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NORTH PIKE SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2011

Presented by:

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NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT

FINANCIAL AUDIT REPORT

NORTH PIKE SCHOOL DISTRICT

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

February 2, 2012

Superintendent and School Board  
North Pike School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike School District as of and for the year ended June 30, 2011, which collectively comprise the North Pike School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the North Pike School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Pike School District, as of June 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2012, on our consideration of the North Pike School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedules and corresponding notes are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Pike School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other supplemental 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, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,



D. Scott Nieman, CPA  
Nieman & Associates, PC.  
McComb, Mississippi

NORTH PIKE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

The following discussion and analysis of North Pike School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. 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 assets for 2011 increased \$1,815,501, which represents an 9.76% increase from fiscal year 2010. Total net assets for 2010 increased \$1,459,039, which represents an 8.52% increase from fiscal year 2009.
- General revenues amounted to \$13,868,889 and \$14,209,398, or 75.38% and 82.06% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,541,660, or 24.68% of total revenues for 2011, and \$3,106,607, or 17.94% of total revenues for 2010.
- The District had \$16,595,048 and \$15,856,966 in expenses for fiscal years 2011 and 2010; only \$4,541,660 for 2011 and \$3,106,607 for 2010 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$13,868,889 for 2011 and \$14,209,398 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,805,495 in revenues and \$11,726,871 in expenditures for 2011, and \$12,881,681 in revenues and \$12,085,165 in expenditures for 2010. The General Fund's fund balance increased \$312,417 from 2010 to 2011, and increased by \$212,445 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, decreased by \$95,298 for 2011 and increased by \$560,493 for 2010. Increases to capital assets for 2011 were due to the completion of a building and the purchase of new school buses.
- Long-term debt decreased by \$51,904 for 2011 and decreased by \$49,407 for 2010. This decrease was due to the principal payments on outstanding long-term debt. The liability of compensated absences increased by \$11,859 for 2011 and decreased by \$2,173 for 2010.

**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 supplemental information, supplemental 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 Assets 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.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

#### **Fund Financial Statements**

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

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

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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

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

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

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

**Notes to the financial statements**

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

**Required Supplemental Information**

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

**Supplemental Information**

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

**Other information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net assets**

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$20,401,151 as of June 30, 2011.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

The North Pike School 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 assets at June 30, 2011 and June 30, 2010.

**Table 1**  
**Condensed Statement of Net Assets**

	June 30, 2011	June 30, 2010	Percentage Change
Current assets	\$ 5,732,112	\$ 5,118,900	11.98%
Restricted assets	3,513,985	2,882,414	21.91%
Capital assets, net	12,157,415	12,252,713	-0.78%
<b>Total assets</b>	<b>21,403,512</b>	<b>20,254,027</b>	<b>5.68%</b>
Current liabilities	237,777	863,748	-72.47%
Long-term debt outstanding	764,584	804,629	-4.98%
<b>Total liabilities</b>	<b>1,002,361</b>	<b>1,668,377</b>	<b>-39.92%</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	11,474,152	11,517,545	-0.38%
Restricted	6,803,160	5,146,860	32.18%
Unrestricted	2,123,839	1,921,245	10.54%
<b>Total net assets</b>	<b>\$ 20,401,151</b>	<b>\$ 18,585,650</b>	<b>9.77%</b>

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

- Decrease in net capital assets in the amount of \$95,298.
- The principal retirement of \$51,904 of long-term debt.

**Changes in net assets.** The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$18,410,549 and \$17,316,005, respectively. The total cost of all programs and services was \$16,595,048 for 2011 and \$15,856,966 for 2010. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

Table 2  
Changes in Net Assets

	Year Ended June 30, 2011	Year Ended June 30, 2010	Percentage Change
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 881,440	\$ 790,168	11.55%
Operating grants and contributions	3,660,220	2,316,439	58.01%
General revenues:			
Property (and gambling) taxes	2,093,141	2,016,874	3.78%
Grants and contributions not restricted	10,651,231	11,098,283	-4.03%
Investment earnings	332,833	296,156	12.38%
Sixteenth section sources	743,298	789,385	-5.84%
Other	48,386	8,700	456.16%
<b>Total revenues</b>	<b>18,410,549</b>	<b>17,316,005</b>	<b>6.32%</b>
<b>Expenses:</b>			
Instruction	9,615,875	9,356,703	2.77%
Support services	5,751,008	5,278,934	8.94%
Non-instructional	1,059,225	1,054,221	0.47%
Sixteenth Section	95,828	90,038	6.43%
Interest and other expenses on long-term liabilities	73,112	77,070	-5.14%
<b>Total expenses</b>	<b>16,595,048</b>	<b>15,856,966</b>	<b>4.65%</b>
<b>Increase (Decrease) in net assets</b>	<b>1,815,501</b>	<b>1,459,039</b>	<b>24.43%</b>
<b>Net Assets, July 1</b>	<b>18,585,650</b>	<b>17,126,611</b>	<b>8.52%</b>
<b>Net Assets, June 30</b>	<b>\$ 20,401,151</b>	<b>\$ 18,585,650</b>	<b>9.77%</b>

