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ENTERPRISE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2017

ENTERPRISE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Acklen & Story, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Enterprise 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 Enterprise School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Enterprise 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 our opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

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 Enterprise School District, as of June 30, 2017, 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, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 4-12 and 40-47 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 Enterprise 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 May 25, 2018, on our consideration of the Enterprise 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 Enterprise School District's internal control over financial reporting and compliance.

Acklen & Story, PLLC
Hattiesburg, Mississippi
May 25, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The following discussion and analysis of Enterprise School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2017. 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 2017 decreased \$769,373, including a prior period adjustment of \$1,611, which represents a 39% decrease from fiscal year 2016. Total net position for 2016 increased \$132,076, including a prior period adjustment of \$136,523 which represents a 7% increase from fiscal year 2015.
- General revenues amounted to \$7,702,571 and \$7,770,688, or 84% and 84% of all revenues for fiscal years 2017 and 2016, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,498,028, or 16% of total revenues for 2017, and \$1,530,674, or 16% of total revenues for 2016.
- The District had \$9,971,583 and \$9,305,809 in expenses for fiscal years 2017 and 2016; only \$1,498,028 for 2017 and \$1,530,674 for 2016 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,702,571 for 2017 were not adequate to provide for these programs. General revenues of \$7,770,688 for 2016 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$7,540,904 in revenues and \$7,219,928 in expenditures for 2017, and \$7,719,038 in revenues and \$6,930,258 in expenditures in 2016. The General Fund's fund balance increased by \$162,811 from 2016 to 2017, including a prior period adjustment of \$1,483, and increased by \$525,504 from 2015 to 2016, including a prior period adjustment of \$12,841.
- Capital assets, net of accumulated depreciation, decreased by \$253,385 for 2017 and increased by \$805,564 for 2016. The decrease for 2017 was due to the increase in accumulated depreciation.
- Long-term debt, including liability for compensated absences, decreased by \$105,327 for 2017 and decreased by \$125,682 for 2016. The liability for compensated absences increased by \$22,673 for 2017 and increased by \$318 for 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's non-fiduciary 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.

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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

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

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.

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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.

A net pension liability results in a liability on the government-wide financial statements but is not reported on governmental funds financial statements.

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

Notes to the financial statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, 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.

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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 \$1,191,040 as of June 30, 2017.

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, 2017 and June 30, 2016.

Table 1
Condensed Statement of Net Position

	June 30, 2017	June 30, 2016	Percentage Change
Current assets	\$ 6,982,904	\$ 6,863,993	1.73 %
Restricted assets	2,502,915	2,296,170	9.00 %
Capital assets, net	7,858,226	8,111,611	(3.12) %
Total assets	17,344,045	17,271,774	0.42 %
 Deferred outflows of resources	 2,826,892	 2,144,474	 31.82 %
 Current liabilities	 53,914	 57,945	 (6.96) %
Long-term debt outstanding	5,830,898	5,936,225	(1.77) %
Net pension liability	13,005,148	11,064,856	17.54 %
Total liabilities	18,889,960	17,059,026	10.73 %
 Deferred inflows of resources	 89,937	 396,809	 (77.33) %
 Net position:			
Net investment in capital assets	2,092,226	2,217,611	(5.65) %
Restricted	3,072,303	2,905,427	5.74 %
Unrestricted	(3,973,489)	(3,162,625)	25.64 %
Total net position	\$ 1,191,040	\$ 1,960,413	(39.25) %

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)	\$ (3,973,489)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	10,268,193
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 6,294,704</u>

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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 \$253,385.
- The principal retirement of \$128,000 of long-term debt.
- Recognition of the net pension liability in the amount of \$13,005,148.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2017 and June 30, 2016 were \$9,200,599 and \$9,301,362, respectively. The total cost of all programs and services was \$9,971,583 for 2017 and \$9,305,809 for 2016.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

Table 2
Changes in Net Position

	Year Ended June 30, 2017	Year Ended June 30, 2016	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 515,479	\$ 611,017	(15.64) %
Operating grants and contributions	982,549	919,657	6.84 %
General revenues:			
Property taxes	2,799,229	2,617,306	6.95 %
Grants and contributions not restricted	4,723,537	4,588,853	2.94 %
Investment earnings	101,493	40,070	153.29 %
Sixteenth section sources	71,403	412,891	(82.71) %
Other	6,909	111,568	(93.81) %
Total revenues	9,200,599	9,301,362	(1.08) %
Expenses:			
Instruction	5,125,390	5,092,769	0.64 %
Support services	2,427,853	2,396,931	1.29 %
Non-instructional	472,722	466,041	1.43 %
Sixteenth section	50,141	41,638	20.42 %
Pension expense	1,723,436	1,129,130	52.63 %
Interest on long-term liabilities	172,041	179,300	(4.05) %
Total expenses	9,971,583	9,305,809	7.15 %
Increase (Decrease) in net position	(770,984)	(4,447)	(17,237.17) %
Net Position, July 1, as previously reported	1,960,413	1,828,337	7.22 %
Prior Period Adjustment	1,611	136,523	(98.82) %
Net Position, July 1, as restated	1,962,024	1,964,860	(0.14) %
Net Position, June 30	\$ 1,191,040	\$ 1,960,413	(39.25) %

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

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**

	Total Expenses		Percentage Change
	2017	2016	
Instruction	\$ 5,125,390	\$ 5,092,769	0.64 %
Support services	2,427,853	2,396,931	1.29 %
Non-instructional	472,722	466,041	1.43 %
Sixteenth Section	50,141	41,638	20.42 %
Pension Expense	1,723,436	1,129,130	52.63 %
Interest on long-term liabilities	172,041	179,300	(4.05) %
Total expenses	\$ 9,971,583	\$ 9,305,809	7.15 %

