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North Pike Consolidated School District

Audited Financial Statements
For the Year Ended June 30, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

**North Pike Consolidated School District
TABLE OF CONTENTS**

	PAGE #
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	4
MANAGEMENT’S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position	21
Exhibit B - Statement of Activities	22
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet	23
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances	25
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	26
Fiduciary Funds Financial Statements	
Exhibit E - Statement of Fiduciary Assets and Liabilities	27
Exhibit F - Statement of Changes in Fiduciary Net Position	28
Notes to the Financial Statements	30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	51
Schedule of the District’s Proportionate Share of the Net Pension Liability	52
Schedule of District Contributions	53
Notes to the Required Supplementary Information	54
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	56
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds	57
OTHER INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years	59
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years	60
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report On Internal Control Over Compliance; Required by the Uniform Guidance.	64
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	67
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	70

FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
North Pike Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike Consolidated School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the North Pike Consolidated School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 North Pike Consolidated School District, as of June 30, 2016, 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, budgetary comparison information and the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 8 to 19, 51 to 54, 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 North Pike Consolidated School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of the North Pike Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Pike Consolidated School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 3, 2016

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

The following discussion and analysis of North Pike Consolidated School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2016. 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 2016 decreased \$405,923, which represents a 22% decrease from fiscal year 2015. Total net position for 2015 decreased \$20,126,290, including a prior period adjustment of (\$20,250,160), which represents a 92% decrease from fiscal year 2014.
- General revenues amounted to \$16,357,054 and \$15,259,451, or 80% and 82% of all revenues for fiscal years 2016 and 2015, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,002,435, or 20% of total revenues for 2016, and \$3,405,047, or 18% of total revenues for 2015.
- The District had \$20,765,412 and \$18,540,628 in expenses for fiscal years 2016 and 2015; only \$4,002,435 for 2016 and only \$3,405,047 for 2015 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$16,357,054 for 2016 were not adequate to provide for these programs. However, general revenues of \$15,259,451 for 2015 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$16,616,860 in revenues and \$15,953,497 in expenditures for 2016, and \$15,406,776 in revenues and \$15,836,842 in expenditures for 2015. The General Fund's fund balance increased by \$846,933 from 2015 to 2016, and increased by \$968,885, from 2014 to 2015.
- Capital assets, net of accumulated depreciation, decreased by \$493,821 for 2016 and increased by \$699,298 for 2015. The decrease for 2016 was primarily due primarily to the recording of depreciation expense.
- Long-term debt decreased by \$183,000 for 2016 and increased by \$788,090 for 2015. The decrease for 2016 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$1,093 for 2016 and decreased by \$16,525 for 2015.

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.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,456,344 as of June 30, 2016.

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, 2016 and June 30, 2015.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 1
Condensed Statement of Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
Current assets	\$ 6,586,704	5,799,427	14%
Restricted assets	3,182,768	2,949,266	8%
Capital assets, net	<u>13,988,134</u>	<u>14,481,955</u>	(3)%
Total assets	<u>23,757,606</u>	<u>23,230,648</u>	2%
 Deferred outflows of resources	 <u>5,832,448</u>	 <u>1,918,539</u>	 204%
 Current liabilities	 435,164	 354,701	 23%
Long-term debt outstanding	1,182,161	1,366,254	(13)%
Net pension liability	<u>25,649,506</u>	<u>18,323,294</u>	40%
Total liabilities	<u>27,266,831</u>	<u>20,044,249</u>	36%
 Deferred inflows of resources	 <u>866,879</u>	 <u>3,242,671</u>	 (73)%
 Net position:			
Net investment in capital assets	12,871,134	13,181,955	(2)%
Restricted	7,034,688	6,803,362	3%
Unrestricted	<u>(18,449,478)</u>	<u>(18,123,050)</u>	(2)%
Total net position	<u>\$ 1,456,344</u>	<u>1,862,267</u>	(22)%

Additional information on unrestricted net position:

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

Total unrestricted net position (deficit)	\$ (18,449,478)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>20,683,937</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 2,234,459</u>

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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 \$493,821.
- The principal retirement of \$183,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2016 and June 30, 2015 were \$20,359,489 and \$18,664,498, respectively. The total cost of all programs and services was \$20,765,412 for 2015 and \$18,540,628 for 2015.