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

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

Table 3  
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2011	2010	
Instruction	\$ 9,615,875	\$ 9,356,703	2.77%
Support services	5,751,008	5,278,934	8.94%
Non-instructional	1,059,225	1,054,221	0.47%
Sixteenth section	95,828	90,038	6.43%
Interest on long-term liabilities	73,112	77,070	-5.14%
<b>Net expenses</b>	<b>\$ 16,595,048</b>	<b>\$ 15,856,966</b>	<b>4.65%</b>

	Net (Expenses) Revenue		Percentage Change
	2011	2010	
Instruction	\$ (7,866,069)	\$ (8,181,287)	-3.85%
Support services	(4,100,846)	(4,434,425)	-7.52%
Non-instructional	69,417	19,583	254.48%
Sixteenth section	(82,778)	(77,160)	7.28%
Interest on long-term liabilities	(73,112)	(77,070)	-5.14%
<b>Net expenses</b>	<b>\$ (12,053,388)</b>	<b>\$ (12,750,359)</b>	<b>-5.47%</b>

- Net cost of governmental activities (\$12,053,388 for 2011 and \$12,750,359 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$2,093,141 for 2011 and \$2,016,874 for 2010) and state and federal revenues (\$10,651,231 for 2011 and \$11,098,283 for 2010). In addition, there was \$743,298 and \$789,385 in Sixteenth Section sources for 2011 and 2010, respectively.
- Investment earnings amounted to \$332,833 for 2011 and \$296,156 for 2010.

**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, unreserved 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 \$9,025,837, an increase of \$1,869,441, which includes an increase in inventory of \$4,955. \$2,036,276 or 22.56% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$6,989,561 or 77.44% is either nonspendable, restricted, committed, or assigned to indicate that it is not available for spending only for the purposes to which it is restricted, committed, or assigned.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

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 \$312,417. The fund balance of Other Governmental Funds showed a decrease in the amount of \$234,642, which includes an increase in reserve for inventory of \$4,955. The increase in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
IDEA Part B ARRA Fund	no increase or decrease
North Pike Building Fund	\$ 1,196,417
16 <sup>th</sup> Section Principal Fund	\$ 595,249

**BUDGETARY HIGHLIGHTS**

During the year, the District revised the annual operating budget. Budget amounts for revenue from local sources were increased due to an increase in activity fund revenue. Budget amounts for revenue from state sources were decreased due to state budget cuts. Budget amounts for revenue from federal sources were increased due to receipt of Medicaid payments. Budget amounts for expenditures were decreased due to receipt of the Job Education Grant and budget amounts for transfers out were increased due to a transfer made to the building fund.

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, 2011, the District's total capital assets were \$17,139,251, including land, school buildings, building improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$467,183 from 2010. Total accumulated depreciation as of June 30, 2011 was \$4,981,836 and total depreciation expense for the year was \$573,630, resulting in total net capital assets of \$12,157,415.

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

	June 30, 2011	June 30, 2010	Percentage Change
Land	\$ 255,241	\$ 255,241	0.00%
Construction in Progress	63,973	804,066	-92.04%
Buildings	7,397,865	6,722,365	10.05%
Building improvements	2,276,096	2,379,555	-4.35%
Improvements other than buildings	794,751	834,910	-4.81%
Mobile equipment	1,223,494	1,153,465	6.07%
Furniture and equipment	145,995	103,111	41.59%
<b>Total</b>	<b>\$ 12,157,415</b>	<b>\$ 12,252,713</b>	<b>-0.78%</b>

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

**Debt Administration.** At June 30, 2011, the District had \$764,584 in outstanding long-term debt, of which \$56,476 is due within one year. The liability for compensated absences increased \$11,859 from the prior year.

NORTH PIKE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2011

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

	June 30, 2011	June 30, 2010	Percentage Change
Three mill notes payable	\$ 683,264	\$ 735,168	-7.06%
Compensated absences payable	81,320	69,461	17.07%
<b>Total</b>	<b>\$ 764,584</b>	<b>\$ 804,629</b>	<b>-4.98%</b>

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

**CURRENT ISSUES**

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

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

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

Enrollment for the 2010-2011 year increased by 3 % to 2,383 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

NORTH PIKE SCHOOL DISTRICT

FINANCIAL STATEMENTS

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2011

Exhibit A

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 5,184,040
Due from other governments	510,681
Inventories	37,391
Restricted assets	3,513,985
Capital assets, non-depreciable:	
Land	255,241
Construction in progress	63,973
Capital assets, net of accumulated depreciation:	
Buildings	7,397,865
Building improvements	2,276,096
Improvements other than buildings	794,751
Mobile equipment	1,223,494
Furniture and equipment	145,995
Total Assets	<u>\$ 21,403,512</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 220,260
Interest payable on long-term liabilities	17,517
Long-term liabilities, due within one year:	
Capital related liabilities	54,037
Non-capital related liabilities	2,439
Long-term liabilities, due beyond one year:	
Capital related liabilities	629,227
Non-capital related liabilities	78,881
Total Liabilities	<u>1,002,361</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	11,474,151
Restricted net assets:	
Expendable:	
School-based activities	1,106,701
Debt service	11,692
Capital improvements	1,350,879
Forestry improvements	69,493
Unemployment benefits	38,447
Non-expendable:	
Sixteenth section	4,394,832
Unrestricted	1,954,956
Total Net Assets	<u>\$ 20,401,151</u>

