	31,561
Education for Homeless Children and Youth Cluster:		
Education for Homeless Children and Youth	84.196	2,759
Education Technology State Grants	84.318	4,563
Rural education	84.358	43,621
Improving Teacher Quality - State Grants	84.367	<u>210,634</u>
Subtotal Passed-through Mississippi Department of Education		<u>1,702,669</u>

SOUTH PIKE SCHOOL DISTRICT
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	\$ 430,780
Special Education - Preschool Grants	84.173	<u>14,796</u>
Total Special Education Cluster		<u>445,576</u>
Total Passed-through Mississippi Department of Education		<u>2,148,245</u>
Total U.S. Department of Education		<u>2,148,245</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.XXX	<u>64,441</u>
Total U. S. Department of Defense		<u>64,441</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.XXX	<u>373,236</u>
Total Federal Communications Commission		<u>373,236</u>
TOTAL FOR ALL FEDERAL AWARDS		<u>\$ 3,800,733</u>

SOUTH PIKE SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
Notes to Schedule
For the Year Ended June 30, 2014

Notes to Schedule

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

SOUTH PIKE SCHOOL DISTRICT
 Supplementary Information
 Schedule of Instructional, Administrative and Other Expenditures
 Governmental Funds
 For the Year Ended June 30, 2014

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 12,324,416	7,353,583	730,874	812,664	\$ 3,427,295
Other	<u>4,427,508</u>	<u>643,563</u>	<u>231,775</u>	<u>18,757</u>	<u>3,533,413</u>
Total	<u>\$ 16,751,924</u>	<u>7,997,146</u>	<u>962,649</u>	<u>831,421</u>	<u>\$ 6,960,708</u>
Total number of students*	<u>1,628</u>				
Cost per student	<u>\$ 10,290</u>	<u>\$ 4,912</u>	<u>\$ 591</u>	<u>\$ 511</u>	<u>\$ 4,276</u>

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

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

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

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

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

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

SOUTH PIKE SCHOOL DISTRICT
OTHER INFORMATION

SOUTH PIKE SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
Revenues:				
Local sources	\$ 4,062,222	\$ 3,747,439	\$ 3,977,302	\$ 3,662,211
State sources	8,439,533	8,217,249	8,281,438	8,289,647
Federal sources	<u>528,596</u>	<u>410,526</u>	<u>258,671</u>	<u>161,030</u>
Total Revenues	<u>13,030,351</u>	<u>12,375,214</u>	<u>12,517,411</u>	<u>12,112,888</u>
Expenditures:				
Instruction	6,129,210	6,582,162	6,752,126	5,297,791
Support services	5,780,669	5,484,408	5,098,702	4,622,479
Noninstructional services	-	284	244	-
Facilities acquisition and construction	-	-	101,173	-
Debt services				
Principal	-	-	-	-
Interest	94,200	10,800	10,800	12,600
Other	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>12,004,079</u>	<u>12,078,904</u>	<u>11,963,045</u>	<u>9,932,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,026,272</u>	<u>296,310</u>	<u>554,366</u>	<u>2,180,018</u>
Other Financing Sources (Uses):				
Insurance recovery	-	44,884	-	-
Payment to Qualified Zone Academy debt escrow agent	(124,999)	(124,998)	(125,000)	(68,565)
Operating transfers in	18,352	58,316	510,347	106,280
Other financing sources	-	-	7,058	-
Operating transfers out	(357,437)	(10,694)	(33,050)	(95,000)
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650)</u>
Total Other Financing Sources (Uses)	<u>(464,084)</u>	<u>(32,492)</u>	<u>359,355</u>	<u>(57,935)</u>
Net Change in Fund Balances	<u>562,188</u>	<u>263,818</u>	<u>913,721</u>	<u>2,122,083</u>
Fund Balances:				
Beginning of period, as previously reported	6,243,718	5,945,667	5,031,946	2,909,863
Prior period adjustments	<u>8,724</u>	<u>34,233</u>	<u>-</u>	<u>-</u>
Beginning of period, as restated	<u>6,252,442</u>	<u>5,979,900</u>	<u>5,031,946</u>	<u>2,909,863</u>
End of Period	<u>\$ 6,814,630</u>	<u>\$ 6,243,718</u>	<u>\$ 5,945,667</u>	<u>\$ 5,031,946</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

