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JONES COUNTY SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2015

JONES COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

**INDEPENDENT AUDITOR'S REPORT**

Superintendent and School Board  
Jones County School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jones County School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Jones County School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jones County School District, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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, Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 6 – 14, 46, 47, and 48 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015, on our consideration of the Jones County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jones County School District's internal control over financial reporting and compliance.

*Holt & Associates, PLLC*

Laurel, MS

December 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Jones County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2015 decreased \$73,942,115, including a prior period adjustment of (\$79,613,609), which represents a 133% decrease from fiscal year 2014. Total net position for 2014 increased \$3,600,536, including a prior period adjustment of (\$295,780), which represents a 7% increase from fiscal year 2013.
- General revenues amounted to \$60,482,073 and \$58,934,751, or 83% and 82% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,724,739, or 17% of total revenues for 2015, and \$12,540,966, or 18% of total revenues for 2014.
- The District had \$67,535,318 and \$67,579,401 in expenses for fiscal years 2015 and 2014; only \$12,724,739 for 2015 and \$12,540,966 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$60,482,073 for 2015 were adequate to provide for these programs. General revenues of \$58,934,751 for 2014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$56,609,023 in revenues and \$52,682,835 in expenditures for 2015, and \$52,584,264 in revenues and \$52,791,180 in expenditures in 2014. The General Fund's fund balance increased by \$1,922,063 from 2014 to 2015, and increased by \$2,780,522 from 2013 to 2014.
- Capital assets, net of accumulated depreciation, decreased by \$2,027,743 for 2015 and decreased by \$2,529,234 for 2014. The decrease for 2015 was due to the increase in accumulated depreciation.
- Long-term debt decreased by \$4,726,156 for 2015 and decreased by \$34,300 for 2014. This decrease for 2015 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$13,068 for 2015 and increased by \$645 for 2014.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, the Schedule of District's Proportionate Share of Net Pension Liability and the Schedule of District's Contributions 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 as required by the Governmental Accounting Standards Board.

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$18,324,413 as of June 30, 2015.

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

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

Table 1 presents a summary of the District's net position at June 30, 2015 and June 30, 2014.

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

	June 30, 2015	June 30, 2014	Percentage Change
Current assets	\$ 21,854,020	\$ 21,153,947	3.31 %
Restricted assets	10,088,479	9,498,004	6.22 %
Capital assets, net	72,291,303	74,319,045	-2.73 %
<b>Total assets</b>	<b>104,233,802</b>	<b>104,970,996</b>	<b>-0.70 %</b>
<b>Deferred outflow of resources</b>	<b>7,164,288</b>	<b>59,165</b>	<b>12009.00 %</b>
Current liabilities	3,989,746	4,876,457	-18.18 %
Long-term debt outstanding	40,164,736	44,536,002	-9.82 %
Net pension liability	74,275,398		N/A %
<b>Total liabilities</b>	<b>118,429,880</b>	<b>49,412,459</b>	<b>139.68 %</b>
<b>Deferred inflow of resources</b>	<b>11,292,623</b>	<b>-</b>	<b>N/A %</b>
<b>Net position:</b>			
Net investment in capital assets	33,381,079	30,918,366	7.97 %
Restricted	20,919,831	20,692,074	1.10 %
Unrestricted	(72,625,323)	4,007,262	-1912.34 %
<b>Total net position</b>	<b>\$ (18,324,413)</b>	<b>\$ 55,617,702</b>	<b>-132.95 %</b>

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (72,625,323)
Less unrestricted deficit in net position resulting from recognition of the net pension liability	(78,449,842)
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 5,824,519</u>

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 \$2,027,742.
- The principal retirement of \$4,726,156 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were \$73,206,812 and 71,475,717, respectively. The total cost of all programs and services was \$67,535,318 for 2015 and \$67,579,401 for 2014.

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

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

**Table 2  
Changes in Net Position**

	Year Ended June 30, 2015	Year Ended June 30, 2014	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2,594,917	\$ 2,694,290	(3.69) %
Operating grants and contributions	10,129,822	9,846,676	2.88 %
General revenues:			
Property taxes	19,158,402	17,802,763	7.61 %
Grants and contributions not restricted	39,580,111	37,783,454	4.76 %
Investment earnings	100,726	132,673	(24.08) %
Sixteenth section sources	1,226,625	2,938,303	(58.25) %
Other	416,209	277,558	49.95 %
<b>Total revenues</b>	<b>73,206,812</b>	<b>71,475,717</b>	<b>2.42 %</b>
<b>Expenses:</b>			
Instruction	41,697,353	41,869,858	(0.41) %
Support services	19,337,913	19,707,631	(1.88) %
Non-instructional	4,201,091	4,362,234	(3.69) %
Sixteenth section	446,392	743,221	(39.94) %
Interest on long-term liabilities	1,852,569	896,457	106.65 %
<b>Total expenses</b>	<b>67,535,318</b>	<b>67,579,401</b>	<b>(0.07) %</b>
<b>Increase (Decrease) in net position</b>	<b>5,671,494</b>	<b>3,896,316</b>	<b>45.56 %</b>
<b>Net Position, July 1, as previously reported</b>	<b>55,617,702</b>	<b>52,017,166</b>	<b>6.92 %</b>
<b>Prior Period Adjustment</b>	<b>(79,613,609)</b>	<b>(295,780)</b>	<b>26,816.50 %</b>
<b>Net Position, July 1, as restated</b>	<b>(23,995,907)</b>	<b>51,721,386</b>	<b>(146.39) %</b>
<b>Net Position, June 30</b>	<b>\$ (18,324,413)</b>	<b>\$ 55,617,702</b>	<b>(132.95) %</b>

**Governmental activities**

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

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

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

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ 41,697,353	\$ 41,869,858	(0.41) %
Support services	19,337,913	19,707,631	(1.88) %
Non-instructional	4,201,091	4,362,234	(3.69) %
Sixteenth section	446,392	743,221	(39.94) %
Interest on long-term liabilities	1,852,569	896,457	106.65 %
<b>Total expenses</b>	<b>\$ 67,535,318</b>	<b>\$ 67,579,401</b>	<b>(0.07) %</b>

	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2015</u>	<u>2014</u>	
Instruction	\$ (35,131,810)	\$ (35,426,938)	(0.83) %
Support services	(17,832,293)	(18,306,915)	(2.59) %
Non-instructional	452,485	335,096	35.03 %
Sixteenth section	(446,392)	(743,221)	(39.94) %
Interest on long-term liabilities	(1,852,569)	(896,457)	106.65 %
<b>Total net (expense) revenue</b>	<b>\$ (54,810,579)</b>	<b>\$ (55,038,435)</b>	<b>(0.41) %</b>

- Net cost of governmental activities (\$54,810,579 for 2015 and \$55,038,435 for 2014) was financed by general revenue, which is primarily made up of property taxes (\$19,158,402 for 2015 and \$17,802,763 for 2014) and state and federal revenues (\$39,580,111 for 2015 and \$37,783,454 for 2014). In addition, there was \$1,226,625 and \$2,938,303 in Sixteenth Section sources for 2015 and 2014, respectively.
- Investment earnings amounted to \$100,726 for 2015 and \$132,673 for 2014.