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

NORTH PIKE SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental Activities:				
Instruction	\$ 9,615,875	\$ 571,650	\$ 1,178,156	\$ (7,866,069)
Support services	5,751,008		1,650,162	(4,100,846)
Non-instructional	1,059,225	296,740	831,902	69,417
Sixteenth section	95,828	13,050		(82,778)
Interest on long-term liabilities	73,112			(73,112)
Total Governmental Activities	<u>\$ 16,595,048</u>	<u>\$ 881,440</u>	<u>\$ 3,660,220</u>	<u>(12,053,388)</u>
General Revenues:				
Taxes:				
				2,004,357
				88,784
Unrestricted grants and contributions:				
				9,868,806
				782,425
				332,833
				743,298
				48,386
				<u>13,868,889</u>
				1,815,501
				<u>18,585,650</u>
				<u>\$ 20,401,151</u>

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

NORTH PIKE SCHOOL DISTRICT  
Balance Sheet – Governmental Funds  
June 30, 2011

Exhibit C

	Major Funds				Other	Total
	General	IDEA Part B	North Pike	16 <sup>th</sup> Section	Governmental	Governmental
	Fund	ARRA Fund	Building Fund	Principal Fund	Funds	Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 2,805,249	\$ -	\$ 1,270,239	\$ 3,513,985	\$ 1,108,552	\$ 8,698,025
Due from other governments	164,873	197,704	-	-	148,104	510,681
Due from other funds	279,509	-	-	-	-	279,509
Advance to other funds	52,000	-	-	895,171	-	947,171
Inventories	-	-	-	-	37,391	37,391
<b>Total assets</b>	<b>\$ 3,301,631</b>	<b>\$ 197,704</b>	<b>\$ 1,270,239</b>	<b>\$ 4,409,156</b>	<b>\$ 1,294,047</b>	<b>\$ 10,472,777</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 103,338	\$ 13,904	\$ -	\$ -	\$ 103,018	\$ 220,260
Due to other funds	-	183,800	-	-	95,709	279,509
Advances from other funds	895,171	-	-	-	52,000	947,171
<b>Total Liabilities</b>	<b>998,509</b>	<b>197,704</b>	<b>-</b>	<b>-</b>	<b>250,727</b>	<b>1,446,940</b>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	-	-	-	-	37,391	37,391
Permanent fund principal	-	-	-	3,499,661	-	3,499,661
Advances	-	-	-	895,171	-	895,171
<b>Restricted:</b>						
Debt service	-	-	-	-	29,209	29,209
Capital projects	-	-	1,350,879	-	1,483	1,352,362
Forestry improvement purposes	-	-	-	-	69,493	69,493
Unemployment benefits	-	-	-	-	38,447	38,447
Grant activities	-	-	-	-	3,327	3,327
Other purposes	-	-	-	14,324	863,970	878,294
<b>Assigned:</b>						
Activity Funds	186,206	-	-	-	-	186,206
Unassigned	2,116,916	-	(80,640)	-	-	2,036,276
<b>Total Fund Balances</b>	<b>2,303,122</b>	<b>-</b>	<b>1,270,239</b>	<b>4,409,156</b>	<b>1,043,320</b>	<b>9,025,837</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,301,631</b>	<b>\$ 197,704</b>	<b>\$ 1,270,239</b>	<b>\$ 4,409,156</b>	<b>\$ 1,294,047</b>	<b>\$ 10,472,777</b>

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

NORTH PIKE SCHOOL DISTRICT  
Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2011

Exhibit C-1

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 9,025,837
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$4,981,836.	12,157,415
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(764,584)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Assets recognizes interest as it accrues.	<u>(17,517)</u>
Total Net Assets - Governmental Activities	<u>\$ 20,401,151</u>

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

NORTH PIKE SCHOOL DISTRICT  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2011