	Net (Expense) Revenue		Percentage Change
	2017	2016	
Instruction	\$ (4,327,103)	\$ (3,807,983)	(13.63) %
Support services	(2,248,358)	(2,396,931)	6.20 %
Non-instructional	47,524	(284,289)	116.72 %
Sixteenth Section	(50,141)	22,498	(322.87) %
Pension Expense	(1,723,436)	(1,129,130)	(52.63) %
Interest on long-term liabilities	(172,041)	(179,300)	4.05 %
Total net (expense) revenue	\$ (8,473,555)	\$ (7,775,135)	(8.98) %

- Net cost of governmental activities (\$8,473,555 for 2017 and \$7,775,135 for 2016) was financed by general revenue, which is primarily made up of property taxes (\$2,799,229 for 2017 and \$2,617,306 for 2016) and state and federal revenues (\$4,723,537 for 2017 and \$4,588,853 for 2016). In addition, there was \$71,403 and \$412,891 in Sixteenth Section sources for 2017 and 2016, respectively.
- Investment earnings amounted to \$101,493 for 2017 and \$40,070 for 2016.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$9,450,493, an increase of \$328,729, which includes a prior period adjustment of \$1,611 and a decrease in inventory of \$3,957.

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

The unassigned fund balance is \$4,166,608, 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 \$5,283,885 is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$162,811. The fund balance of Other Governmental Funds showed an increase in the amount of \$108,177, which includes a prior period adjustment of \$24,189. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
School Food Service Fund	\$	(13,753)
Title I Fund		No increase or decrease
IDEA Part B Fund		No increase or decrease
QZAB Fund	\$	71,494

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2017, the District's total capital assets were \$11,108,961, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$2,128 from 2016, due primarily to the purchase of furniture and equipment and disposals of mobile equipment. Total accumulated depreciation as of June 30, 2017, was \$3,250,735, and total depreciation expense for the year was \$283,413, resulting in total net capital assets of \$7,858,226.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 155,430	\$ 155,430	- %
Buildings	4,480,349	4,600,522	(2.61) %
Building improvements	2,573,774	2,649,059	(2.84) %
Improvements other than buildings	79,041	80,400	(1.69) %
Mobile equipment	459,978	531,570	(13.47) %
Furniture and equipment	109,654	94,630	15.88 %
Total	\$ 7,858,226	\$ 8,111,611	(3.12) %

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

ENTERPRISE SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2017

Debt Administration. At June 30, 2017, the District had \$5,830,898 in outstanding long-term debt, of which \$135,245 is due within one year. The District made principal payments totaling \$128,000 on outstanding long-term debt. The liability for compensated absences increased \$22,673 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Percentage Change</u>
Certificates of Participation payable	\$ 2,066,000	\$ 2,194,000	(5.83) %
Qualified zone academy bond payable	1,700,000	1,700,000	- %
Qualified school construction bonds payable	2,000,000	2,000,000	- %
Compensated absences payable	64,898	42,225	53.70 %
Total	<u>\$ 5,830,898</u>	<u>\$ 5,936,225</u>	<u>(1.77) %</u>

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Enterprise School District, 503 River Road, Enterprise, MS 39330.

FINANCIAL STATEMENTS

ENTERPRISE SCHOOL DISTRICT

**Statement of Net Position
June 30, 2017**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,202,594
Investments	534,256
Due from other governments	227,455
Accrued interest receivable	7,264
Inventories	11,335
Restricted assets	2,502,915
Capital assets, non-depreciable:	
Land	155,430
Capital assets, net of accumulated depreciation:	
Buildings	4,480,349
Building improvements	2,573,774
Improvements other than buildings	79,041
Mobile equipment	459,978
Furniture and equipment	109,654
Total Assets	<u>17,344,045</u>
Deferred Outflows of Resources	
Deferred outflow related to pensions	<u>2,826,892</u>
Total Deferred Outflows of Resources	<u>2,826,892</u>
Liabilities	
Accounts payable and accrued liabilities	35,326
Interest payable on long-term liabilities	18,588
Long-term liabilities, due within one year:	
Capital related liabilities	132,000
Non-capital related liabilities	3,245
Long-term liabilities, due beyond one year:	
Capital related liabilities	5,634,000
Non-capital related liabilities	61,653
Net pension liability	<u>13,005,148</u>
Total Liabilities	<u>18,889,960</u>
Deferred Inflows of Resources	
Deferred inflow related to pensions	<u>89,937</u>
Total Deferred Inflows of Resources	<u>89,937</u>
Net Position	
Net investment in capital assets	2,092,226
Restricted for:	
Expendable:	
School-based activities	114,351
Debt service	2,713,864
Forestry improvements	67,788
Unemployment benefits	69,603
Non-expendable:	
Sixteenth section	106,697
Unrestricted	<u>(3,973,489)</u>
Total Net Position (deficit)	<u>\$ 1,191,040</u>

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

ENTERPRISE SCHOOL DISTRICT

Statement of Activities June 30, 2017

Exhibit B

						Net (Expense)
						Revenue and
						Changes in
						Net Position
		Program Revenues				
			Operating	Capital		
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	
		Services	Contributions	Contributions	Activities	
Governmental Activities:						
Instruction	\$ 5,125,390	\$ 325,646	\$ 472,641	\$ -	\$ (4,327,103)	
Support services	2,427,853	-	179,495	-	(2,248,358)	
Non-instructional	472,722	189,833	330,413	-	47,524	
Sixteenth section	50,141	-	-	-	(50,141)	
Pension expense	1,723,436	-	-	-	(1,723,436)	
Interest on long-term liabilities	172,041	-	-	-	(172,041)	
Total Governmental Activities	\$ 9,971,583	\$ 515,479	\$ 982,549	\$ -	\$ (8,473,555)	

General Revenues:

Taxes:

General purpose levies	2,652,710
Debt purpose levies	146,519

Unrestricted grants and contributions:

State	4,614,293
Federal	109,244
Unrestricted investment earnings	101,493
Sixteenth section sources	71,403
Other	6,909