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$28,275,437, an increase of \$2,145,505, which includes a prior period adjustment of (\$89,351) and a decrease in inventory of \$13,776. \$5,813,259 or 21% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$22,462,178 or 79% 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.

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

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,922,063 which includes a prior period adjustment of (\$89,551). The fund balance of Other Governmental Funds showed an increase in the amount of \$39,824, which includes a prior period adjustment of \$200 and a decrease in reserve for inventory of \$7,179. The increase (decrease) in the fund balances for the other major funds were as follows:

Sixteenth Section Principal Fund	\$	183,618
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**BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2015, the District's total capital assets were \$108,253,962, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$1,244,411 from 2014. Total accumulated depreciation as of June 30, 2015, was \$35,962,659, and total depreciation expense for the year was \$2,725,025, resulting in total net capital assets of \$72,291,303.

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

	June 30, 2015	June 30, 2014	Percentage Change
Land	\$ 972,970	\$ 846,863	14.89 %
Construction in progress	39,761	-	N/A %
Buildings	62,761,659	64,081,932	(2.06) %
Building improvements	4,371,031	4,664,981	(6.30) %
Improvements other than Buildings	275,866	288,404	(4.35) %
Mobile equipment	1,334,506	1,575,649	(15.30) %
Furniture and equipment	220,260	215,216	2.34 %
Leased property under capital leases	2,315,250	2,646,000	(12.50) %
<b>Total</b>	<b>\$ 72,291,303</b>	<b>\$ 74,319,045</b>	<b>(2.73) %</b>

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

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

**Debt Administration.** At June 30, 2015, the District had \$40,164,737 in outstanding long-term debt, of which \$4,781,405 is due within one year. The liability for compensated absences decreased \$13,068 from the prior year.

The District maintains an A+ bond rating.

**Table 5  
Outstanding Long-Term Debt**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 30,130,000	\$ 32,565,000	(7.48) %
Limited obligation bonds payable	4,040,000	5,035,000	(19.76) %
Three mill notes payable	2,880,000	3,290,000	(12.46) %
Shortfall notes payable	262,458	544,269	(51.78) %
Obligations under capital leases	1,906,334	2,510,679	(24.07) %
Compensated absences payable	945,945	959,013	(1.36) %
<b>Total</b>	<b><u>\$ 40,164,737</u></b>	<b><u>\$ 44,903,961</u></b>	<b>(10.55) %</b>

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

**CURRENT ISSUES**

The Jones County School District is proud of its community support of the public schools.

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

The District actively pursues grant funding to supplement the local, state and federal revenues. Enrollment for the 2014-2015 year decreased .1% from the prior year to 7,907 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Jones County School District, 5204 Hwy 11 North, Ellisville, MS 39437.

FINANCIAL STATEMENTS

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**EXHIBIT A**

		<u>Primary Government Governmental Activities</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$	14,992,404
Investments		3,404,359
Accrued interest receivable		87,434
Other receivables		79,763
Due from other governments		3,219,398
Inventories		70,662
Restricted assets		10,088,479
Capital assets, non-depreciable		
Land		972,970
Construction in progress		39,761
Capital assets, net of accumulated depreciation		
Buildings		62,761,659
Building Improvements		4,371,031
Improvements other than buildings		275,866
Mobile equipment		1,334,506
Furniture and equipment		220,260
Leased Property under Capital Lease		<u>2,315,250</u>
<b>TOTAL ASSETS</b>		<u><b>104,233,802</b></u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflows related to pensions		7,118,179
Deferred outflows related to refunding		<u>46,109</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>		<u><b>7,164,288</b></u>
<b>LIABILITIES:</b>		
Accounts payable and accrued liabilities		3,667,061
Accrued Interest		322,685
Long-term liabilities (Due within one year)		
Capital related liabilities		4,651,636
Non-capital related liabilities		129,769
Long-term liabilities (Due beyond one year)		
Capital related liabilities		34,304,697
Non-capital related liabilities		1,078,634
Net pension liability		<u>74,275,398</u>
<b>TOTAL LIABILITIES</b>		<u><b>118,429,880</b></u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflows related to pensions		<u>11,292,623</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<u><b>11,292,623</b></u>
<b>NET POSITION:</b>		
Net investment in capital assets		33,381,079
Restricted net assets:		
Expendable:		
School-based activities		1,229,635
Debt service		3,737,849
Capital projects		12,475
Forestry improvements		200,799
Unemployment benefits		153,461
Non-expendable:		
Sixteenth section		15,585,612
Unrestricted:		<u>(72,625,323)</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><b>(18,324,413)</b></u>

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT B**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 41,697,353	\$ 1,616,957	\$ 4,948,586	\$ -	(35,131,810)
Support services	19,337,913	-	1,505,620	-	(17,832,293)
Non-instructional	4,201,091	977,960	3,675,616	-	452,485
Sixteenth section	446,392	-	-	-	(446,392)
Interest and other expenses on long-term liabilities	1,852,569	-	-	-	(1,852,569)
Total governmental activities	\$ 67,535,318	2,594,917	10,129,822	-	(54,810,579)
Taxes:					
					15,377,627
					3,780,775
Unrestricted grants & contributions:					
					39,207,222
					372,889
					100,726
					1,226,625
					416,209
					60,482,073
					5,671,494
					55,617,702
					(79,613,609)
					(23,995,907)
					\$ (18,324,413)

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

**JONES COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

**EXHIBIT C**

	<b>MAJOR FUNDS</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>16th Section Principal Fund</b>	<b>Other Governmental Funds</b>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 10,778,004	\$ 9,525,364	\$ 4,214,400	\$ 24,517,768
Cash with fiscal agents	-	-	563,115	563,115
Investments	1,258,196	1,813,125	333,038	3,404,359
Due from other governments	816,297	23,687	1,849,228	2,689,212
Accrued interest receivable	-	-	-	-
Other receivables	152,362	-	14,835	167,197
Due from other funds	5,082,382	-	2,426,577	7,508,959
Advances to other funds	-	4,924,914	-	4,924,914
Inventories	15,864	-	54,798	70,662
<b>TOTAL ASSETS</b>	<b>\$ 18,103,105</b>	<b>\$ 16,287,090</b>	<b>\$ 9,455,991</b>	<b>\$ 43,846,186</b>
<b>LIABILITIES &amp; FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,952,470	\$ 205,132	\$ 509,459	\$ 3,667,061
Due to other funds	1,869,223	496,346	4,613,205	6,978,774
Advances from other funds	4,924,914	-	-	4,924,914
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>9,746,607</b>	<b>701,478</b>	<b>5,122,664</b>	<b>15,570,749</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Advances	-	4,924,914	-	4,924,914
Inventory	15,864	-	54,798	70,662
Permanent fund principal	-	10,660,698	-	10,660,698
<b>Restricted:</b>				
Advalorem Escrow	159,518	-	-	159,518
Debt service	-	-	2,752,821	2,752,821
Capital projects	-	-	12,475	12,475
Forestry improvement purposes	-	-	200,799	200,799
Grant activities	-	-	79,265	79,265
Unemployment benefits	-	-	153,461	153,461
Food Service	-	-	1,079,708	1,079,708
Future debt payments	1,307,713	-	-	1,307,713
<b>Assigned:</b>				
Activity and Athletics	542,329	-	-	542,329
Construction	507,102	-	-	507,102
Grants and Awards	10,713	-	-	10,713
Unassigned	5,813,259	-	-	5,813,259
<b>Total Fund Balances</b>	<b>8,356,498</b>	<b>15,585,612</b>	<b>4,333,327</b>	<b>28,275,437</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 18,103,105</b>	<b>\$ 16,287,090</b>	<b>\$ 9,455,991</b>	<b>\$ 43,846,186</b>