Exhibit D

	Major Funds				Other	Total
	General Fund	IDEA Part B ARRA Fund	North Pike Building Fund	16 <sup>th</sup> Section Principal Fund	Governmental Funds	Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 2,764,842	\$ -	\$ 10,820	\$ -	\$ 379,479	\$ 3,155,141
State sources	9,982,464	-	-	-	224,165	10,206,629
Federal sources	58,189	422,584	-	-	3,624,049	4,104,822
Sixteenth section sources	-	-	-	771,628	159,538	931,166
Total Revenues	<u>12,805,495</u>	<u>422,584</u>	<u>10,820</u>	<u>771,628</u>	<u>4,387,231</u>	<u>18,397,758</u>
<b>Expenditures:</b>						
Instruction	7,552,577	-	-	-	1,760,499	9,313,076
Support services	4,117,234	422,584	-	-	1,274,662	5,814,480
Noninstructional services	-	-	-	-	1,055,146	1,055,146
Sixteenth section	-	-	-	28,647	67,182	95,829
Facilities acquisition and construction	19,800	-	114,403	-	-	134,203
Debt service:						
Principal	-	-	-	-	51,904	51,904
Interest	37,260	-	-	-	37,167	74,427
Total Expenditures	<u>11,726,871</u>	<u>422,584</u>	<u>114,403</u>	<u>28,647</u>	<u>4,246,560</u>	<u>16,539,065</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,078,624</u>	<u>-</u>	<u>(103,583)</u>	<u>742,981</u>	<u>140,671</u>	<u>1,858,693</u>
<b>Other Financing Sources (Uses):</b>						
Insurance loss recoveries	5,793	-	-	-	-	5,793
Operating transfers in	36,500	-	1,300,000	635,953	263,628	2,236,081
Operating transfers out	(808,500)	-	-	(783,685)	(643,896)	(2,236,081)
Total Other Financing Sources (Uses)	<u>(766,207)</u>	<u>-</u>	<u>1,300,000</u>	<u>(147,732)</u>	<u>(380,268)</u>	<u>5,793</u>
Net Change in Fund Balances	<u>312,417</u>	<u>-</u>	<u>1,196,417</u>	<u>595,249</u>	<u>(239,597)</u>	<u>1,864,486</u>
<b>Fund Balances:</b>						
July 1, 2010	<u>1,990,705</u>	<u>-</u>	<u>73,822</u>	<u>3,813,907</u>	<u>1,277,962</u>	<u>7,156,396</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,955</u>	<u>4,955</u>
June 30, 2011	<u>\$ 2,303,122</u>	<u>\$ -</u>	<u>\$ 1,270,239</u>	<u>\$ 4,409,156</u>	<u>\$ 1,043,320</u>	<u>\$ 9,025,837</u>

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

NORTH PIKE SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Statement of Revenues,  
 Expenditures and Changes in Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2011

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,864,486
Amounts reported for governmental activities in the Statement of Activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$471,444 and the depreciation expense amounted to \$573,630.	(102,186)
2. Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	7,000
3. Payment of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities.	51,904
4. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(11,859)
5. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	1,313
6. The sale and/or disposal of capital assets is reported as other financing sources in the governmental funds but is reported as a reduction of net capital assets on the Statement of Activities, along with any gain or loss.	(112)
7. An increase in the inventory reserve is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenses are decreased in the Statement of Activities.	4,955
	<u>4,955</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,815,501</u>

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

NORTH PIKE SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
June 30, 2011

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 13,236	\$ 846,208
Total Assets	<u>\$ 13,236</u>	<u>\$ 846,208</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ -	\$ 826,304
Due to student clubs		19,904
Total Liabilities	<u>\$ -</u>	<u>\$ 846,208</u>
<b>Net Assets</b>		
Reserved for endowments	\$ 13,236	
Total Net Assets	<u>\$ 13,236</u>	

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

NORTH PIKE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2011

Exhibit F

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Interest on investments	\$ 456
Contributions and donations from private sources	<u>100</u>
Total Additions	<u>556</u>
<b>Deductions</b>	
Scholarships awarded	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Assets	<u>556</u>
<b>Net Assets</b>	
July 1, 2010	<u>12,680</u>
June 30, 2011	<u>\$ 13,236</u>

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

## NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

### (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. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

#### B. Financial Reporting Entity

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

For financial reporting purposes, North Pike 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.

#### C. Government-wide and Fund Financial Statements

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

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

1. Invested in capital assets, net of related debt, 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 assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

## NORTH PIKE SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2011

3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

**General Fund** - This is the school district's primary operating fund. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

**IDEA Part B ARRA FUND** - This is a Special Revenue Fund. It was established by the District to record transactions related to supplemental special education funds received as a part of the American Recovery and Reinvestment Act.

**North Pike Building Fund** - This is a Capital Projects Fund. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**16<sup>th</sup> Section Principal Fund** - This is a Permanent Fund. Permanent Funds are used to account for resources that are legally restricted, to the extent that only earnings, and not the principal, may be used for purposes that support the District's programs. The 16<sup>th</sup> Section Principal Fund is used to account for nonexpendable revenues generated from 16<sup>th</sup> section lands.

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

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

The District's fiduciary funds include the following:

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

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

**Zachary Cox Scholarship Fund** - This is a private purpose trust fund used to accumulate donations for scholarship awards made annually.

## NORTH PIKE SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2011

Additionally, the school district reports the following fund types:

#### GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

#### FIDUCIARY FUNDS

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

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.

#### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Assets 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.

## NORTH PIKE SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2011

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

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

#### **E. Encumbrances**

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

#### **F. Assets, liabilities, and net assets or equity**

##### **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.

## NORTH PIKE SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2011

#### 2. Receivables and payables

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

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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

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

#### 5. Restricted Assets

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

#### 6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. 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.

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

The following schedule details the capitalization thresholds:

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

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

7. Compensated Absences

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

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

8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities.