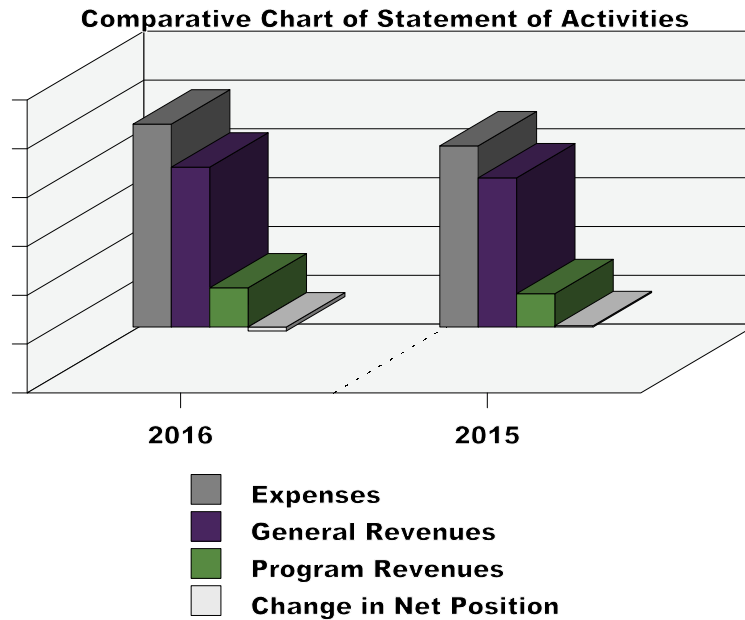
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 2
Changes in Net Position

	Year Ended June 30, 2016	Year Ended June 30, 2015	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 876,646	883,801	(1)%
Operating grants and contributions	3,125,789	2,521,246	24%
General Revenues:			
Property taxes	3,018,798	2,809,170	7%
Grants and contributions not restricted	12,660,719	11,717,808	8%
Unrestricted investment earnings	180,325	182,871	(1)%
Sixteenth section sources	453,720	521,699	(13)%
Other	43,492	27,903	56%
Total revenues	20,359,489	18,664,498	9%
Expenses:			
Instruction	10,878,013	10,166,444	7%
Support services	5,705,627	5,782,259	(1)%
Non-instructional	1,163,223	1,116,590	4%
Sixteenth section	98,565	273,024	(64)%
Pension expense	2,767,789	1,029,967	169%
Interest on long-term liabilities	152,195	172,344	(12)%
Total expenses	20,765,412	18,540,628	12%
Increase (Decrease) in net position	(405,923)	123,870	(428)%
Net Position, July 1, as previously reported	1,862,267	21,988,557	(92)%
Prior period adjustment		(20,250,160)	100%
Net position, July 1, as restated	1,862,267	1,738,397	7%
Net Position, June 30	\$ 1,456,344	1,862,267	(22)%

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016



Governmental activities

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

Table 3
Net Cost of Governmental Activities

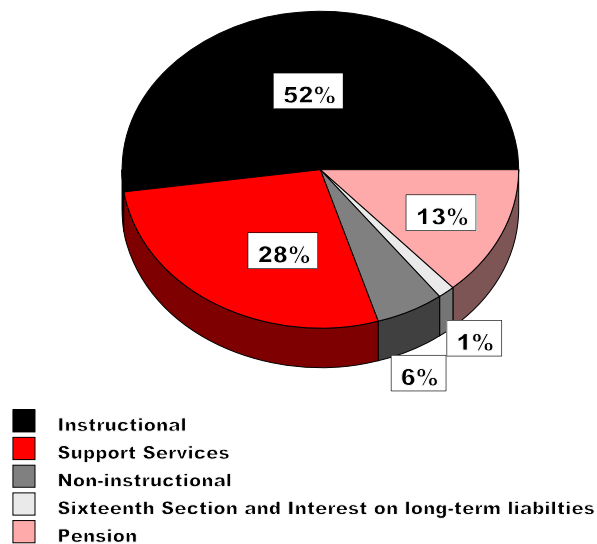
	<u>Total Expenses</u>		Percentage Change
	<u>2016</u>	<u>2015</u>	
Instruction	\$ 10,878,013	10,166,444	7%
Support services	5,705,627	5,782,259	(1)%
Non-instructional	1,163,223	1,116,590	4%
Sixteenth section	98,565	273,024	(64)%
Pension expense	2,767,789	1,029,967	169%
Interest on long-term liabilities	152,195	172,344	(12)%
Total expenses	<u><u>\$ 20,765,412</u></u>	<u><u>18,540,628</u></u>	<u><u>12%</u></u>