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

**JONES COUNTY SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

**EXHIBIT C-1**

Total Fund Balance - Governmental Funds \$ 28,275,437

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

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

Land	972,970	
Construction in progress	39,761	
Buildings	87,284,021	
Building Improvements	7,954,387	
Improvements other than buildings	313,484	
Mobile equipment	4,625,714	
Furniture and equipment	3,388,624	
Leased property under capital lease	3,675,000	
Accumulated Depreciation	<u>(35,962,658)</u>	72,291,303

2. Some liabilities, including net position obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(74,275,398)	
-----------------------	--------------	--

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

Deferred outflows of resources related to pensions	7,118,179	
Deferred inflows of resources related to pensions	<u>(11,292,623)</u>	(78,449,842)

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

General obligation bonds	(30,130,000)	
Limited obligation bonds	(4,040,000)	
Notes payable	(3,142,457)	
Obligations under capital leases	(1,906,333)	
Accrued interest payable	(322,685)	
Unamortized charges	46,109	
Compensated absences	<u>(945,945)</u>	(40,441,311)

**Net position of governmental activities \$ (18,324,413)**

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

JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT D

	MAJOR FUNDS			Total Governmental Funds
	General Fund	16th Section Principal Fund	Other Governmental Funds	
<b>Revenues:</b>				
Local Sources	\$ 16,820,450	\$ 42,857	\$ 4,803,965	\$ 21,667,272
State Sources	38,625,158	-	2,443,749	41,068,907
Federal Sources	405,775	-	8,810,917	9,216,692
Sixteenth Section Sources	757,640	409,920	59,065	1,226,625
<b>Total Revenues</b>	<u>56,609,023</u>	<u>452,777</u>	<u>16,117,696</u>	<u>73,179,496</u>
<b>Expenditures:</b>				
Instruction	34,492,061	-	6,173,531	40,665,592
Support Services	17,082,600	-	1,951,371	19,033,971
Noninstructional Services	-	-	4,175,033	4,175,033
Sixteenth Section	177,002	205,132	64,265	446,399
Facilities Acquisition and Construction	37,057	-	2,705	39,762
Debt Service:				
Principal	604,346	-	4,121,811	4,726,157
Interest	289,769	-	1,581,497	1,871,266
Other	-	-	-	-
<b>Total Expenditures</b>	<u>52,682,835</u>	<u>205,132</u>	<u>18,070,213</u>	<u>70,958,180</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>3,926,188</u>	<u>247,645</u>	<u>(1,952,517)</u>	<u>2,221,316</u>
<b>Other Financing Sources (Uses):</b>				
Insurance Recovery	23,610	-	-	23,610
Sale of Other Property	3,706	-	-	3,706
Operating Transfers In	524,259	-	2,722,412	3,246,671
Operating Transfers Out	(2,459,552)	(64,027)	(723,092)	(3,246,671)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,907,977)</u>	<u>(64,027)</u>	<u>1,999,320</u>	<u>27,316</u>
<b>Net Change in Fund Balances</b>	<u>2,018,211</u>	<u>183,618</u>	<u>46,803</u>	<u>2,248,632</u>
<b>Fund Balances:</b>				
July 1, 2014, as Previously Reported	5,105,884	15,401,994	5,622,054	26,129,932
Fund Reclassification	1,328,551	-	(1,328,551)	-
Prior Period Adjustment	(89,551)	-	200	(89,351)
July 1, 2014, as Restated	<u>6,344,884</u>	<u>15,401,994</u>	<u>4,293,703</u>	<u>26,040,581</u>
<b>Increase (Decrease) in Reserve for Inventory</b>	<u>(6,597)</u>	<u>-</u>	<u>(7,179)</u>	<u>(13,776)</u>
<b>June 30, 2015</b>	<u>\$ 8,356,498</u>	<u>\$ 15,585,612</u>	<u>\$ 4,333,327</u>	<u>\$ 28,275,437</u>

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

**JONES COUNTY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**EXHIBIT D-1**

Net Change in fund balances - governmental funds \$ 2,248,632

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	285,462	
Depreciation expense	<u>(2,725,025)</u>	(2,439,563)

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 acquisitions cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statements of activities.

Payments of debt principal	4,726,156	
Accrued interest payable	<u>31,755</u>	4,757,911

3. The statement of activities uses the economic resources measurement focus and accrual basis of accounting, and therefore requires that pension expense and deferred outflows/inflows of resources related to pensions be recognized.

1,118,278

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

Change in compensated absences	13,068	
Change in inventory reserve	(13,776)	
Amortization of deferred charges	<u>(13,056)</u>	<u>(13,764)</u>

Change in net position of governmental activities \$ 5,671,494

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014**

**EXHIBIT E**

	<b>Private-Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,004	\$ 703,754
Investments	20,000	-
Due from other funds	-	1,391,102
<b>TOTAL ASSETS</b>	<b>\$ 21,004</b>	<b>\$ 2,094,856</b>
<b>LIABILITIES</b>		
Due to other funds	-	\$ 1,921,287
Due to student clubs	-	173,569
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 2,094,856</b>
<b>NET POSITION</b>		
Reserved for endowments	21,004	
<b>TOTAL NET POSITION</b>	<b>\$ 21,004</b>	

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

**JONES COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
JUNE 30, 2014**

**EXHIBIT F**

	Private-Purpose Trust Funds
<b>Additions</b>	
Interest on investments	\$ -
Contributions and donations from private sources	1,000
Total Additions	1,000
<b>Deductions</b>	
Scholarships awarded	1,000
Total Deductions	1,000
Change in Net Position	-
<b>Net Position</b>	
June 30, 2013	21,004
June 30, 2014	\$ 21,004

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

JONES COUNTY SCHOOL DISTRICT

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

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

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

**A. Financial Reporting Entity**

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

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

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

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

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

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

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

## JONES COUNTY SCHOOL DISTRICT

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund - This is the fund that accounts for all revenues and expenditures of sixteenth section fund that are nonexpendable.

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

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

The District's fiduciary funds include the following:

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

Student Club Funds- This fund accounts for monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Scholarship Funds- These two (2) private purpose trust funds serve to report all trust arrangements.