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

9. Fund equity

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

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

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

## NORTH PIKE SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2011

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

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

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

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

When an expenditure 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 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.

#### (2) Cash and Cash Equivalents

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

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

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$8,698,025 and \$ 859,444, respectively. The carrying amount of deposits reported in the government-wide statements is: Cash and cash equivalents \$5,184,040, and restricted assets \$3,513,985. The bank balance was \$9,657,836.

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

(3) **Inter-fund Receivables, Payables and Transfers**

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other governmental funds	\$ 95,709
	IDEA Part B ARRA Fund	183,800
		<u>\$ 279,509</u>

Inter-fund loans were primarily to provide cash to reimbursable programs at year end and since the cash is not received until after June 30.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal	General fund	\$ 895,171
General fund	Other governmental funds	52,000
		<u>\$ 947,171</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the Statement of Net Assets because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on Exhibit D-1.

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

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

Year Ending June 30	Principal	Interest	Total
2012	\$ 37,775	\$ 35,807	\$ 73,582
2013	39,286	34,296	73,582
2014	40,857	32,725	73,582
2015	42,492	31,090	73,582
2016	44,191	29,391	73,582
2017-2021	248,929	118,980	367,909
2022-2026	302,860	65,049	367,909
2027-2028	138,781	8,381	147,162
Total	<u>\$ 895,171</u>	<u>\$ 355,719</u>	<u>\$ 1,250,890</u>

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
Other governmental funds	General fund	\$ 33,000
General fund	North Pike Building Fund	800,000
Other governmental funds	North Pike Building Fund	500,000
Sixteenth Section Principal	Sixteenth Section Principal	635,953
Sixteenth Section Principal	Other governmental funds	15,712
Other governmental funds	General fund	3,500
General fund	Other governmental funds	8,500
Sixteenth Section Principal	Other governmental funds	132,020
Other governmental funds	Other governmental funds	107,396
		<u>\$ 2,236,081</u>

The transfers are distribution of interest earned in the 16<sup>th</sup> Section Principal Funds, and transfers from the General Fund to the Vocational Education Fund, and to other governmental funds.

(4) Restricted Assets

The restricted assets represent the cash balance, totaling \$3,513,985 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

(5) Capital Assets

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

	Balance 07/01/2010	Additions	Retirements	Completed Construction	Balance 06/30/2011
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 255,241				\$ 255,241
Construction in progress	804,066	134,203		(874,296)	63,973
Total non-depreciable capital assets	<u>1,059,307</u>	<u>134,203</u>	<u>-</u>	<u>(874,296)</u>	<u>319,214</u>
<u>Depreciable capital assets:</u>					
Buildings	9,544,322			874,296	10,418,618
Building improvements	2,586,473				2,586,473
Improvements other than buildings	1,003,981				1,003,981
Mobile equipment	2,178,831	267,700			2,446,531
Furniture and equipment	299,154	76,541	(11,261)		364,434
Total depreciable capital assets	<u>15,612,761</u>	<u>344,241</u>	<u>(11,261)</u>	<u>874,296</u>	<u>16,820,037</u>
<u>Less accumulated depreciation for:</u>					
Buildings	(2,821,957)	(198,796)			(3,020,753)
Building improvements	(206,918)	(103,459)			(310,377)
Improvements other than buildings	(169,071)	(40,159)			(209,230)
Mobile equipment	(1,025,366)	(197,671)			(1,223,037)
Furniture and equipment	(196,043)	(33,545)	11,149		(218,439)
Total accumulated depreciation	<u>(4,419,355)</u>	<u>(573,630)</u>	<u>11,149</u>	<u>-</u>	<u>(4,981,836)</u>
Total depreciable capital assets, net	<u>11,193,406</u>	<u>(229,389)</u>	<u>(112)</u>	<u>874,296</u>	<u>11,838,201</u>
Total capital assets, net	<u>\$ 12,252,713</u>	<u>\$ (95,186)</u>	<u>\$ (112)</u>	<u>\$ -</u>	<u>\$ 12,157,415</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 290,879
Support services	221,916
Non-Instructional	60,835
Total depreciation expense	<u>\$ 573,630</u>

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

Commitments under construction contracts at June 30, 2011, are summarized as follows:

	Spent to June 30, 2011	Remaining Commitment
Elementary Classroom Building	\$ 63,973	\$ 1,348,359

Construction projects included in governmental activities are funded with General Funds and North Pike Building Funds.

(6) Long-term Liabilities

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

	Balance 07/01/10	Additions	Reductions	Balance 06/30/11	Amounts due within one year
A. Three mill notes payable	\$ 735,168	\$ -	\$ 51,904	\$ 683,264	\$ 54,037
B. Compensated absences payable	69,461	11,859	-	81,320	2,439
Total	<u>\$ 804,629</u>	<u>\$ 11,859</u>	<u>\$ 51,904</u>	<u>\$ 764,584</u>	<u>\$ 56,476</u>

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note payable	5.00%	1/9/2001	1/20/2021	<u>\$ 1,114,000</u>	<u>\$ 683,264</u>

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

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

1. Three mill notes payable issue of January 9, 2001:

Year Ending June 30	Principal	Interest	Total
2012	\$ 54,037	\$ 35,035	\$ 89,072
2013	56,995	32,077	89,072
2014	59,972	29,100	89,072
2015	63,012	26,060	89,072
2016	66,206	22,866	89,072
2017-2021	383,042	60,514	443,556
<b>Total</b>	<b>\$ 683,264</b>	<b>\$ 205,652</b>	<b>\$ 888,916</b>

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

B. Compensated absences payable

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

(7) Other Commitments

Commitments under construction contracts are described in Note 5.