Total General Revenues	<u>7,702,571</u>
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Change in Net Position	<u>(770,984)</u>
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Net Position - Beginning, as previously reported	1,960,413
Prior Period Adjustments	<u>1,611</u>

Net Position - Beginning, as restated	<u>1,962,024</u>
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Net Position (deficit) - Ending	<u><u>\$ 1,191,040</u></u>
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The notes to the financial statements are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2017

Exhibit C

	Major Funds					Other	Total
	General	School Food	Title I	IDEA Part B	QZAB	Governmental	Governmental
	Fund	Service Fund	Fund	Fund	Fund	Funds	Funds
Assets							
Cash and cash equivalents	\$ 5,600,330	\$ 52,821	\$	\$	\$	\$ 656,300	\$ 6,309,451
Cash with fiscal agents					1,376	9,212	10,588
Investments	534,256				1,622,069	763,401	2,919,726
Due from other governments	80,736		60,047	51,777		29,785	222,345
Accrued interest receivable						7,264	7,264
Due from other funds	171,800					-	171,800
Inventories		11,335				-	11,335
Total assets	\$ 6,387,122	\$ 64,156	\$ 60,047	51,777	1,623,445	\$ 1,465,962	\$ 9,652,509
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 27,520	\$ 7,806	\$	\$	\$	\$ -	\$ 35,326
Due to other funds		30,107	60,047	51,777		24,759	166,690
Total Liabilities	27,520	37,913	60,047	51,777	-	24,759	202,016
Fund Balances:							
Nonspendable:							
Inventory		11,335				-	11,335
Permanent fund principal						106,697	106,697
Restricted:							
Debt service					1,623,445	1,109,007	2,732,452
Forestry improvement purposes						67,788	67,788
Grant activities		14,908				88,108	103,016
Unemployment benefits						69,603	69,603
Assigned:							
Transportation and Capital improvements	2,111,382					-	2,111,382
Activity funds	81,612					-	81,612
Unassigned	4,166,608					-	4,166,608
Total Fund Balances	6,359,602	26,243	-	-	1,623,445	1,441,203	9,450,493
Total Liabilities and Fund Balances	\$ 6,387,122	\$ 64,156	\$ 60,047	51,777	1,623,445	\$ 1,465,962	\$ 9,652,509

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

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Exhibit C-1

Total fund balances for governmental funds	\$	9,450,493
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Amounts reported for governmental activities in the statement of Net Position are different because:

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

Land	\$	155,430	
Buildings		6,333,671	
Building improvements		2,840,159	
Improvements other than buildings		155,199	
Mobile equipment		1,335,729	
Furniture and equipment		288,773	
Accumulated depreciation		<u>(3,250,735)</u>	7,858,226

2. Some of the district's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.
3. Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability		(13,005,148)	
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions		2,826,892	
Deferred inflows of resources related to pensions		<u>(89,937)</u>	(10,268,193)

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

Other bonds payable		(3,700,000)	
Certificates of participation		(2,066,000)	
Compensated absences		(64,898)	
Accrued interest payable		<u>(18,588)</u>	(5,849,486)

Net Position of governmental activities	\$	<u>1,191,040</u>
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The notes to the financial statements are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2017

Exhibit D

	Major Funds					Other	Total
	General	School Food	Title I	IDEA Part B	QZAB	Governmental	Governmental
	Fund	Service Fund	Fund	Fund	Fund	Funds	Funds
Revenues:							
Local sources	\$ 2,989,351	\$ 190,136	\$	\$	\$ 71,494	\$ 163,428	\$ 3,414,409
State sources	4,470,187					332,044	4,802,231
Federal sources	16,044	361,539	163,864	201,750		160,479	903,676
Sixteenth section sources	65,322					12,494	77,816
Total Revenues	7,540,904	551,675	163,864	201,750	71,494	668,445	9,198,132
Expenditures:							
Instruction	5,042,006		148,819	97,935		396,956	5,685,716
Support services	2,176,204	47,004	25,917	89,942		1,488	2,340,555
Noninstructional services		487,517	400			223	488,140
Sixteenth section	1,718					48,423	50,141
Debt service:							
Principal						128,000	128,000
Interest						164,353	164,353
Other					1,805	6,841	8,646
Total Expenditures	7,219,928	534,521	175,136	187,877	1,805	746,284	8,865,551
Excess (Deficiency) of Revenues over (under) Expenditures	320,976	17,154	(11,272)	13,873	69,689	(77,839)	332,581
Other Financing Sources (Uses):							
Payments held by escrow agent						124,145	124,145
Payment to QSCB debt escrow agent						(124,145)	(124,145)
Sale of transportation equipment	1,177					-	1,177
Sale of other property		50				-	50
Operating transfers in	30,948		25,249		1,805	331,626	389,628
Other financing sources	2,467					-	2,467
Operating transfers out	(189,040)	(27,000)		(3,789)		(169,799)	(389,628)
Other financing uses	(5,200)					-	(5,200)
Total Other Financing Sources (Uses)	(159,648)	(26,950)	25,249	(3,789)	1,805	161,827	(1,506)
Net Change in Fund Balances	161,328	(9,796)	13,977	10,084	71,494	83,988	331,075
Fund Balances:							
July 1, 2016, as previously reported	6,196,791	39,996	-	-	1,551,951	1,333,026	9,121,764
Prior period adjustments	1,483		(13,977)	(10,084)		24,189	1,611
July 1, 2016, as restated	6,198,274	39,996	(13,977)	(10,084)	1,551,951	1,357,215	9,123,375
Increase (Decrease) in inventory		(3,957)				-	(3,957)
June 30, 2017	\$ 6,359,602	\$ 26,243	\$ 0	-	1,623,445	\$ 1,441,203	\$ 9,450,493