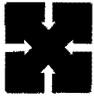
SOUTH PIKE SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenue:s				
Local sources	\$ 4,766,063	\$ 4,398,449	\$ 4,735,813	\$ 4,672,895
Intermediate sources	-	-	3,000	26,356
State sources	8,837,539	8,808,314	8,999,372	8,523,083
Federal sources	3,895,647	3,974,238	4,259,426	5,909,576
Sixteenth section sources	<u>147,189</u>	<u>573,143</u>	<u>510,342</u>	<u>361,787</u>
Total Revenues	<u>17,646,438</u>	<u>17,754,144</u>	<u>18,507,953</u>	<u>19,493,697</u>
Expenditures:				
Instruction	7,997,230	8,666,257	8,963,274	8,848,022
Support services	7,063,558	6,684,332	8,171,828	6,584,374
Noninstructional services	1,237,493	1,174,985	1,166,425	1,230,170
Sixteenth section	59,387	27,603	93,535	29,531
Facilities acquisition and construction	-	-	101,173	1,518,862
Debt services:				
Principal	215,000	208,000	200,000	193,000
Interest	177,356	101,771	111,109	118,369
Other	<u>1,900</u>	<u>1,250</u>	<u>1,900</u>	<u>3,685</u>
Total Expenditures	<u>16,751,924</u>	<u>16,864,198</u>	<u>18,809,244</u>	<u>18,526,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>894,514</u>	<u>889,946</u>	<u>(301,291)</u>	<u>967,684</u>
Other Financing Sources (Uses):				
Bond and notes issued	-	-	-	1,500,000
Insurance recovery	-	44,884	-	-
Payment to escrow agent	-	-	-	68,565
Payment to Qualified Zone Academy debt escrow agent	-	-	-	(68,565)
Other financing sources	650	-	7,708	650
Operating transfers in	541,235	253,344	676,950	280,712
Operating transfers out	(541,235)	(253,344)	(676,950)	(280,712)
Other financing uses	<u>(5,864)</u>	<u>(8,997)</u>	<u>-</u>	<u>(650)</u>
Total Other Financing Sources (Uses)	<u>(5,214)</u>	<u>35,887</u>	<u>7,708</u>	<u>1,500,000</u>
Net Change in Fund Balances	<u>889,300</u>	<u>925,833</u>	<u>(293,583)</u>	<u>2,467,684</u>
Fund Balances:				
Beginning of period, as previously reported	10,208,743	9,315,321	9,597,399	7,111,330
Prior period adjustments	<u>8,724</u>	<u>33,108</u>	<u>1,540</u>	<u>-</u>
Beginning of period, as restated	<u>10,217,467</u>	<u>9,348,429</u>	<u>9,598,939</u>	<u>7,111,330</u>
Increase (Decrease) in reserve for inventory	<u>(11,929)</u>	<u>(65,519)</u>	<u>9,965</u>	<u>18,385</u>
End of Period	<u>\$ 11,094,838</u>	<u>\$ 10,208,743</u>	<u>\$ 9,315,321</u>	<u>\$ 9,597,399</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

SOUTH PIKE SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board
South Pike School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Pike School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the South Pike School District's basic financial statements and have issued our report thereon dated October 26, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

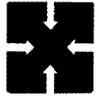
As part of obtaining reasonable assurance about whether the South Pike School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

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.

Born, Fin, White & Co.

October 26, 2015
Ridgeland, Mississippi



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

Superintendent and School Board
South Pike School District

Report on Compliance for Each Major Federal Program

We have audited South Pike School District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of South Pike School District's major federal programs for the year ended June 30, 2014. South Pike School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of South Pike School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Pike School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Pike School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of South Pike School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Pike School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of South Pike School District's internal control over compliance.

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

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

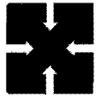
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Barr, Fry, White & Co.

October 26, 2015
Ridgeland, Mississippi

SOUTH PIKE SCHOOL DISTRICT

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



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

Superintendent and School Board
South Pike School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Pike School District as of and for the year ended June 30, 2014, which collectively comprise the South Pike School District's basic financial statements and have issued our report thereon dated October 26, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds". As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii) Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported no classroom supply funds carried over from previous years.

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

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

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

There were no prior year findings.

1. Condition

The School District did not deposit 85% on its timber sales in the in the Sixteenth Section Interest Fund as required by Section 29-3-47, Miss. Code Ann. (1972)

Recommendation

The School District should comply with Section 29-3-47, Miss Code Ann. (1972).

School District's Response

The South Pike School District concurs with the finding that the district did not deposit 85% of its timber sales in the Sixteenth Section Interest Fund as required by Section 29-3-47, Miss. Code Ann. (1972). As a result of the finding, the district plans to make the necessary corrections to be in compliance with Section 29-3-47, Miss. Code Ann. (1972). The corrections will be made immediately.

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

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Barr, Fry, White & Co.

October 26, 2015
Ridgeland, Mississippi

SOUTH PIKE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SOUTH PIKE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

Section 1: 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 | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

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

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to Local Education Agencies
	Special Education Cluster:
84.027	Special education - grants to states
84.173	Special education - preschool grants

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

SOUTH PIKE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section 2: Findings Relating to the Financial Statements

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

Section 3: Federal Award Findings and Questioned Costs

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

SOUTH PIKE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section .315(b) of OMB Circular A-133, the South Pike School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2014 :

There were no prior year findings.