Operating leases:

The school district has several operating leases for the following:

1. Four Copiers
2. One postage meter

Lease expenditures for the year ended June 30, 2011, amounted to \$8,029.

Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2012	\$ 8,029
2013	8,029
2014	3,852
<b>Total</b>	<b>\$ 19,910</b>

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

(8) **Defined Benefit Pension Plan**

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2011 was 12.00% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$1,064,059, \$1,062,527 and \$1,037,697, respectively, which equaled the required contributions for each year.

(9) **Sixteenth Section Lands**

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

Year Ending June 30	Amount
2012	\$ 38,334
2013	34,740
2014	23,697
2015	20,318
2016	14,240
2017-2021	63,323
2022-2026	49,873
2027-2031	49,873
2032-2036	49,473
2037-2041	40,098
2042-2046	3,000
2047-2051	<u>3,000</u>
Total	<u>\$ 389,969</u>

NORTH PIKE SCHOOL DISTRICT

Notes to the Financial Statements  
For Year Ended June 30, 2011

**(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.

**(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.

**(12) Subsequent Events**

Events that occur after the statement of net assets 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 assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management of the North Pike School District evaluated the activity of the district through February 2, 2012, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

NORTH PIKE SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 2,610,567	\$ 2,764,842	\$ 2,764,842	\$ 154,275	\$ -
State sources	9,996,908	9,982,464	9,982,464	(14,444)	-
Federal sources	23,450	58,189	58,189	34,739	-
Total Revenues	<u>12,630,925</u>	<u>12,805,495</u>	<u>12,805,495</u>	<u>174,570</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	7,887,665	7,552,577	7,552,577	335,088	-
Support services	4,203,156	4,117,234	4,117,234	85,922	-
Facilities acquisition and construction	-	19,800	19,800	(19,800)	-
Debt service:					
Interest	37,260	37,260	37,260	-	-
Total Expenditures	<u>12,128,081</u>	<u>11,726,871</u>	<u>11,726,871</u>	<u>401,210</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>502,844</u>	<u>1,078,624</u>	<u>1,078,624</u>	<u>575,780</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Insurance loss recoveries	-	5,793	5,793	5,793	-
Operating transfers in	37,999	36,500	36,500	(1,499)	-
Operating transfers out	(41,000)	(808,500)	(808,500)	(767,500)	-
Total Other Financing Sources (Uses)	<u>(3,001)</u>	<u>(766,207)</u>	<u>(766,207)</u>	<u>(763,206)</u>	<u>-</u>
Net Change in Fund Balances	<u>499,843</u>	<u>312,417</u>	<u>312,417</u>	<u>(187,426)</u>	<u>-</u>
<b>Fund Balances:</b>					
July 1, 2010	<u>1,800,850</u>	<u>1,990,705</u>	<u>1,990,705</u>	<u>189,855</u>	<u>-</u>
June 30, 2011	<u>\$ 2,300,693</u>	<u>\$ 2,303,122</u>	<u>\$ 2,303,122</u>	<u>\$ 2,429</u>	<u>\$ -</u>

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

NORTH PIKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule – IDEA Part B ARRA Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 470,605	\$ 422,584	\$ 422,584	\$ (48,021)	\$ -
Total Revenues	470,605	422,584	422,584	(48,021)	-
<b>Expenditures:</b>					
Support services	468,605	422,584	422,584	46,021	-
Noninstructional services	2,000	-	-	2,000	-
Total Expenditures	470,605	422,584	422,584	48,021	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
<b>Fund Balances:</b>					
July 1, 2010	-	-	-	-	-
June 30, 2011	\$ -	\$ -	\$ -	\$ -	\$ -

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

NORTH PIKE SCHOOL DISTRICT  
 Budgetary Comparison Schedule – Sixteenth Section Principal Fund  
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Sixteenth Section Sources	\$ 693,015	\$ 771,628	\$ 771,628	\$ 78,613	\$ -
Total Revenues	693,015	771,628	771,628	78,613	-
<b>Expenditures:</b>					
Sixteenth Section	20,000	28,647	28,647	(8,647)	-
Total Expenditures	20,000	28,647	28,647	(8,647)	-
Excess (Deficiency) of Revenues over (under) Expenditures	673,015	742,981	742,981	69,966	-
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	545,000	635,953	635,953	90,953	-
Operating transfers out	(659,115)	(783,685)	(783,685)	(124,570)	-
Total Other Financing Sources (Uses)	(114,115)	(147,732)	(147,732)	(33,617)	-
Net Change in Fund Balances	558,900	595,249	595,249	36,349	-
<b>Fund Balances:</b>					
July 1, 2010	3,705,991	3,813,907	3,813,907	107,916	-
June 30, 2011	\$ 4,264,891	\$ 4,409,156	\$ 4,409,156	\$ 144,265	\$ -