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

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2017**

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 331,075**

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

1.	Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
	Capital outlay	\$ 33,128	
	Depreciation expense	(283,413)	(250,285)
2.	In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(3,100)
3.	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
	Payments of debt principal	128,000	
	Accrued interest payable	958	128,958
4.	Some items reported in the statement of activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:		
	Recording of pension expense for the current period	(1,723,436)	
	Recording of contributions made subsequent to the measurement date	772,434	(951,002)
5.	Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
	Change in compensated absences	(22,673)	
	Change in inventory	(3,957)	(26,630)
Change in Net Position of governmental activities			\$ (770,984)

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

**ENTERPRISE SCHOOL DISTRICT
Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities
6/30/2017**

Exhibit E

	Agency Funds
	<hr/>
Assets	
Cash and cash equivalents	\$ 54,656
Cash with fiscal agent	743,300
Total Assets	<hr/> <u>\$ 797,956</u>
 Liabilities	
Accounts payable and accrued liabilities	\$ 768,532
Due to other funds	5,110
Due to student clubs	24,314
Total Liabilities	<hr/> <u>\$ 797,956</u>

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

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 was elected by the citizens of each defined county district.

For financial reporting purposes, Enterprise 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. 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.
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.

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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.

School Food Service Fund - This is a special revenue fund that accounts for the revenues and expenditures associated with the school breakfast and lunch programs.

Title I Fund - This is a special revenue fund that accounts for the revenues and expenditures associated with the Title I grants to local educational agencies.

IDEA Part B Fund - This is a special revenue fund that accounts for the revenues and expenditures associated with the Special Education state grants.

QZAB Fund - This is a debt service sinking fund that accounts for the revenues and expenditures associated with the qualified zone academy bonds. The balance in this fund will be used to pay off the QZAB debt at its maturity.

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

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

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2014*, issued by the U.S. Department of Education.

D. Encumbrances

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

E. Assets, liabilities, 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.

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

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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 Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. Unspent proceeds of long-term debt issued are also included in restricted assets on the Statement of Net Position.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred outflow related to pensions. See Note 15 for further details.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions. See Note 15 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.

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.

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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

Non-spendable 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. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

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

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

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

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

Note 2 – Cash and Cash Equivalents, Cash with fiscal agents, and Investments

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

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

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against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$6,309,451 and \$54,656, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2017, none of the district's bank balance of \$6,863,174 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions in the governmental funds was \$10,588. This amount is reported as restricted assets in the government-wide financial statements.

Investments

As of June 30, 2017, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
US Government Obligations	AAAm-G	1 year	1,622,069
US Treasury SLGS Deposit	N/A	9 years	763,401
Certificate of Deposit	N/A	1 year	\$ 534,256
Total			<u>\$ 2,919,726</u>

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

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

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investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2017, the district did not have any investments to which this would apply.

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

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	School Food Service Fund	\$ 30,107
	Title I Fund	60,047
	IDEA Part B Fund	51,777
	Other governmental funds	24,759
	Fiduciary	5,110
Total		<u>\$ 171,800</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 189,040
School Food Service Fund	General Fund	27,000
IDEA Part B Fund	General Fund	3,789
Other governmental funds	General Fund	159
	Title I Fund	25,249
	QZAB Fund	1,805
	Other governmental funds	142,586
Total		<u>\$ 389,628</u>

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

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Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$106,857 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. The Qualified School Construction Bond also had a cash with fiscal agent, and investment balance, respectively of \$9,212 and \$763,401. In addition, the restricted assets represent the cash with fiscal agent and investment balances of \$1,376 and \$1,622,069, respectively in the QZAB Fund.

Note 5 – Capital Assets

	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 155,430	\$	\$	\$ 155,430
Total non-depreciable capital assets	155,430	-	-	155,430
<u>Depreciable capital assets:</u>				
Buildings	6,333,671			6,333,671
Building Improvements	2,840,159			2,840,159
Improvements other than buildings	155,199			155,199
Mobile equipment	1,366,729		31,000	1,335,729
Furniture and equipment	255,645	33,128		288,773
Total depreciable capital assets	10,951,403	33,128	31,000	10,953,531
<u>Less accumulated depreciation for:</u>				
Buildings	1,733,149	120,173		1,853,322
Building Improvements	191,100	75,285		266,385
Improvements other than buildings	74,799	1,359		76,158
Mobile equipment	835,159	68,492	27,900	875,751
Furniture and equipment	161,015	18,104		179,119
Total accumulated depreciation	2,995,222	283,413	27,900	3,250,735
Total depreciable capital assets, net	7,956,181	(250,285)	3,100	7,702,796
Governmental activities capital assets, net	\$ 8,111,611	\$ (250,285)	\$ 3,100	\$ 7,858,226

The following is a summary of changes in capital assets for governmental activities:
Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 7,403
Support services	274,980
Non-instructional	1,030
Total depreciation expense - Governmental activities	\$ 283,413

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

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 6 – Long-term Liabilities

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

	Balance 7/1/2016	Additions	Reductions	Balance 6/30/2017	Amounts due within one year
A. Certificates of Participation payable	\$ 2,194,000	\$	\$ 128,000	\$ 2,066,000	\$ 132,000
B. Qualified zone academy bonds payable	1,700,000		-	1,700,000	-
C. Qualified school construction bonds payable	2,000,000			2,000,000	-
D. Compensated absences payable	42,225	22,673		64,898	3,245
Total	\$ 5,936,225	\$ 22,673	\$ 128,000	\$ 5,830,898	\$ 135,245

A. Certificates of participation payable

As more fully explained in Note 12, certificates of participation have been issued by the school district. Certificates of participation currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
\$1,760,000 Trust Certificates,					
1. Series 2014	1.05 % - 3.4%	11/4/2014	11/1/2029	\$ 1,760,000	\$ 1,569,000
\$560,000 Trust Certificates,					
2. Series 2015	1.1% - 3.45%	2/1/2015	11/1/2029	560,000	497,000
Total				\$ 2,320,000	\$ 2,066,000

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

1. Certificates of participation issue of 11/04/2014:

Year Ending June 30	Principal	Interest	Total
2018	\$ 100,000	41,224	\$ 141,224
2019	100,000	39,454	139,454
2020	105,000	37,406	142,406
2021	106,000	35,111	141,111
2022	110,000	32,599	142,599
2023 – 2027	607,000	117,196	724,196
2028 – 2030	441,000	22,081	463,081
Total	\$ 1,569,000	\$ 325,071	\$ 1,894,071

This debt will be retired from the EEF Building or Buses Fund or District funds.