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Net (Expense) Revenue

	<u>2016</u>	<u>2015</u>	<u>Percentage Change</u>
Instruction	\$ (9,130,834)	(8,717,194)	5%
Support services	(4,776,061)	(5,069,177)	(6)%
Non-instructional	112,370	88,355	27%
Sixteenth section	(48,468)	(235,254)	(79)%
Pension expense	(2,767,789)	(1,029,967)	169%
Interest on long-term liabilities	(152,195)	(172,344)	(12)%
Total net (expense) revenue	\$ (16,762,977)	(15,135,581)	11%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$16,762,977 for 2016 and \$15,135,581 for 2015) was financed by general revenue, which is primarily made up of property taxes (\$3,018,798 for 2016 and \$2,809,170 for 2015) and state and federal revenues (\$12,660,719 for 2016 and \$11,717,808 for 2015). In addition, there was \$453,720 and \$521,699 in Sixteenth Section sources for 2016 and 2015, respectively.
- Investment earnings amounted to \$180,235 for 2016 and \$182,871 for 2015.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9,355,531, an increase of \$936,839, which includes a decrease in inventory of \$960. \$2,102,985 or 22% 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 \$7,252,546 or 78% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

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 \$846,933. The fund balance of Other Governmental Funds showed a decrease in the amount of \$12,092, which includes a decrease in inventory of \$960. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Sixteenth Section Principal Fund	\$ 101,998

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.

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2016, the District's total capital assets were \$21,863,808, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$133,225 from 2015. Total accumulated depreciation as of June 30, 2016, was \$7,875,674, and total depreciation expense for the year was \$627,046, resulting in total net capital assets of \$13,988,134.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
Land	\$ 257,866	255,241	1%
Buildings	10,305,909	10,569,804	(2)%
Building improvements	1,823,418	1,929,954	(6)%
Improvements other than buildings	593,955	634,114	(6)%
Mobile equipment	876,585	926,074	(5)%
Furniture and equipment	130,401	166,768	(22)%
Total	<u>\$ 13,988,134</u>	<u>14,481,955</u>	<u>(3)%</u>

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

Debt Administration. At June 30, 2016, the District had \$1,182,161 in outstanding long-term debt, of which \$125,000 is due within one year. The liability for compensated absences decreased \$1,093 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 1,117,000	1,300,000	(14)%
Compensated absences payable	65,161	66,254	(2)%
Total	<u>\$ 1,182,161</u>	<u>1,366,254</u>	<u>(13)%</u>

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

North Pike Consolidated School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

CURRENT ISSUES

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

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

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

Enrollment for the 2015 - 2016 year decreased by 1% to 2,244 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 6,146,740
<i>Due from other governments</i>	412,470
<i>Inventories</i>	27,494
<i>Restricted assets</i>	3,182,768
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	257,866
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	10,305,909
<i>Building improvements</i>	1,823,418
<i>Improvements other than buildings</i>	593,955
<i>Mobile equipment</i>	876,585
<i>Furniture and equipment</i>	130,401
Total Assets	<u>23,757,606</u>
Deferred Outflows of Resources	
Pension related	5,832,448
Total Deferred Outflows of Resources	<u>5,832,448</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	389,308
<i>Due to other governments</i>	24,633
<i>Interest payable on long-term liabilities</i>	21,223
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	125,000
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	992,000
<i>Non-capital related liabilities</i>	65,161
<i>Net pension liability</i>	25,649,506
Total Liabilities	<u>27,266,831</u>
Deferred Inflows of Resources	
Pension related	866,879
Total Deferred Inflows of Resources	<u>866,879</u>
Net Position	
Net investment in capital assets	12,871,134
Restricted for:	
Expendable:	
School-Based Activities	412,766
Debt Service	130,933
Capital Projects	130,797
Unemployment Benefits	50,703
Forestry Improvements	107,418
Non-expendable	
Sixteenth section	6,202,071
Unrestricted	(18,449,478)
Total Net Position	<u>\$ 1,456,344</u>

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities:				Governmental Activities
<i>Instruction</i>	10,878,013	543,158	1,204,021	(9,130,834)
<i>Support services</i>	5,705,627	--	929,566	(4,776,061)
<i>Noninstructional services</i>	1,163,223	283,391	992,202	112,370
<i>Sixteenth section</i>	98,565	50,097	--	(48,468)
<i>Interest on long-term liabilities</i>	152,195	--	--	(152,195)
<i>Pension expense</i>	2,767,789	--	--	(2,767,789)
Total Governmental Activities	<u>\$ 20,765,412</u>	<u>\$ 876,646</u>	<u>\$ 3,125,789</u>	<u>(16,762,977)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				2,857,846
<i>Debt purpose levies</i>				160,952
Unrestricted grants and contributions:				
<i>State</i>				12,592,840
<i>Federal</i>				67,879
<i>Unrestricted investment earnings</i>				180,325
<i>Sixteenth section sources</i>				453,720
<i>Other</i>				43,492
Total General Revenues				<u>16,357,054</u>
Change in Net Position				<u>(405,923)</u>
Net Position - Beginning				1,862,267
Net Position - Ending				<u>\$ 1,456,344</u>