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

NORTH PIKE SCHOOL DISTRICT

Notes to the Required Supplemental Information  
For the Year Ended June 30, 2011

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

NORTH PIKE SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 210,991
National school lunch program	10.555	711,215
Total U. S. Department of Agriculture		<u>922,206</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administration Company		
Communications Information and Assistance and		
Investigation of Complaints	32.001	29,149
Total Federal Communications Commission		<u>29,149</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Career and Technical education - basic grants to states	84.048	22,591
Emergency Conservation Program	84.054	12,464
Rehabilitation Service	84.126	630
Safe and drug-free schools and communities - state grants	84.186	3,790
Rural education	84.358	68,655
Improving teacher quality state grants	84.367	75,216
School improvement grants	84.377	194,722
Education jobs fund	84.410	531,969
		<u>910,037</u>
Title I, Part A Cluster:		
Title I-grants to local educational agencies	84.010	426,835
ARRA Title I - Part A	84.389	206,810
Total		<u>633,645</u>
Educational Technology State Grants Cluster		
Education technology state grants	84.318	2,999
ARRA Title II-D-competitive grant	84.386	7,592
Total		<u>10,591</u>
State Fiscal Stabilization Fund Cluster:		
ARRA State Fiscal Stabilization	84.394	712,388
Total		<u>712,388</u>
Special education cluster:		
Special education-grants to states	84.027	408,680
Special education-preschool grants	84.173	14,123
ARRA IDEA, Part B	84.391	422,584
ARRA IDEA, Preschool	84.392	5,855
Total		<u>851,242</u>
Total passed-through Mississippi Department of Education		<u>3,117,903</u>
Total U.S. Department of Education		<u>3,117,903</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Health and Human Services		
Medical assistance program	93.778	28,409
Total U. S. Department of Health and Human Services		<u>28,409</u>
Total for All Federal Awards		<u>\$ 4,097,667</u>

NOTES TO SCHEDULE:

This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable used for the financial statements.

The expenditure amounts include transfers out.

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

NORTH PIKE SCHOOL DISTRICT  
 Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds  
 For Year Ended June 30, 2011

<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	\$ 11,885,713	9,319,160	525,023	882,705	1,158,825
Other	4,653,352	2,054,980	136,442	69,916	2,392,014
<b>Total</b>	<b>\$ 16,539,065</b>	<b>11,374,140</b>	<b>661,465</b>	<b>952,621</b>	<b>3,550,839</b>
 Total number of students *	 2,383				
 Cost per student	 \$ 6,940	 4,773	 278	 400	 1,490

NOTES TO SCHEDULE

1. 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.
2. General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.
3. School Administration - includes expenditures for the following function: Support Services - School Administration.
4. Other - includes all expenditure functions not included in Instruction or Administration Categories.

\* Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

NORTH PIKE SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT  
Statement of Revenues, Expenditures and  
Changes in Fund Balance – General Fund  
Last Four Years

“UNAUDITED”

	2011	2010*	2009*	2008*
<b>Revenues:</b>				
Local sources	\$ 2,764,842	\$ 2,558,672	\$ 2,341,771	\$ 2,240,796
State sources	9,982,464	10,300,280	10,919,654	10,457,616
Federal sources	58,189	22,729	40,929	60,550
<b>Total Revenues</b>	<u>12,805,495</u>	<u>12,881,681</u>	<u>13,302,354</u>	<u>12,758,962</u>
<b>Expenditures:</b>				
Instruction	7,552,577	7,599,059	8,326,309	7,862,620
Support services	4,117,234	4,326,573	4,072,584	4,106,563
Noninstructional services	-	-	839	1,237
Facilities acquisition and construction	19,800	120,876	257,001	653,821
Debt service:				
Interest	37,260	38,657	40,000	-
<b>Total Expenditures</b>	<u>11,726,871</u>	<u>12,085,165</u>	<u>12,696,733</u>	<u>12,624,241</u>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<u>1,078,624</u>	<u>796,516</u>	<u>605,621</u>	<u>134,721</u>
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	5,793	642	-	179,555
Sale of transportation equipment	-	3,177	1,552	-
Operating transfers in	36,500	210,717	50,713	21,000
Operating transfers out	(808,500)	(798,607)	(65,913)	(2,038,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(766,207)</u>	<u>(584,071)</u>	<u>(13,648)</u>	<u>(1,837,445)</u>
<b>Net Change in Fund Balances</b>	<u>312,417</u>	<u>212,445</u>	<u>591,973</u>	<u>(1,702,724)</u>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	1,990,705	1,778,260	1,186,287	2,864,613
Prior period adjustments	-	-	-	24,398
Beginning of period, as restated	<u>1,990,705</u>	<u>1,778,260</u>	<u>1,186,287</u>	<u>2,889,011</u>
<b>End of Period</b>	<u>\$ 2,303,122</u>	<u>\$ 1,990,705</u>	<u>\$ 1,778,260</u>	<u>\$ 1,186,287</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH PIKE SCHOOL DISTRICT  
Statement of Revenues, Expenditures and  
Changes in Fund Balance -- All Governmental Funds  
Last Four Years