Accounts Payable Clearing Fund- This fund serves as a clearing fund for payables outstanding at year end.

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

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

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

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

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

#### FIDUCIARY FUNDS

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

JONES COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

JONES COUNTY SCHOOL DISTRICT

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

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

**D. Encumbrances**

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the school district attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are not reported within committed or assigned fund balances.

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

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.

JONES COUNTY SCHOOL DISTRICT

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

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

JONES COUNTY SCHOOL DISTRICT

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred charges on refunding bond	\$46,109
Deferred outflows related to pensions	\$7,118,179

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will be recognized as an inflow of resources (revenue) until that time.

Deferred inflows related to pensions	\$11,481,780
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See Note 6 and 8 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. 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:

## JONES COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 5% of general fund revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

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

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

JONES COUNTY SCHOOL DISTRICT

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

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 \$24,517,768 and \$704,758, respectively. The bank balance was \$28,317,766.

*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, 2015, none of the district's bank balance of \$28,317,766 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$563,115.

Investments

As of June 30, 2015, the district has the following investments:

<u>Investment Type</u>	<u>Rating</u>	<u>Maturity (in years)</u>	<u>Fair Value</u>
<b>Governmental Funds</b>			
Money market	N/A	N/A	\$ 34,940
U. S. Government Securities	AA+	3 - 8	814,121
Corporate Bonds	AA+ to A-	2 - 8	297,920
Municipal Bonds	AA	1 - 12	912,206
Fixed CMO's	AA+	11 - 26	610,680
Federal Home Loan Banks	AA+	7	734,492
Total			<u>3,404,359</u>
<b>Fiduciary Funds</b>			
Certificate of Deposits	N/A	1	<u>20,000</u>
Total			<u>\$ 3,424,359</u>

JONES COUNTY SCHOOL DISTRICT

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

*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. All of the district's investments are held by the investment's counterparty, not in the name of the district.

*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, 2015, the district did not have any investments over 5% of the district's total investments other than those mentioned.

**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	16th Section Principal Fund	\$ 436,527
	Other Governmental Funds	4,587,135
	Fiduciary Fund	58,720
Other Governmental Funds	General Fund	549,265
	16th Section Principal Fund	59,819
	Fiduciary Fund	1,817,493
Fiduciary Fund	General Fund	1,319,958
	Other Governmental Funds	26,070
	Fiduciary Fund	45,074
		<u>\$ 8,900,061</u>

The primary purpose of the inter-fund balances was to eliminate deficit cash balances in pooled bank account caused by negative Federal award program cash flows. Amounts in fiduciary funds due to governmental funds in the form of interest income earned during the year and other amounts due are shown as inter-fund balances at balance sheet date June 30, 2015.

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

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	4,924,914
Total		<u>\$ 4,924,914</u>

JONES COUNTY SCHOOL DISTRICT

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

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
2016	\$ 715,248	\$ 196,997	\$ 912,245
2017	606,054	168,387	774,441
2018	546,808	144,144	690,952
2019	493,553	122,272	615,825
2020	398,033	102,530	500,563
2021 - 2025	1,340,565	313,854	1,654,419
2026 - 2029	824,653	82,465	907,118
Total	\$ 4,924,914	\$ 1,130,649	\$ 6,055,563

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 2,459,552
16th Section Principal Fund	General Fund	64,027
Other Governmental Funds	General Fund	460,232
	Other Governmental Funds	262,860
		<u>\$ 3,246,671</u>

The transfers represent board approved operating transfers for school operations and planning purposes.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance, totaling \$9,525,364 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash with fiscal agents, totaling \$563,115, of the MAEP Limited Obligation Bond/Note Fund.

JONES COUNTY SCHOOL DISTRICT

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

**Note 5 – Capital Assets**

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

	Balance 7/1/2014	Increases	Decreases	Adjustments	Balance 6/30/2015
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 846,863	\$ -	\$ -	\$ 126,107	\$ 972,970
Construction-in-progress	-	39,761	-	-	39,761
Total non-depreciable capital assets	846,863	39,761	-	126,107	1,012,731
<u>Depreciable capital assets:</u>					
Buildings	87,004,911	-	-	279,111	87,284,022
Building improvements	7,954,387	-	-	-	7,954,387
Improvements o/t buildings	313,484	-	-	-	313,484
Mobile equipment	4,529,010	57,808	-	38,897	4,625,715
Furniture and equipment	2,685,895	187,893	-	514,835	3,388,623
Leased property under capital leases	3,675,000	-	-	-	3,675,000
Total depreciable capital assets	106,162,687	245,701	-	832,843	107,241,231
<u>Less accumulated depreciation for:</u>					
Buildings	22,922,979	1,599,384	-	-	24,522,363
Building improvements	3,289,406	293,950	-	-	3,583,356
Improvements o/t buildings	25,080	12,538	-	-	37,618
Mobile equipment	2,953,361	303,971	-	33,877	3,291,209
Furniture and equipment	2,470,679	184,432	-	513,252	3,168,363
Leased property under capital leases	1,029,000	330,750	-	-	1,359,750
Total accumulated depreciation	32,690,505	2,725,025	-	547,129	35,962,659
Total depreciable capital assets, net	73,472,182	(2,479,324)	-	285,714	71,278,572
Governmental activities capital assets, net	\$ 74,319,045	\$ (2,439,563)	\$ -	\$ 411,821	\$ 72,291,303

Adjustments were made to add additional capital assets that were mistakenly omitted in prior years and to reclassify assets into correct categories.

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 1,954,375
Support services	669,998
Non-instructional	100,652
Total depreciation expense - Governmental activities	\$ 2,725,025

JONES COUNTY SCHOOL DISTRICT

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

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2014	Additions	Reductions	Balance 6/30/2015	Amounts due within one year
A. General obligation bonds payable	\$ 32,565,000	\$ -	\$ 2,435,000	\$ 30,130,000	\$ 2,562,000
B. Limited obligation bonds payable	5,035,000	-	995,000	4,040,000	1,035,000
C. Three mill notes payable	3,290,000	-	410,000	2,880,000	435,000
D. Shortfall notes payable	544,269	-	281,811	262,458	129,769
E. Obligations under capital leases	2,510,679	-	604,345	1,906,334	619,636
F. Compensated absences payable	959,013	-	13,068	945,945	-
<b>Total</b>	<b>\$ 44,903,961</b>	<b>\$ -</b>	<b>\$ 4,739,224</b>	<b>\$ 40,164,737</b>	<b>\$ 4,781,405</b>

**A. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation refunding bonds- Series 2003	1.25-4.2 %	8/28/2003	2/1/2016	\$ 2,410,000	\$ 255,000
2. General obligation bonds Series 2007	3.25-4.63%	4/1/2007	10/1/2025	37,000,000	26,650,000
3. General obligation bonds Series 2007	2.35%	6/25/2014	6/20/2021	3,720,000	3,225,000
<b>Total</b>				<b>\$ 43,130,000</b>	<b>\$ 30,130,000</b>

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

- General obligation bond issue of August 28, 2003:

Year Ending June 30	Principal	Interest	Total
2016	\$ 255,000	10,710	265,710
<b>Total</b>	<b>\$ 255,000</b>	<b>\$ 10,710</b>	<b>\$ 265,710</b>

This debt will be retired from the 2003 Refunding Debt Service Fund.