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

EXHIBIT C

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets				
<i>Cash and cash equivalents</i>	\$ 5,330,951	\$ 3,182,768	\$ 815,789	\$ 9,329,508
<i>Due from other governments</i>	204,070	--	208,400	412,470
<i>Due from other funds</i>	102,685	--	--	102,685
<i>Advances to other funds</i>	2,000	3,019,303	--	3,021,303
<i>Inventories</i>	--	--	27,494	27,494
Total Assets	<u>\$ 5,639,706</u>	<u>\$ 6,202,071</u>	<u>\$ 1,051,683</u>	<u>\$ 12,893,460</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 296,293	\$ --	\$ 93,015	\$ 389,308
Due to other funds	24,490	--	102,828	127,318
Advances from other funds	3,019,303	--	2,000	3,021,303
Total Liabilities	<u>3,340,086</u>	<u>--</u>	<u>197,843</u>	<u>3,537,929</u>
Fund Balances:				
Nonspendable:				
Permanent fund principal	--	3,182,768	--	3,182,768
Inventory	--	--	27,494	27,494
Advances	2,000	3,019,303	--	3,021,303
Restricted:				
Unemployment benefits	--	--	50,703	50,703
Forestry improvement purposes	--	--	107,418	107,418
Capital projects	--	--	130,797	130,797
Debt service	--	--	152,156	152,156
Grant activities	--	--	15,328	15,328
Food Service	--	--	369,944	369,944
Assigned:				
School administration	1,267	--	--	1,267
Activity funds	193,368	--	--	193,368
Unassigned	<u>2,102,985</u>	<u>--</u>	<u>--</u>	<u>2,102,985</u>
Total Fund Balances	<u>2,299,620</u>	<u>6,202,071</u>	<u>853,840</u>	<u>9,355,531</u>
Total Liabilities and Fund Balances	<u>\$ 5,639,706</u>	<u>\$ 6,202,071</u>	<u>\$ 1,051,683</u>	<u>\$ 12,893,460</u>

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances - governmental funds balance sheet	\$ 9,355,531
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	13,988,134
Long-term liabilities due in one year are not recognized in the funds.	(125,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(21,223)
Payables for notes which are not due in the current period are not reported in the funds.	(992,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(65,161)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(25,649,506)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(866,879)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	5,832,448
Net position of governmental activities - Statement of Net Position	\$ <u>1,456,344</u>

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**IN FUND BALANCES - GOVERNMENTAL FUNDS**FOR THE YEAR ENDED JUNE 30, 2016*

	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 3,508,026	\$ --	\$ 411,831	\$ 3,919,857
State sources	12,687,897	--	584,062	13,271,959
Federal sources	69,936	--	2,444,613	2,514,549
Sixteenth section sources	351,001	251,474	50,649	653,124
Total Revenues	16,616,860	251,474	3,491,155	20,359,489
Expenditures:				
Instruction	10,650,784	--	1,081,691	11,732,475
Support services	5,086,262	--	1,000,729	6,086,991
Noninstructional services	--	--	1,162,362	1,162,362
Sixteenth section	87,794	5,906	4,865	98,565
Facilities acquisition and construction	2,625	--	--	2,625
Debt service:				
Principal	--	--	183,000	183,000
Interest	126,032	--	29,640	155,672
Total Expenditures	15,953,497	5,906	3,462,287	19,421,690
Excess (Deficiency) of Revenues Over (Under) Expenditure	663,363	245,568	28,868	937,799
Other Financing Sources (Uses):				
Transfers in	183,570	139,205	18,858	341,633
Transfers out	--	(282,775)	(58,858)	(341,633)
Total Other Financing Sources (Uses)	183,570	(143,570)	(40,000)	--
Net Change in Fund Balances	846,933	101,998	(11,132)	937,799
Fund Balances:				
July 1, 2015	1,452,687	6,100,073	865,932	8,418,692
Increase (decrease) in inventory	--	--	(960)	(960)
June 30, 2016	\$ 2,299,620	\$ 6,202,071	\$ 853,840	\$ 9,355,531