ENTERPRISE SCHOOL DISTRICT
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For the Year Ended June 30, 2017

2. Certificates of participation issue of 02/01/2015:

Year Ending June 30	Principal	Interest	Total
2018	\$ 32,000	\$ 13,180	\$ 45,180
2019	33,000	12,609	45,609
2020	34,000	11,967	45,967
2021	34,000	11,270	45,270
2022	35,000	10,518	45,518
2023 – 2027	194,000	37,810	231,810
2028 – 2030	135,000	7,053	142,053
Total	<u>\$ 497,000</u>	<u>\$ 104,407</u>	<u>\$ 601,407</u>

This debt will be retired from the EEF Building and Buses Fund or District funds.

Total certificates of participation payments for all issues:

Year Ending June 30	Principal	Interest	Total
2018	\$ 132,000	\$ 54,404	\$ 186,404
2019	133,000	52,063	185,063
2020	139,000	49,373	188,373
2021	140,000	46,381	186,381
2022	145,000	43,117	188,117
2023 – 2027	801,000	155,006	956,006
2028 – 2030	576,000	29,134	605,134
Total	<u>\$ 2,066,000</u>	<u>\$ 429,478</u>	<u>\$ 2,495,478</u>

B. Qualified zone academy bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bonds, Series 2004	0%	8/12/2004	8/12/2018	\$ 1,700,000	\$ 1,700,000
Total				<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>

This debt will be retired from the QZAB Debt Retirement Fund.

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

C. Qualified school construction bonds payable

As more fully explained in Note 14, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds, Series 2010	5.40%	8/27/2010	8/1/2025	\$ 2,000,000	\$ 2,000,000
Total				<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

Year Ending June 30	Principal	Interest	Total
2018	\$ -	\$ 108,000	\$ 108,000
2019	-	108,000	108,000
2020	-	108,000	108,000
2021	-	108,000	108,000
2022	-	108,000	108,000
2023	-	108,000	108,000
2024	-	108,000	108,000
2025	-	108,000	108,000
2026	2,000,000	108,000	2,108,000
Total	<u>\$ 2,000,000</u>	<u>\$ 972,000</u>	<u>\$ 2,972,000</u>

The debt will be retired from the QSCB Debt Service Fund.

D. 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.

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017 was 15.75% of annual covered payroll. Plan provisions 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, 2017, 2016 and 2015 were \$772,434, \$733,577 and \$704,327, 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, 2017, the school district reported a liability of \$13,005,148 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2017 net pension liability was 0.072807 percent, which was based on a measurement date of June 30, 2016. This was an increase of 0.001227 percent from its proportionate share used to calculate the June 30, 2016 net pension liability, which was based on a measurement date of June 30, 2015.

ENTERPRISE SCHOOL DISTRICT
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For the Year Ended June 30, 2017

For the year ended June 30, 2017, the District recognized pension expense of \$1,723,436. At June 30, 2017 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	\$ 360,735	\$
Net difference between projected and actual earnings on pension plan investments	1,003,533	
Changes of assumptions	602,759	34,559
Changes in proportion and differences between District contributions and proportionate share of contributions	87,431	55,378
District contributions subsequent to the measurement date	772,434	
Total	\$ <u>2,826,892</u>	\$ <u>89,937</u>

\$772,434 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2018	\$ 730,896
2019	498,312
2020	478,394
2021	256,919

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.75-19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2016 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</u>	<u>Long-Term Expected Real</u>
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ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

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

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at the current employer contribution 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 members. 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 16,675,516	\$ 13,005,148	\$ 9,959,933

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 – Sixteenth Section Lands

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

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 28,895
2019	2,500
2020-2024	12,500
2025 – 2029	12,500
2030 – 2033	12,500
Total	<u>\$ 68,895</u>

ENTERPRISE SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 9 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
Correction of a revenue or expenditure in a prior period	\$ 1,611
Total	<u>\$ 1,611</u>

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

Fund	Explanation	Amount
General Fund	Correction of a revenue or expenditure from a prior period	1,483
Title I Fund	Correction of a revenue or expenditure from a prior period	(13,977)
IDEA Part B Fund	Correction of a revenue or expenditure from a prior period	(10,084)
Other governmental funds	Correction of a revenue or expenditure from a prior period	\$ 24,189
Total		<u>\$ 1,611</u>

Note 10 – Contingencies

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

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

Note 11 – Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

ENTERPRISE SCHOOL DISTRICT
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Note 12 – Trust Certificates

A trust agreement dated November 4, 2014 and February 12, 2015, was executed by and between the school district and Enterprise School District Leasing Authority, Inc., as trustees.

The trust agreement authorized the issuance of trust certificates in the principal amount of \$1,760,000 and \$560,000 that combined to a total of \$2,320,000. Approximately \$2,305,000 was used to provide financing for the construction and renovation of school buildings and related facilities and equipment (the "project"); the remainder of approximately \$15,000 was used to pay the cost of issuance.

The project is leased to the school district in accordance with the provisions of the Emergency School Leasing Authority Act as described in Section 37-7-351, et seq., Miss. Code Ann. (1972). The lease represents a capital lease under which ownership of the project will transfer to the school district upon complete retirement of the trust certificates. The school district is obligated to make lease payments to the trustee in an amount equal to the debt service requirements for the trust certificates. The lease rental payments by the school district are used by the trustee to pay the principal and interest payments due on the trust certificates.