JONES COUNTY SCHOOL DISTRICT

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

2. General obligation bond issue of April 1, 2007:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,800,000	\$ 1,063,438	\$ 2,863,438
2017	1,900,000	977,875	2,877,875
2018	2,200,000	883,063	3,083,063
2019	2,300,000	779,000	3,079,000
2020	2,425,000	669,735	3,094,735
2021-2025	14,075,000	1,630,359	15,705,359
2026-2028	1,950,000	31,687	1,981,687
<b>Total</b>	<b>\$ 26,650,000</b>	<b>\$ 6,035,157</b>	<b>\$ 32,685,157</b>

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

3. General obligation bond issue of June 25, 2014:

Year Ending June 30	Principal	Interest	Total
2016	\$ 507,000	\$ 75,787	\$ 582,787
2017	519,000	63,873	582,873
2018	531,000	51,677	582,677
2019	543,000	39,198	582,198
2020	556,000	26,438	582,438
2021	569,000	13,371	582,371
<b>Total</b>	<b>\$ 3,225,000</b>	<b>\$ 270,344</b>	<b>\$ 3,495,344</b>

This debt will be retired from the 2014 General Obligation Debt Service Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2016	\$ 2,562,000	\$ 1,149,935	\$ 3,711,935
2017	2,419,000	1,041,748	3,460,748
2018	2,731,000	934,740	3,665,740
2019	2,843,000	818,198	3,661,198
2020	2,981,000	696,172	3,677,172
2021-2025	14,644,000	1,643,731	16,287,731
2025-2028	1,950,000	31,687	1,981,687
<b>Total</b>	<b>\$ 30,130,000</b>	<b>\$ 6,316,211</b>	<b>\$ 36,446,211</b>

JONES COUNTY SCHOOL DISTRICT

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

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2015, the amount of outstanding bonded indebtedness was equal to 10% of property assessments as of October 1, 2014.

**B. Limited obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. State Aid Capital Improvement					
Bonds- Series 2006	4.0-4.25%	8/31/2006	2/1/2018	\$ 9,925,000	\$ 4,040,000
Total				<u>\$ 9,925,000</u>	<u>\$ 4,040,000</u>

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

1. Limited obligation bond issue of August 31, 2006:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,035,000	\$ 144,325	\$ 1,179,325
2017	1,075,000	67,700	1,142,700
2018	1,930,000	91,950	2,021,950
Total	<u>\$ 4,040,000</u>	<u>\$ 303,975</u>	<u>\$ 4,343,975</u>

This debt will be retired from the State Aid Debt Service Fund

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

JONES COUNTY SCHOOL DISTRICT

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

**C. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill note, Series 2003	1.25-4.35 %	8/4/2003	10/1/2020	\$ 6,500,000	\$ 2,880,000
Total				<u>\$ 6,500,000</u>	<u>\$ 2,880,000</u>

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

1. Three mill notes payable issue of August 4, 2003:

Year Ending June 30	Principal	Interest	Total
2016	\$ 435,000	\$ 119,093	\$ 554,093
2017	450,000	102,128	552,128
2018	470,000	84,128	554,128
2019	485,000	64,857	549,857
2020	510,000	44,730	554,730
2021	530,000	23,055	553,055
Total	<u>\$ 2,880,000</u>	<u>\$ 437,991</u>	<u>\$ 3,317,991</u>

This debt will be retired from the Three Mill Refunding Escrow Fund.

**D. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall Note, Series 2014	2.25%	6/16/2014	6/16/2017	\$ 389,372	\$ 262,458
Total				<u>\$ 389,372</u>	<u>\$ 262,458</u>

The amount outstanding is included in due from other governments on the Statement of Net Position.

JONES COUNTY SCHOOL DISTRICT

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

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

1. Shortfall notes payable issue of June 16, 2014:

Year Ending June 30	Principal	Interest	Total
2016	\$ 129,769	\$ 5,905	\$ 135,674
2017	132,689	2,986	135,675
Total	\$ 262,458	\$ 8,891	\$ 271,349

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

**E. Obligations under capital leases**

The school district has entered into a lease agreement as lessee for financing the acquisition of 50 school buses at a cost of \$3,675,000 with a down payment of \$-0-. This lease qualifies as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Transportation Lease	2.53%	8/9/2012	8/9/2017	\$ 3,675,000	\$ 1,906,334
Total				\$ 3,675,000	\$ 1,906,334

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

Year Ending June 30	Principal	Interest and Maintenance Charges	Total
2016	\$ 619,636	\$ 48,230	\$ 667,866
2017	635,312	34,553	669,865
2018	651,386	16,480	667,866
Total	\$ 1,906,334	\$ 99,263	\$ 2,005,597

This debt will be retired from the District Maintenance Fund.

**F. Compensated absences payable**

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

JONES COUNTY SCHOOL DISTRICT

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

**Note 7 – Other Commitments**

Operating leases:

The school district has several operating leases for the following:

1. Two (2) driver ed cars, at a total cost of \$28,418, with a refundable down payment of \$400 for each car.
2. Four (4) driver ed cars, at a total cost of \$56,080, with a refundable down payment of \$400 for each car.
3. One (1) driver ed car, at a total cost of \$9,690.

Lease expenditures for the year ended June 30, 2015, amounted to \$31,269.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2016	\$ 25,038
2017	6,748
Total	<u>\$ 31,786</u>

**Note 8 – Defined Benefit Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

*Benefits provided.* Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's

JONES COUNTY SCHOOL DISTRICT

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

earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

*Contributions.* PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$5,959,505, \$5,886,432 and \$ 5,375,229, respectively, which equaled the required contributions for each year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the school district reported a liability of \$74,275,398 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, The school district's proportion was .61 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$4,841,227. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,158,674	\$
Net difference between projected and actual earnings on pension plan investments		11,292,623
District contributions subsequent to the measurement date	5,959,505	
Total	\$ 7,118,179	\$ 11,292,623

JONES COUNTY SCHOOL DISTRICT

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

**Note 8 – Defined Benefit Pension Plan-Continued**

\$5,959,505 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 2,464,059
2017	2,464,059
2018	2,514,140
2019	<u>2,691,691</u>
Total	<u>\$ 10,133,949</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 – 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34 %	5.20 %
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	<u>100 %</u>	

JONES COUNTY SCHOOL DISTRICT

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

*Discount rate.* The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability	\$ 101,259,517	\$ 74,275,398	\$ 51,766,631

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Note 9 – Sixteenth Section Lands**