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016*

Net change in fund balances - total governmental funds	\$	937,799
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		133,225
The depreciation of capital assets used in governmental activities is not reported in the funds.		(627,046)
Repayment of not principal is an expenditure in the funds but is not an expense in the SOA.		183,000
(Increase) decrease in accrued interest from beginning of period to end of period.		3,477
Change in inventory affects fund balance in the funds but affects expense in the SOA.		(960)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		1,093
Pension contributions made after measurement date but in current FY were de-expended and reduced NPL.		1,731,278
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(2,767,789)
Change in net position of governmental activities	\$	<u>(405,923)</u>

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT**EXHIBIT E****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****JUNE 30, 2016**

	Private-purpose Trust Fund	Agency Funds
Assets:		
<i>Cash and cash equivalents</i>	\$ 9,209	\$ 1,315,113
<i>Due from other funds</i>	--	24,633
Total Assets	<u>\$ 9,209</u>	<u>\$ 1,339,746</u>
Liabilities:		
<i>Accounts payable and accrued liabilities</i>		\$ 1,308,239
<i>Due to student clubs</i>		31,507
Total Liabilities		<u>\$ 1,339,746</u>
Net Position:		
Reserve for endowments	<u>\$ 9,209</u>	
Total Net Position	<u>\$ 9,209</u>	

The accompanying notes are an integral part of this statement.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT**EXHIBIT F****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS****FOR THE YEAR ENDED JUNE 30, 2016**

	Private-purpose Trust Fund
Additions:	
Investment Income	\$ 56
Total Additions	56
Deductions:	
Scholarship Awards	750
Total Deductions	750
Change in Net Position	(694)
July 1, 2015	9,903
June 30, 2016	\$ 9,209

The accompanying notes are an integral part of this statement.

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

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

B. Government-wide and Fund Financial Statements

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

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows 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.

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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.

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 a permanent fund used to account for the nonexpendable resources generated from the sale of non-renewable resources on sixteenth section lands.

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

The District's fiduciary funds include the following:

Student Club Funds - These funds are used to account for the transaction of student clubs.

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

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

FIDUCIARY FUNDS

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

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.

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.

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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 are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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

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

D. Encumbrances

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

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights,

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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 governmental column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has a deferred outflow which is presented as a deferred outflow for pension.

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 not be recognized as an inflow of resources (revenue) until then. The school district has a deferred inflow which is presented as a deferred inflow for pension.

See Note 10 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 details.

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

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

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. 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

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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 7% of district maintenance revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Note 2 - Cash and Cash Equivalents

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' 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.

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$9,329,508 and \$1,324,322, respectively. The carrying amount of deposits reported in the government-wide financial statement was \$10,700,393.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Institution Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2016, none of the district's bank balance of \$10,700,393 was exposed to custodial credit risk.

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 102,685
Agency Funds	General Fund	24,490
	Other Governmental Funds	143
Total		\$ <u>127,318</u>

The primary purpose of the interfund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

B. Advances To/From Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 2,000
Sixteenth Section Principal Fund	General Fund	3,019,303
Total		\$ <u>3,021,303</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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
2017	\$	136,764	120,772	257,536
2018		142,234	115,301	257,535
2019		147,924	109,613	257,537
2020		153,841	103,695	257,536
2021		159,995	97,542	257,537
2022 - 2026		901,245	386,435	1,287,680
2027 - 2031		866,810	200,125	1,066,935
2032 - 2035		510,490	41,373	551,863
Total	\$	<u>3,019,303</u>	<u>1,174,856</u>	<u>4,194,159</u>

C. Inter-fund Transfers

Transfers In	Transfers Out		Amount
General Fund	Sixteenth Section Principal Fund	\$	143,570
	Other Governmental Funds		40,000
Sixteenth Section Principal Fund	Sixteenth Section Principal Fund		139,205
Other Governmental Funds	Other Governmental Funds		18,858
Total		\$	<u>341,633</u>

Operating transfers were primarily for the following: indirect cost transfers, vocational and special education expenditure transfers, the transfer of expendable sixteenth section sources, debt service transfers, unemployment compensation transfers, and other routine operating transfers.

Note 4 - Restricted Assets

The restricted assets represent the cash balance totaling \$3,182,768 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.