It is not anticipated the project will have sufficient value to satisfy the certificates in the event the school district defaults under the lease; therefore, the source of payment of the certificates is the responsibility of the school district. See Note 6 for details regarding the debt service requirement on the trust certificates.

Using the guidance provided in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards dealing with defining the reporting entity, the trust accounts created by this trust agreement were deemed to constitute an inseparable part of the school district. Therefore, the assets, liabilities, fund balances, revenues, expenditures and other financing sources/uses of the trust accounts created by this trust agreement are part of the school district's financial statements, thereby eliminating the effects of the lease agreement for financial reporting purposes.

Note 13 – Qualified Zone Academy Bonds

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Bank of America, entered into such an arrangement dated August 12, 2004.

This agreement established a method of repayment for a qualified interest-free debt instrument. The agreement required the school district to deposit funds annually into a sinking fund account on or before August 11 of each year. The amount on deposit at June 30, 2017 was \$1,623,445. The amount accumulated in the sinking fund at the end of the ten-year period was sufficient to retire the debt at its maturity on August 12, 2018.

Note 14 – Qualified School Construction Bonds

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental

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interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2017, the subsidy payments amounted to \$93,200.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2017 was \$772,613. The amount accumulated in the sinking fund at the end of the seventeen-year period is expected to be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2018	\$ 125,000
2019	125,000
2020	125,000
2021	125,000
2022	125,000
2023	125,000
Total	<u>\$ 750,000</u>

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$3,973,489) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$772,434 resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The \$2,054,458 balance of the deferred outflow of resources related to pensions at June 30, 2017 will be recognized as pension expense and will decrease the unrestricted net position amount over the next 4 years. The \$89,937 balance of the deferred inflow of resources related to pensions at June 30, 2017 will be recognized as a reduction of pension expense and will increase the unrestricted net position amount over the next 3 years.

Note 16 - 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 Enterprise School District evaluated the activity of the district through May 25, 2018, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,859,136	\$ 2,989,351	\$ 2,989,351	\$ 130,215	\$ -
State sources	4,669,134	4,470,187	4,470,187	(198,947)	-
Federal sources	15,000	16,044	16,044	1,044	-
Sixteenth section sources	32,100	65,322	65,322	33,222	-
Total Revenues	7,575,370	7,540,904	7,540,904	(34,466)	-
Expenditures:					
Instruction	4,858,475	5,042,007	5,042,006	(183,532)	1
Support services	2,083,034	2,176,204	2,176,204	(93,170)	-
Sixteenth section	2,000	1,718	1,718	282	-
Total Expenditures	6,943,509	7,219,929	7,219,928	(276,420)	1
Excess (Deficiency) of Revenues over (under) Expenditures	631,861	320,975	320,976	(310,886)	1
Other Financing Sources (Uses):					
Sale of transportation equipment		1,177	1,177	1,177	-
Operating transfers in	3,000	178,963	30,948	175,963	(148,015)
Other financing sources		2,467	2,467	2,467	-
Operating transfers out	(231,294)	(337,055)	(189,040)	(105,761)	148,015
Other financing uses		(5,200)	(5,200)	(5,200)	-
Total Other Financing Sources (Uses)	(228,294)	(159,648)	(159,648)	68,646	-
Net Change in Fund Balances	403,567	161,327	161,328	(242,240)	1
Fund Balances:					
July 1, 2016, as previously reported	6,196,791	6,196,791	6,196,791	-	-
Prior period adjustments			1,483	-	1,483
July 1, 2016, as restated	6,196,791	6,196,791	6,198,274	-	1,483
June 30, 2017	\$ 6,600,358	\$ 6,358,118	\$ 6,359,602	\$ (242,240)	\$ 1,484

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
School Food Service Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
				Original	Final
	Original	Final		to Final	to Actual
Revenues:					
Local sources	\$ 170,600	\$ 190,136	\$ 190,136	\$ 19,536	\$ -
Federal sources	265,000	361,539	361,539	96,539	-
Total Revenues	435,600	551,675	551,675	116,075	-
Expenditures:					
Support services	44,402	47,004	47,004	(2,602)	-
Noninstructional services	458,988	491,473	487,517	(32,485)	3,956
Total Expenditures	503,390	538,477	534,521	(35,087)	3,956
Excess (Deficiency) of Revenues over (under) Expenditures	(67,790)	13,198	17,154	80,988	3,956
Other Financing Sources (Uses):					
Sale of other property			50	-	50
Operating transfers out	(36,000)	(27,000)	(27,000)	9,000	-
Total Other Financing Sources (Uses)	(36,000)	(27,000)	(26,950)	9,000	50
Net Change in Fund Balances	(103,790)	(13,802)	(9,796)	89,988	4,006
Fund Balances:					
July 1, 2016,	39,996	39,996	39,996	-	-
Increase (Decrease) in inventory			(3,957)		(3,957)
June 30, 2017	\$ (63,794)	\$ 26,194	\$ 26,243	\$ 89,988	\$ 49

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances	
				Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 149,505	\$ 163,864	\$ 163,864	\$ 14,359	\$ -
Total Revenues	149,505	163,864	163,864	14,359	-
Expenditures:					
Instruction	158,752	158,752	148,819	-	9,933
Support services	34,857	34,857	25,917	-	8,940
Sixteenth section	400	400	400	-	-
Total Expenditures	194,009	194,009	175,136	-	18,873
Excess (Deficiency) of Revenues over (under) Expenditures	(44,504)	(30,145)	(11,272)	14,359	18,873
Other Financing Sources (Uses):					
Operating transfers in		25,249	25,249	25,249	-
Total Other Financing Sources (Uses)	-	25,249	25,249	25,249	-
Net Change in Fund Balances	(44,504)	(4,896)	13,977	39,608	18,873
Fund Balances:					
July 1, 2016, as previously reported	-	-		-	-
Prior period adjustments	(13,977)	(13,977)	(13,977)	-	-
July 1, 2016, as restated	(13,977)	(13,977)	(13,977)	-	-
June 30, 2017	\$ (58,481)	\$ (18,873)	\$ -	\$ 39,608	\$ 18,873