Sixteenth section school lands, or lands granted in lieu thereof, constitute property held in trust for the benefit of the public schools. The school board, under the general supervision of the Office of the Secretary of State, has control and jurisdiction of said school trust lands and 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
2016	\$ 144,045
2017	130,242
2018	120,223
2019	104,941
2020	86,848
2021 – 2025	329,989
2026 – 2030	250,069
2031 – 2035	158,761
2036 – 2040	74,166
2041 – 2042	2,366
Total	<u>\$ 1,401,650</u>

JONES COUNTY SCHOOL DISTRICT

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

**Note 10 – Prior Period Adjustments**

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

Exhibit B - Statement of Activities

1. Correction of prior year claims payable	\$	89,351
2. Correct capital assets		(411,821)
3. Correct compensated absences		367,959
4. Implementation of GASB 68 and 71:		85,454,552
Net pension liability (measurement date)		
Deferred outflows-contributions made during fiscal		
year 2014		<u>(5,886,432)</u>
Total prior period adjustment related to		
GASB 68 and 71		<u>79,568,120</u>
Total Prior Period Adjustment	\$	<u>79,613,609</u>

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

Explanation	Amount
<b>General Fund</b>	
1. Correction of prior year claims payable	\$ 89,551
Total	<u>\$ 89,551</u>
<b>Other Governmental Funds</b>	
1. Correction of prior year claims payable	\$ 200
Total	<u>\$ 200</u>

**Note 15 – Contingencies**

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

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

**Note 11 – Risk Management**

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

JONES COUNTY SCHOOL DISTRICT

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

**Note 12 - Insurance loss recoveries**

The Jones County School District received \$23,610 in insurance loss recoveries related to vehicle damage during the 2014-2015 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

Insurance Loss Recoveries	Percentage	Expense Function
\$ 23,610	100%	Support Services
\$ 23,610	100%	

**Note 12 – Reclassification of Fund Balance**

The sixteenth section interest fund has been reclassified as a general fund for the year ending June 30, 2015. The beginning fund balance for the general fund has been restated to include the fund balance of the sixteenth section interest fund of \$1,328,551.

**Note 13 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Jones County School District evaluated the activity of the district through December 9, 2015 (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

The School District filed an eminent domain suit against property owners to acquire their properties for use as a waste water spray field. As of the report date, the outcome is uncertain and the cost to the school district cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**JONES COUNTY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

SCHEDULE 1a

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local Sources	\$ 15,953,640	\$ 16,628,849	\$ 16,820,450	\$ 675,209	\$ 191,601
State Sources	38,581,646	38,588,437	38,625,158	6,791	36,721
Federal Sources	324,267	431,057	405,775	106,790	(25,282)
16th Section	-	738,895	757,640	738,895	18,745
<b>Total Revenues</b>	<b>54,859,553</b>	<b>56,387,238</b>	<b>56,609,023</b>	<b>1,527,685</b>	<b>221,785</b>
<b>Expenditures:</b>					
Instruction	34,482,031	34,313,854	34,492,061	168,177	(178,207)
Support Services	17,674,469	17,071,190	17,082,600	603,279	(11,410)
16th Section	26,837	177,212	177,002	(150,375)	210
Facilities Acquisition & Construction	2,500	37,056	37,057	(34,556)	(1)
Debt Service	1,625,419	894,115	894,115	731,304	-
<b>Total Expenditures</b>	<b>53,811,256</b>	<b>52,493,427</b>	<b>52,682,835</b>	<b>1,317,829</b>	<b>(189,408)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>1,048,297</b>	<b>3,893,811</b>	<b>3,926,188</b>	<b>2,845,514</b>	<b>32,377</b>
<b>Other Financing Sources (Uses):</b>					
Insurance Recovery	-	23,610	23,610	23,610	-
Sale of Land	-	3,706	3,706	3,706	-
Indirect Costs	-	307,869	-	307,869	(307,869)
Operating Transfers In	6,380,802	6,390,703	524,259	9,901	(5,866,444)
Operating Transfers Out	(7,732,564)	(8,596,875)	(2,459,552)	(864,311)	6,137,323
<b>Total Other Financing Sources (Uses)</b>	<b>(1,351,762)</b>	<b>(1,870,987)</b>	<b>(1,907,977)</b>	<b>(519,225)</b>	<b>(36,990)</b>
<b>Net Change in Fund Balance</b>	<b>(303,465)</b>	<b>2,022,824</b>	<b>2,018,211</b>	<b>2,326,289</b>	<b>(4,613)</b>
<b>Fund Balances:</b>					
July 1, 2014, as previously reported	3,630,000	6,257,236	6,434,435	2,627,236	177,199
Prior period adjustment	-	-	(89,551)	-	(89,551)
July 1, 2014, as restated	3,630,000	6,257,236	6,344,884	2,627,236	87,648
<b>Increase (decrease) in reserve for inventory</b>	<b>-</b>	<b>-</b>	<b>(6,597)</b>	<b>-</b>	<b>(6,597)</b>
<b>June 30, 2015</b>	<b>\$ 3,326,535</b>	<b>\$ 8,280,060</b>	<b>\$ 8,356,498</b>	<b>\$ 4,953,525</b>	<b>\$ 76,438</b>

**JONES COUNTY SCHOOL DISTRICT**

Schedule of the District's Proportionate Share of the Net Pension Liability  
PERS  
Last 10 Fiscal Years

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.61%
District's proportionate share of the net pension liability (asset)	\$ 74,275,398
District's covered-employee payroll	\$ 37,374,171
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.73%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

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

JONES COUNTY SCHOOL DISTRICT

Schedule of District Contributions

PERS

Last 10 Fiscal Years

Contractually required contribution	<u>2015</u> \$ 5,959,505
Contributions in relation to the contractually required contribution	<u>\$ 5,959,505</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	37,838,127
Contributions as a percentage of covered-employee payroll	15.75%

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

JONES COUNTY CHOOOL DISTRICT

Notes to the Required Supplementary Information  
For the Year Ended June 30, 2015

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

Pension Schedules

(1) There were no changes in benefit terms

(2) There were no changes in assumptions

SUPPLEMENTARY INFORMATION

**Jones County School District**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended June 30, 2015**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures (\$)</i>
<b><u>U.S. Department of Agriculture</u></b>		
<b><i>Passed-through Mississippi Department of Education:</i></b>		
<i>Child Nutrition Cluster</i>		
National School Lunch Program	10.555	\$2,546,379
School Breakfast Program	10.553	683,001
<i>Total Child Nutrition Cluster</i>		<hr/> 3,229,380
Donated Commodities	10.550	264,641
<i>Total Pass-through Mississippi Department of Education</i>		<hr/> 3,494,021
<b><i>Total U.S. Department of Agriculture</i></b>		<hr/> <b>3,494,021</b>
<b><u>U.S. Department of Education</u></b>		
<b><i>Passed-through Mississippi Department of Education:</i></b>		
<i>Special Education Cluster (IDEA)</i>		
Special Education Grants to States	84.027	1,611,355
Special Education Preschool Grants	84.173	52,140
<i>Total Special Education Cluster (IDEA)</i>		<hr/> 1,663,495
Teacher Incentive Fund	84.374	258,231
Title I Grants to Local Educational Agencies	84.010	2,514,027
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	26,546
Adult Education - Basic Grants to States	84.002	64,826
Career and Technical Education -- Basic Grants to States	84.048	81,944
English Language Acquisition State Grants	84.365	63,328
Improving Teacher Quality State Grants	84.367	393,151
Rural Education	84.358	190,858
<i>Total Passed-through Mississippi Department of Education</i>		<hr/> 5,256,406
<b><i>Total U.S. Department of Education</i></b>		<hr/> <b>5,256,406</b>
<b><u>Federal Communication Commission</u></b>		
<i>Administered through the Universal Service Administrative Company:</i>		
Schools and Libraries program of the Universal Service Fund	32.xxx	172,789
<b><i>Total Federal Communication Commission</i></b>		<hr/> <b>172,789</b>