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 5- Capital Assets

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

	Balance 7-1-2015	Additions	Balance 6-30-2016
<u>Non-depreciable capital assets:</u>			
Land	\$ 255,241	2,625	257,866
Total non-depreciable capital assets	<u>255,241</u>	<u>2,625</u>	<u>257,866</u>
<u>Depreciable capital assets:</u>			
Buildings	14,510,144		14,510,144
Building improvements	2,663,397		2,663,397
Improvements other than buildings	1,003,981		1,003,981
Mobile equipment	2,756,963	116,400	2,873,363
Furniture and equipment	<u>540,857</u>	<u>14,200</u>	<u>555,057</u>
Total depreciable capital assets	<u>21,475,342</u>	<u>130,600</u>	<u>21,605,942</u>
<u>Less accumulated depreciation for:</u>			
Buildings	3,940,340	263,895	4,204,235
Building improvements	733,443	106,536	839,979
Improvements other than buildings	369,867	40,159	410,026
Mobile equipment	1,830,889	165,889	1,996,778
Furniture and equipment	<u>374,089</u>	<u>50,567</u>	<u>424,656</u>
Total accumulated depreciation	<u>7,248,628</u>	<u>627,046</u>	<u>7,875,674</u>
Total depreciable capital assets, net	<u>14,226,714</u>	<u>(496,446)</u>	<u>13,730,268</u>
Governmental activities capital assets, net	\$ <u><u>14,481,955</u></u>	<u><u>(493,821)</u></u>	<u><u>13,988,134</u></u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 372,621
Support services	206,284
Non-instructional	48,141
Total depreciation expense	\$ <u><u>627,046</u></u>

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 6 - Long-term liabilities

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

	Balance 7-1-2015	Reductions	Balance 6-30-2016	Amounts due within one year
A. Three mill notes payable	\$ 1,300,000	183,000	1,117,000	125,000
B. Compensated absences payable	66,254	1,093	65,161	
Total	\$ 1,366,254	184,093	1,182,161	125,000

A. Three Mill Notes Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable Series 2014	2.28%	09-05-14	09-05-24	\$ 1,300,000	1,117,000

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

Year Ending June 30	Principal	Interest	Total
2017	\$ 125,000	25,468	150,468
2018	130,000	22,618	152,618
2019	131,000	19,654	150,654
2020	131,000	16,667	147,667
2021	125,000	13,680	138,680
2022-2025	475,000	27,474	502,474
Total	\$ 1,117,000	125,561	1,242,561

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

B. 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.

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 7 - 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 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, 2016 was 15.75% of annual covered payroll. Plan provisions

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2016, 2015, and 2014, were \$1,731,278, \$1,632,701, and \$1,452,810, 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, 2016, the school district reported a liability of \$25,649,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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. The school district's proportionate share used to calculate the June 30, 2016 net pension liability was 0.165930 percent, which was based on a measurement date of June 30, 2015. This was an increase of 0.014974 percent from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,767,789. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 680,571	\$ 586,575
Net difference between projected and actual earnings on pension plan investments		1,155,326
Change in assumptions	2,209,618	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,210,981	(875,022)
District contributions subsequent to the measurement date	1,731,278	
Total	<u>\$ 5,832,448</u>	<u>\$ 866,879</u>

\$1,731,278 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:

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Year ended June 30:		
2017	\$	1,043,487
2018		1,067,286
2019		748,326
2020		375,193
Total	\$	<u><u>3,234,292</u></u>

Actuarial assumptions. The total pension liability in the June 30, 2015 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-2014 Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

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><u>100%</u></u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date.. The projection of

North Pike Consolidated School District

Notes to the Financial Statements For the Year Ended June 30, 2016

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ <u>33,808,398</u>	\$ <u>25,649,506</u>	\$ <u>18,879,150</u>

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 8 - Risk Management

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

Note 9 - 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.

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 10 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$18,449,478) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$5,832,448 balance of deferred outflow of resources, at June 30, 2016 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$18,449,478) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$866,879 balance of deferred inflow of resources, at June 30, 2016 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

Note 11 - 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 trusts 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
2017	\$ 50,848
2018	38,093
2019	32,476
2020	16,264
2021	10,710
2022 - 2026	44,048
2027 - 2031	44,048
2032 - 2036	43,373
2037 - 2041	35,298
Thereafter	8,400
Total	\$ <u>323,558</u>

North Pike Consolidated School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 12 - Subsequent Events

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

1. On September 22, 2016 the North Pike Consolidated School District loaned \$109,304 to Jefferson County School District in the form of a promissory note payable starting September 22, 2017 and ending September 22, 2019. This note shall bear interest at the per annum rate equal to 2.50%.
2. On September 7, 2016, the North Pike Consolidated School District loaned \$186,000 to Smith County School District in the form of a promissory note payable starting September 7, 2017 and ending September 7, 2019. This note shall bear interest at the per annum rate equal to 2.50%.
3. On September 23, 2016 the North Pike Consolidated School District loaned \$49,929 to Okolona School District in the form of a promissory note payable starting September 23, 2017 and ending September 23, 2019. This note shall bear interest at the per annum rate equal to 2.50%.
4. On October 25, 2016 the North Pike Consolidated School District loaned \$458,842 to Cleveland School District in the form of a promissory note payable starting October 25, 2017 and ending October 25, 2019. This note shall bear interest at the per annum rate equal to 2.00%.