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 208,611	\$ 201,750	\$ 201,750	\$ (6,861)	\$ -
Total Revenues	208,611	201,750	201,750	(6,861)	-
Expenditures:					
Instruction	159,726	97,935	97,935	61,791	-
Support services	86,863	89,942	89,942	(3,079)	-
Total Expenditures	246,589	187,877	187,877	58,712	-
Excess (Deficiency) of Revenues over (under) Expenditures	(37,978)	13,873	13,873	51,851	-
Other Financing Sources (Uses):					
Operating transfers out	(5,071)	(3,789)	(3,789)	1,282	-
Total Other Financing Sources (Uses)	(5,071)	(3,789)	(3,789)	1,282	-
Net Change in Fund Balances	(43,049)	10,084	10,084	53,133	-
Fund Balances:					
July 1, 2016, as previously reported	-	-	-	-	-
Prior period adjustments	-	(10,084)	(10,084)	(10,084)	-
July 1, 2016, as restated	-	(10,084)	(10,084)	(10,084)	-
June 30, 2017	\$ (43,049)	\$ -	\$ -	\$ 43,049	\$ -

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	\$ 13,005,148	\$ 11,064,856	\$ 8,799,323
District's proportionate share of the net pension liability (asset)	0.072807%	0.071580%	0.072493%
District's covered payroll	\$ 4,657,632	\$ 4,471,917	\$ 4,429,689
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	279.2223%	247.4298%	198.6443%
Plan fiduciary net position as a percentage of the total pension liability	57.467727%	61.703983%	67.207687%

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.

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Contributions
PERS
Last 10 Fiscal Years

		<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$	772,434	\$ 733,577	\$ 704,327
Contributions in relation to the contractually required contribution		772,434	733,577	704,327
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll		4,904,343	4,657,632	4,471,917
Contributions as a percentage of covered - payroll		15.75%	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.

ENTERPRISE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) Changes of assumptions

2015:

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.

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 experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016:

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

(2) Changes in benefit provisions

2016:

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

ENTERPRISE SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2017

SUPPLEMENTARY INFORMATION

ENTERPRISE SCHOOL DISTRICT
Supplementary Information

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 87,347
National school lunch program	10.555	282,342
Total child nutrition cluster		<u>369,689</u>
Total passed-through Mississippi Department of Education		<u>369,689</u>
Total U.S. Department of Agriculture		<u>369,689</u>
 <u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	151,753
Rural Education	84.358	28,838
Supporting Effective Instruction State Grants	84.367	25,249
Subtotal		<u>205,840</u>
Special education cluster:		
Special education - grants to states	84.027	191,666
Special education - preschool grants	84.173	13,192
Total special education cluster		<u>204,858</u>
Total passed-through Mississippi Department of Education		<u>410,698</u>
Total U.S. Department of Education		<u>410,698</u>
 Total for All Federal Awards		 <u><u>\$ 780,387</u></u>

The notes to the Supplementary Information are an integral part of this schedule.

ENTERPRISE SCHOOL DISTRICT
Notes to the Supplementary Information
For the Year Ended June 30, 2017

Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Enterprise School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Enterprise School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Enterprise School District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The Enterprise School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Other Items

The pass-through entities did not assign identifying numbers to the school district.

Donated commodities are included in the National School Lunch Program.

E-rate funds have not been included on this schedule due to the fact the FCC considers the support to be in the form of providing a discount to the schools and libraries and does not consider the assistance to be direct financial support.

Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds

(1) Basis of Accounting

This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

ENTERPRISE SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2017

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 6,704,835	5,244,610	371,551	336,722	751,952
Other	2,160,716	740,482	184,655	14,807	1,220,772
Total	<u>\$ 8,865,551</u>	<u>5,985,092</u>	<u>556,206</u>	<u>351,529</u>	<u>1,972,724</u>
Total number of students *	<u>982</u>				
Cost per student	<u>\$ 9,028</u>	<u>6,095</u>	<u>566</u>	<u>358</u>	<u>2,009</u>

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

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

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

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

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

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

OTHER INFORMATION

ENTERPRISE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2017	2016*	2015*	2014*
Revenues:				
Local sources	\$ 2,989,351	\$ 2,854,520	2,908,724	\$ 2,708,470
State sources	4,470,187	4,442,179	4,320,822	4,283,056
Federal sources	16,044	23,930	24,066	18,308
Sixteenth Section sources	65,322	398,409	346,481	
Total Revenues	7,540,904	7,719,038	7,600,093	7,009,834
Expenditures:				
Instruction	5,042,006	4,933,666	4,478,215	4,439,547
Support services	2,176,204	1,994,520	2,022,023	2,031,910
Sixteenth Section	1,718	2,072	1,912	
Facilities acquisition and construction	-	-	20,447	
Debt Service:				
Principal				
Interest				
Total Expenditures	7,219,928	6,930,258	6,522,597	6,471,457
Excess (Deficiency) of Revenues over (under) Expenditures	320,976	788,780	1,077,496	538,377
Other Financing Sources (Uses):				
Sale of transportation equipment	1,177	-	-	2,462
Operating transfers in	30,948	98,639	1,594	48,671
Other financing sources	2,467			
Operating transfers out	(189,040)	(370,689)	(176,463)	(76,196)
Other financing uses	(5,200)	(4,067)	(2,000)	(2,000)
Total Other Financing Sources (Uses)	(159,648)	(276,117)	(176,869)	(27,063)
Net Change in Fund Balances	161,328	512,663	900,627	511,314
Fund Balances:				
Beginning of period, as originally reported	6,196,791	5,671,287	3,049,969	2,497,038
Fund reclassification			1,721,659	
Prior Period Adjustments	1,483	12,841	(968)	41,617
Beginning of period, restated	6,198,274	5,684,128	4,770,660	2,538,655
End of Period	\$ 6,359,602	\$ 6,196,791	5,671,287	3,049,969