**Jones County School District  
Schedule of Expenditures of Federal Awards By Grant  
For the Year Ended June 30, 2015**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures (\$)</i>
<b><u>U.S. Department of Health and Human Services</u></b>		
Medical Assistance Program	93.778	221,557
Total U.S. Department of Health and Human Services		<u>221,557</u>
Total Expenditures of Federal Awards		<u>\$9,144,773</u>

Notes to the 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.

JONES SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE, AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

<u>Expenditures</u>	<u>Total</u>	<u>Instruction</u>	<u>General Administrative</u>	<u>School Administrative</u>	<u>Other</u>
Salaries and fringe benefits	\$ 51,398,940	\$ 36,591,779	\$ 1,264,001	\$ 3,612,960	\$ 9,930,200
Other	<u>19,559,240</u>	<u>4,080,890</u>	<u>317,197</u>	<u>209,755</u>	<u>14,951,398</u>
Total	<u>\$ 70,958,180</u>	<u>\$ 40,672,669</u>	<u>\$ 1,581,198</u>	<u>\$ 3,822,715</u>	<u>\$ 24,881,598</u>
 Total number of students *	 7,907				
Cost per student	\$ 8,974	\$ 5,144	\$ 200	\$ 483	\$ 3,147

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

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

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

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

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

OTHER INFORMATION

**JONES COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**LAST FOUR YEARS**

**"UNAUDITED"**

	<u>2015</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>
<b>Revenues:</b>				
Local Sources	\$ 16,820,450	\$ 15,316,599	\$ 14,763,354	\$ 15,015,940
State Sources	38,625,158	37,031,551	36,231,986	37,436,450
Federal Sources	405,775	236,114	317,459	770,171
Sixteenth Section Sources	<u>757,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>56,609,023</u>	<u>52,584,264</u>	<u>51,312,799</u>	<u>53,222,561</u>
<b>Expenditures</b>				
Instruction	34,492,061	34,339,743	34,222,248	33,574,835
Support Services	17,082,600	17,256,359	17,044,584	20,098,533
Sixteenth Section	177,002	-	-	-
Noninstructional Services	-	-	-	-
Facilities Acquisition & Construction	37,057	-	482,185	190,343
Debt Service:				
Principal	604,346	589,433	574,888	-
Interest	<u>289,769</u>	<u>605,645</u>	<u>378,531</u>	<u>315,605</u>
<b>Total Expenditures</b>	<u>52,682,835</u>	<u>52,791,180</u>	<u>52,702,436</u>	<u>54,179,316</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>3,926,188</u>	<u>(206,916)</u>	<u>(1,389,637)</u>	<u>(956,755)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recovery	23,610	27,637	7,712	22,846
Refunding Bonds Issued	-	3,720,000	-	-
Sale of Other Property	3,706	150,126	200	95,928
Operating Transfers In	524,259	945,004	1,708,976	3,011,762
Operating Transfers Out	<u>(2,459,552)</u>	<u>(1,677,781)</u>	<u>(2,896,629)</u>	<u>(4,987,905)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,907,977)</u>	<u>3,164,986</u>	<u>(1,179,741)</u>	<u>(1,857,369)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>2,018,211</u>	<u>2,958,070</u>	<u>(2,569,378)</u>	<u>(2,814,124)</u>
<b>FUND BALANCES:</b>				
Beginning of period, as originally reported	6,434,435	2,325,362	1,222,101	4,036,654
Prior period adjustment	<u>(89,551)</u>	<u>(179,328)</u>	<u>3,673,496</u>	<u>-</u>
Beginning of period, as restated	<u>6,344,884</u>	<u>2,146,034</u>	<u>4,895,597</u>	<u>4,036,654</u>
Increase (Decrease) in Reserve for Inventory	<u>(6,597)</u>	<u>1,780</u>	<u>(857)</u>	<u>(429)</u>
End of Period	<u>\$ 8,356,498</u>	<u>\$ 5,105,884</u>	<u>\$ 2,325,362</u>	<u>\$ 1,222,101</u>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

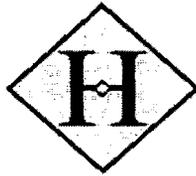
**JONES COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUNDS**  
**LAST FOUR YEARS**

"UNAUDITED"

	<u>2015</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>
<b>Revenues:</b>				
Local Sources	\$ 21,667,272	\$ 20,175,046	\$ 19,218,308	\$ 16,959,371
State Sources	41,068,907	39,511,702	38,703,446	39,917,735
Federal Sources	9,216,692	8,672,733	8,440,514	9,237,817
Sixteenth Section Sources	<u>1,226,625</u>	<u>2,938,303</u>	<u>2,298,652</u>	<u>1,793,896</u>
<b>Total Revenues</b>	<u>73,179,496</u>	<u>71,297,784</u>	<u>68,660,920</u>	<u>67,908,819</u>
<b>Expenditures</b>				
Instruction	40,665,592	39,915,654	40,032,263	40,378,142
Support Services	19,033,971	19,097,911	19,310,290	22,109,374
Noninstructional Services	4,175,033	4,255,140	3,984,524	4,066,887
Sixteenth Section	446,399	743,221	765,671	968,244
Facilities Acquisition & Construction	39,762	-	482,185	317,534
Debt Service:				
Principal	4,726,157	4,143,672	4,066,044	3,327,457
Interest	1,871,266	2,244,013	2,153,384	2,028,311
Other	-	-	6,190	-
<b>Total Expenditures</b>	<u>70,958,180</u>	<u>70,399,611</u>	<u>70,800,551</u>	<u>73,195,949</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>2,221,316</u>	<u>898,173</u>	<u>(2,139,631)</u>	<u>(5,287,130)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds and Notes Issued	-	389,372	-	-
Insurance Recovery	23,610	27,637	7,712	22,846
Refunding Bonds Issued	-	3,720,000	-	-
Sale of Other Property	3,706	150,296	87,581	95,928
Operating Transfers In	3,246,671	3,415,794	4,605,605	7,999,666
Operating Transfers Out	<u>(3,246,671)</u>	<u>(3,415,794)</u>	<u>(4,605,605)</u>	<u>(7,999,666)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>27,316</u>	<u>4,287,305</u>	<u>95,293</u>	<u>118,774</u>
<b>Net Change in Fund Balance</b>	<u>2,248,632</u>	<u>5,185,478</u>	<u>(2,044,338)</u>	<u>(5,168,356)</u>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	26,129,932	21,209,875	19,179,237	24,346,145
Prior period adjustment	<u>(89,351)</u>	<u>(238,834)</u>	<u>4,041,275</u>	<u>-</u>
Beginning of period, as restated	<u>26,040,581</u>	<u>20,971,041</u>	<u>23,220,512</u>	<u>24,346,145</u>
Increase (Decrease) in Reserve for Inventory	<u>(13,776)</u>	<u>(26,587)</u>	<u>33,701</u>	<u>1,448</u>
End of Period	<u>\$ 28,275,437</u>	<u>\$ 26,129,932</u>	<u>\$ 21,209,875</u>	<u>\$ 19,179,237</u>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