Mississippi Code Ann. (1972) Section 29-3-113 sets guidelines that allow school districts to invest and lend funds.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2016

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 3,391,070	3,508,026	3,508,026	116,956	-
State sources	12,698,297	12,687,897	12,687,897	(10,400)	-
Federal sources	42,200	69,936	69,936	27,736	-
Sixteenth section sources	-	351,002	351,001	351,002	(1)
Total Revenues	<u>16,131,567</u>	<u>16,616,861</u>	<u>16,616,860</u>	<u>485,294</u>	<u>(1)</u>
Expenditures:					
Instruction	10,775,147	10,650,785	10,650,784	124,362	1
Support services	5,375,297	5,088,886	5,086,262	286,411	2,624
Sixteenth section	-	87,795	87,794	(87,795)	1
Facilities acquisition and construction	-	-	2,625	-	(2,625)
Debt service:					
Principal	-	-	-	-	-
Interest	126,032	126,032	126,032	-	-
Total Expenditures	<u>16,276,476</u>	<u>15,953,498</u>	<u>15,953,497</u>	<u>322,978</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(144,909)</u>	<u>663,363</u>	<u>663,363</u>	<u>808,272</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers In	243,000	397,170	183,570	154,170	(213,600)
Transfers Out	(13,123)	(213,601)	-	(200,478)	213,601
Total Other Financing Sources (Uses)	<u>229,877</u>	<u>183,569</u>	<u>183,570</u>	<u>(46,308)</u>	<u>1</u>
Net Change in Fund Balances	<u>84,968</u>	<u>846,932</u>	<u>846,933</u>	<u>761,964</u>	<u>1</u>
Fund Balances:					
July 1, 2015	<u>424,945</u>	<u>1,452,687</u>	<u>1,452,687</u>	<u>1,027,742</u>	<u>-</u>
June 30, 2016	\$ <u>509,913</u>	<u>2,299,619</u>	<u>2,299,620</u>	<u>1,789,706</u>	<u>1</u>

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

North Pike Consolidated School District

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2016	2015
District's proportion of the net pension liability (asset) \$	25,649,506	18,323,294
District's proportionate share of the net pension liability (asset)	0.165930%	0.150956%
District's covered - employee payroll	10,366,356	9,224,190
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

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

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

North Pike Consolidated School District
Schedule of District Contributions
PERS
Last 10 Fiscal Years*

	2016	2015
Contractually required contribution	\$ 1,731,278	1,632,701
Contributions in relation to the contractually required contribution	1,731,278	1,632,701
Contribution deficiency (excess)	\$ -	-
District's covered - employee payroll	10,992,241	10,366,356
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

North Pike Consolidated School District

Notes to the Required Supplementary Information
For the Year Ended June 30, 2016

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) Changes of benefit terms

None.

(2) Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

SUPPLEMENTARY INFORMATION

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title/	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 250,179
National School Lunch Program	10.555	833,601
Total Child Nutrition Cluster		1,083,780
Total passed-through the Mississippi Department of Education		1,083,780
Total U.S. Department of Agriculture		1,083,780
<u>Federal Communications Commission</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	31,471
Total Federal Communications Commission		31,471
<u>U. S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	796,815
Career and Technical Education - Basic Grants to States	84.048	18,437
Rural Education	84.358	86,884
Supporting Effective Instruction State Grant	84.367	36,534
Subtotal		938,670
Special Education Cluster:		
Special Education - Grants to States	84.027	408,242
Special Education - Preschool Grants	84.173	13,922
Total Special Education Cluster		422,164
Total passed-through the Mississippi Department of Education		1,360,834
Total U.S. Department of Education		1,360,834
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical Assistance Program	93.778	24,828
Total passed-through Mississippi Department of Education		24,828
Total U.S. Department of Health and Human Services		24,828
Total for All Federal Awards		\$ 2,500,913

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. The school district did not elect to use the 10% de minimis indirect cost rate.