*SOURCE - PRIOR YEAR AUDIT REPORTS

ENTERPRISE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2017	2016*	2015*	2014*
Revenues:				
Local sources	\$ 3,414,409	\$ 3,314,282	\$ 3,419,533	\$ 3,096,368
State sources	4,802,231	4,730,811	4,598,404	4,564,638
Federal sources	903,676	777,700	718,065	733,711
Sixteenth section sources	77,816	477,027	408,028	372,459
Total Revenues	9,198,132	9,299,820	9,144,030	8,767,176
Expenditures:				
Instruction	5,685,716	5,534,116	5,021,463	4,954,636
Support services	2,340,555	2,466,283	2,327,036	2,274,966
Noninstructional services	488,140	495,853	457,072	460,429
Sixteenth section	50,141	41,638	37,065	45,017
Facilities acquisition and construction		996,073	1,223,244	
Debt service:				
Principal	128,000	126,000		
Interest	164,353	191,226	103,737	15,418
Other	8,646	5,853	2,188	
Total Expenditures	8,865,551	9,857,042	9,171,805	7,750,466
Excess (Deficiency) of Revenues over (under) Expenditures	332,581	(557,222)	(27,775)	1,016,710
Other Financing Sources (Uses):				
Proceeds of Loan	-	-	2,320,000	
Payments held by escrow agent	124,145	130,947	128,450	128,450
Payment to QSCB/QZAB debt escrow agent	(124,145)	(130,947)	(128,450)	(128,450)
Other financing sources	2,467	1,661	1,105	
Sale of transportation equipment	1,177			2,462
Sale of other property	50			
Operating transfers in	389,628	469,328	409,486	124,867
Operating transfers out	(389,628)	(469,328)	(409,486)	(124,867)
Other financing uses	(5,200)	(4,067)	(3,105)	(2,000)
Total Other Financing Sources (Uses)	(1,506)	(2,406)	2,318,000	462
Net Change in Fund Balances	331,075	(559,628)	2,290,225	1,017,172
Fund Balances:				
Beginning of period, as originally reported	9,121,764	9,543,161	7,255,096	6,241,604
Prior period adjustments	1,611	135,690	(759)	(3,075)
Beginning of period, restated	9,123,375	9,678,851	7,254,337	6,238,529
Increase (Decrease) in reserve for inventory	(3,957)	2,541	(1,401)	(605)
End of Period	\$ 9,450,493	\$ 9,121,764	\$ 9,543,161	\$ 7,255,096

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Acklen & Story, PLLC

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
Enterprise 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 Enterprise School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Enterprise School District's basic financial statements, and have issued our report thereon dated May 25, 2018 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Enterprise 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 Enterprise School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Enterprise School District's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned cost as **2017-01** to be a significant deficiency.

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, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned cost, we identified certain deficiency that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Enterprise 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*.

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

Purpose of this Report

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

Acklen & Story, PLLC
Hattiesburg, Mississippi
May 25, 2018



Acklen & Story, PLLC

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
Enterprise School District

Report on Compliance for Each Major Federal Program

We have audited Enterprise 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 each of Enterprise School District's major federal programs for the year ended June 30, 2017. Enterprise School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Enterprise School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 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 Enterprise School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Enterprise School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Enterprise 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 Enterprise 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 Enterprise School District's internal control over compliance.

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

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

Purpose of this Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Acklen & Story, PLLC
Hattiesburg, Mississippi
May 25, 2018



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

Acklen & Story, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Enterprise School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enterprise School District as of and for the year ended June 30, 2017, which collectively comprise Enterprise School District's basic financial statements and have issued our report thereon dated May 25, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance.

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

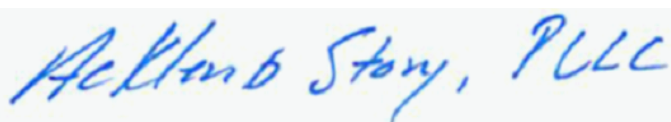
The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Acklen & Story, PLLC
Hattiesburg, Mississippi
May 25, 2018



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ENTERPRISE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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 weaknesses identified? | No |
| | b. Significant deficiencies identified? | Yes |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|---------------------------------------|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness identified? | No |
| | b. Significant deficiency 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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553; 10.555	Child Nutrition 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? | No |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2CFR 200.511(b). | No |

ENTERPRISE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section II: Financial Statement Findings

Significant Deficiency not considered to be a material weakness

2017-01 Finding

Receipts for Sixteenth Section Revenues were not deposited timely.

A critical aspect of effective financial management is the maintenance of accurate accounting records, which includes timely deposits of revenues.

During our test of internal controls related to Sixteenth Section revenues, we found the following:

- A. The district held approximately five of six checks for rental payments for more than two weeks before depositing the funds into the district's bank account.

Recommendation

The district should ensure that procedures are established and followed so that deposits of sixteenth section leases are made timely.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN

**Enterprise School District
503 River Road
Office of the Superintendent
Enterprise, Mississippi 39330
Josh Perkins, Superintendent
Lori McGowin, Business Manager**

AUDITEE'S CORRECTIVE ACTION PLAN

As required by the Uniform Guidance, the Enterprise School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2017:

Finding	Corrective Action Plan Details
2017-01	Receipts for Sixteenth Section Revenues were not deposited timely. A. Name of contact person responsible for corrective action: Name: Lori McGowin Title: Business Manager B. Corrective action planned: Deposits for sixteenth section leases will be made timely and within two to three days from receipt date.