**HOLT & ASSOCIATES, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS

W. David Dill, CPA  
Julie M. Uher, CPA  
Kari M. Blackledge, CPA

H. I. Holt, CPA  
Founder (1915-1997)

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

Superintendent and School Board  
Jones County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jones County School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Jones County School District's basic financial statements, and have issued our report thereon dated December 9, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. (2015-1)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jones County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Jones County School District's Response to Finding**

Jones County School District's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. Jones County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Holt & Associates, PLLC*

Laurel, MS

December 9, 2015



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

Superintendent and School Board  
Jones County School District

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

We have audited Jones County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jones County School District's major federal programs for the year ended June 30, 2015. Jones County 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 Jones County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jones County 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 Jones County School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Jones County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of Jones County School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jones County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jones County 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-2 and 2015-3, that we consider to be significant deficiencies.

Jones County School District's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. Jones County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

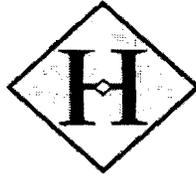
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Holt & Associates, PLLC*

Laurel, MS

December 9, 2015

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



**HOLT & ASSOCIATES, PLLC**  
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Founder (1915-1997)

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

Superintendent and School Board  
Jones County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jones County School District as of and for the year ended June 30, 2015, which collectively comprise Jones School District's basic financial statements and have issued our report thereon dated December 9, 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 did not report any 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.

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

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

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.

*Holt & Associates, PLLC*

December 9, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JONES COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- |   |             |
|---|-------------|
| 4. Internal control over major programs:  |             |
| a. Material weakness(es) identified?  | No          |
| b. Significant deficiency(ies) identified?  | Yes         |
| 5. Type of auditor's report issued on compliance for major programs:  | Unmodified. |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | Yes         |

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Child Nutrition Cluster:	
10.555	National School Lunch Program
10.553	School Breakfast Program
Special Education Cluster:	
84.027	Special Education-Grants to States (IDEA, Part B)
84.173	Special Education- Preschool Grants (IDEA Preschool)

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

JONES COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

Section II: Financial Statement Findings

**2015-1:**

In testing controls over expenditures, it was noted that in the maintenance and transportation departments, out of the 33 invoices tested, 9 either did not have proper purchase orders or the purchase order was dated after the invoice date.

Recommendation: To ensure proper controls over expenditures, purchase orders should be issued before the purchase is made. The school district should meet with maintenance and transportation personnel to ensure they are properly trained to follow the procedures.

Section III: Federal Award Findings and Questioned Costs

**2015-2:**

Federal Program: Special Education-Grants to States (IDEA, Part B), CFDA #84.027; Special Education-Preschool Grants (IDEA Preschool) CFDA #84.173

Condition: The school district paid for cellular telephones for school teachers through the Special Education grant monies.

Criteria: This is an unallowed expense through the Special Education funds.

Cause: The school district did not follow their procedures for purchases of the cellular telephones so they went through the system without proper approval.

Effect: Monies were spent on unallowed expenditures.

Recommendation: The school district should first reimburse Special Education grant the amount of the cellular telephones and second follow their internal control procedures for all purchases.

**2015-3:**

Federal Program: National School Lunch Program, CFDA #10.555; School Break Program, CFDA #10.553

Condition: In testing of applications, there was one application not completed accurately.

Criteria: All households should have completed applications to be able to have free or reduced meals unless they are under the Direct Certification Program.

Cause: The adult did not complete the application and it was not discovered through the application process.

Effect: Children may have been eating free when they should not have.

Recommendation: The school district should ensure that all procedures are followed accurately on processing applications.

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

JONES COUNTY SCHOOL DISTRICT  
5204 Highway 11 North  
Ellisville, MS 39437  
Tommy Parker – Superintendent of Education

AUDITEE'S CORRECTION ACTION PLAN

As required by Section \_\_\_\_ .315(b) of OMB Circular A-133, the Jones County School District has prepared and hereby submits the following correction action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2015:

Findings

Corrective Action Plan Details

2015-1

a. Name of Contact Person Responsible for Corrective Action Plan

Name: Sarah Sumrall

Title: Business Manager

Phone Number: 601-649-5201

b. Correction Action Planned

The school district superintendent, business administrator, and purchasing agent will meet with the maintenance and transportation directors to reiterate their departmental budgets and the proper purchasing procedures for our district and the State of Mississippi. The business administrator and purchasing agent will follow up on these procedures to ensure that the school district personnel are following these correctly.

c. Anticipated Completion Date

These procedures will be discussed with the school district staff immediately and implemented accordingly.

2015-2

a. Name of Contact Person Responsible for Corrective Action Plan

Name: Sarah Sumrall

Title: Business Manager

Phone Number: 601-649-5201

b. Correction Action Planned

The school district will post a general journal entry to reimburse the Special Education (IDEA Fund) for the amount of the purchase of the cellular telephones. This general journal entry will be posted to the month of December 2015, the month the fiscal year end 2015 audit was complete. The school district also corrected the fixed asset coding for these purchases of telephones, to remove these items from the IDEA fixed asset listing.

c. Anticipated Completion Date

December 11, 2015

JONES COUNTY SCHOOL DISTRICT  
5204 Highway 11 North  
Ellisville, MS 39437  
Tommy Parker – Superintendent of Education

2015-3

a. Name of Contact Person Responsible for Corrective Action Plan

Name: Sarah Sumrall

Title: Business Manager

Phone Number: 601-649-5201

b. Correction Action Planned

The school district is planning to have all applications completed online in the following years. This process will ensure that all applications are completed accurately.

c. Anticipated Completion Date

These procedures will be discussed with the school district staff immediately and implemented accordingly.

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

As required by Section .315(b) of OMB Circular A-133, the Jones County School District has prepared and hereby submits the following summary of prior audit findings as of June 30, 2015:

<u>Finding:</u>	<u>Correction Action Taken:</u>
2014-1	Corrected.
2014-2	Corrected.
2014-3	Corrected.
2014-4	Corrected.
2014-5	Corrected.