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2016

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	14,854,378	11,772,611	614,343	1,153,848	1,313,576
Other	4,567,312	1,964,021	233,303	43,904	2,326,084
Total	\$ 19,421,690	13,736,632	847,646	1,197,752	3,639,660
Total number of students *	2,244				
Cost per student	\$ 8,655	6,121	378	534	1,622

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

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

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

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

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

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

OTHER INFORMATION

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2016	2015*	2014*	2013*
Revenues:				
Local sources	\$ 3,508,026	3,257,503	3,046,810	2,866,886
State sources	12,687,897	11,788,250	11,235,721	10,926,034
Federal sources	69,936	73,433	51,202	49,057
Sixteenth section sources	351,001	287,590	-	-
Total Revenues	<u>16,616,860</u>	<u>15,406,776</u>	<u>14,333,733</u>	<u>13,841,977</u>
Expenditures:				
Instruction	10,650,784	10,126,935	9,626,330	9,249,582
Support services	5,086,262	5,392,779	4,691,192	4,915,129
Sixteenth section	87,794	186,038	-	-
Facilities acquisition and construction	2,625	-	-	-
Debt service:				
Interest	126,032	131,090	32,724	34,296
Total Expenditures	<u>15,953,497</u>	<u>15,836,842</u>	<u>14,350,246</u>	<u>14,199,007</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>663,363</u>	<u>(430,066)</u>	<u>(16,513)</u>	<u>(357,030)</u>
Other Financing Sources (Uses):				
Operating transfers in	183,570	1,137,416	343,000	187,000
Operating transfers out	-	(494,271)	(2,501,998)	(5,000)
Total Other Financing Sources (Uses)	<u>183,570</u>	<u>643,145</u>	<u>(2,158,998)</u>	<u>182,000</u>
Net Change in Fund Balances	<u>846,933</u>	<u>213,079</u>	<u>(2,175,511)</u>	<u>(175,030)</u>
Fund Balances:				
Beginning of period, as previously reported	1,452,687	483,802	2,659,313	2,834,343
Fund reclassification	-	755,806	-	-
Beginning of period, as restated	<u>1,452,687</u>	<u>1,239,608</u>	<u>2,659,313</u>	<u>2,834,343</u>
End of period	<u>\$ 2,299,620</u>	<u>1,452,687</u>	<u>483,802</u>	<u>2,659,313</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH PIKE CONSOLIDATED SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

"UNAUDITED"

	2016	2015*	2014*	2013*
Revenues:				
Local sources	\$ 3,919,857	3,700,368	3,415,606	3,221,754
State sources	13,271,959	12,319,178	11,513,505	11,166,350
Federal sources	2,514,549	1,919,875	2,050,162	2,145,781
Sixteenth section sources	653,124	711,482	938,743	1,018,349
Total Revenues	<u>20,359,489</u>	<u>18,650,903</u>	<u>17,918,016</u>	<u>17,552,234</u>
Expenditures:				
Instruction	11,732,475	11,007,449	10,203,279	9,820,113
Support services	6,086,991	6,341,325	5,485,303	5,807,031
Noninstructional services	1,162,362	1,144,023	1,067,982	1,127,290
Sixteenth section	98,565	273,024	150,360	86,692
Facilities acquisition and construction	2,625	915,801	1,635,800	121,000
Debt service:				
Principal	-	511,910	60,151	56,674
Interest	183,000	147,798	61,644	66,693
Other	155,672	13,000	-	-
Total Expenditures	<u>19,421,690</u>	<u>20,354,330</u>	<u>18,664,519</u>	<u>17,085,493</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>937,799</u>	<u>(1,703,427)</u>	<u>(746,503)</u>	<u>466,741</u>
Other Financing Sources (Uses):				
Proceeds of loans	-	1,300,000	-	-
Operating transfers in	341,633	1,458,696	3,179,889	620,123
Operating transfers out	(341,633)	(1,458,696)	(3,179,889)	(620,123)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	937,799	(403,427)	(746,503)	466,741
Fund Balances:				
Beginning of period	8,418,692	8,813,743	9,567,859	9,099,546
Increase (decrease) in inventory	(960)	8,376	(7,613)	1,572
End of period	<u>\$ 9,355,531</u>	<u>8,418,692</u>	<u>8,813,743</u>	<u>9,567,859</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
North Pike Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Pike Consolidated School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the North Pike Consolidated School District's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 3, 2016

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; REQUIRED BY THE UNIFORM GUIDANCE

Superintendent and School Board
North Pike Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited North Pike Consolidated School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Pike Consolidated School District's major federal program for the year ended June 30, 2016. The North Pike Consolidated School District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for North Pike Consolidated School District's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

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Opinion on Each Major Federal Program

In our opinion, the North Pike Consolidated School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
November 3, 2016

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
North Pike Consolidated School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike Consolidated School District as of and for the year ended June 30, 2016, which collectively comprise North Pike Consolidated School District's basic financial statements and have issued our report thereon dated November 3, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 of classroom supply funds carried over from previous years.

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

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

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
November 3, 2016

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

North Pike Consolidated School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2016

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? None reported.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statements Findings

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

Section III: Federal Awards Findings and Questioned Costs

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