"UNAUDITED"

	2011	2010*	2009*	2008*
<b>Revenues:</b>				
Local sources	\$ 3,155,141	\$ 2,947,181	\$ 2,745,178	\$ 2,647,960
State sources	10,206,629	10,477,232	11,116,235	10,661,829
Federal sources	4,104,822	2,937,490	1,898,220	1,913,334
Sixteenth section sources	931,166	953,459	1,090,780	743,198
<b>Total Revenues</b>	<b>18,397,758</b>	<b>17,315,362</b>	<b>16,850,413</b>	<b>15,966,321</b>
<b>Expenditures:</b>				
Instruction	9,313,076	9,108,547	8,975,495	8,556,711
Support services	5,814,480	5,230,322	4,781,534	4,870,468
Noninstructional services	1,055,146	1,005,236	982,217	856,668
Sixteenth section	95,829	90,037	101,083	69,308
Facilities acquisition and construction	134,203	920,942	1,752,356	1,473,179
Debt service:				
Principal	51,904	49,407	47,029	44,882
Interest	74,427	78,322	82,042	44,189
<b>Total Expenditures</b>	<b>16,539,065</b>	<b>16,482,813</b>	<b>16,721,756</b>	<b>15,915,405</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,858,693	832,549	128,657	50,916
<b>Other Financing Sources (Uses):</b>				
Insurance loss recoveries	5,793	642	-	179,555
Sale of transportation equipment	-	3,176	1,552	-
Operating transfers in	2,236,081	1,551,521	1,023,489	2,694,955
Operating transfers out	(2,236,081)	(1,551,521)	(1,023,489)	(2,694,955)
<b>Total Other Financing Sources (Uses)</b>	<b>5,793</b>	<b>3,818</b>	<b>1,552</b>	<b>179,555</b>
<b>Net Change in Fund Balances</b>	<b>1,864,486</b>	<b>836,367</b>	<b>130,209</b>	<b>230,471</b>
<b>Fund Balances:</b>				
Beginning of period, as originally reported	7,156,396	6,310,683	6,177,110	5,924,435
Prior period adjustments	-	-	-	24,398
<b>Beginning of period, as restated</b>	<b>7,156,396</b>	<b>6,310,683</b>	<b>6,177,110</b>	<b>5,948,833</b>
Increase (Decrease) in reserve for inventory	4,955	9,346	3,364	(2,194)
<b>End of Period</b>	<b>\$ 9,025,837</b>	<b>\$ 7,156,396</b>	<b>\$ 6,310,683</b>	<b>\$ 6,177,110</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH PIKE SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

NORTH PIKE SCHOOL DISTRICT

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

February 2, 2012

Superintendent and School Board  
North Pike School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Pike School District as of and for the year ended June 30, 2011, which collectively comprise North Pike School District's basic financial statements and have issued our report thereon dated February 2, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of 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.

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. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

D. Scott Nieman, CPA  
Nieman & Associates, PC  
McComb, Mississippi

**CERTIFIED PUBLIC ACCOUNTANT**

**AICPA/MSCPA**

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

February 2, 2012

Superintendent and School Board  
North Pike School District

Compliance

We have audited the compliance of the North Pike School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the school district's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the school district's compliance with those requirements.

In our opinion, North Pike School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the North Pike School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer federal programs such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Nieman", with a long horizontal flourish extending to the right.

D. Scott Nieman, CPA  
Nieman & Associates, PC  
McComb, Mississippi

NORTH PIKE SCHOOL DISTRICT

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

NORTH PIKE SCHOOL DISTRICT

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**CERTIFIED PUBLIC ACCOUNTANT**

**AICPA/MSCPA**

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

February 2, 2012

Superintendent and School Board  
North Pike School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Pike School District as of and for the year ended June 30, 2011, which collectively comprise North Pike School District's basic financial statements and have issued our report thereon dated February 2, 2012. 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 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 instance of noncompliance. The district reported \$1,058 classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding #1 As prescribed by section 25-11-127(4)(b), Miss. Code Ann. (1972), when re-hiring a retiree notice shall be given in writing (Retirement Form 4b) to the Public Employees Retirement System, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. During our examination of all Forms 4b, three forms were not filed within the 5-day statutory limitation and one was not dated making it undeterminable whether filed within the 5-day statutory limitation.

Recommendation

We recommend that the school district comply with section 25-11-127(4)(b), Miss. Code Ann. (1972), and file all forms 4b timely.

Response

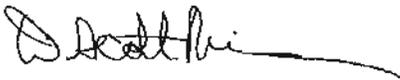
We will comply with section 25-11-127(4)(b), Miss. Code Ann. (1972), and file all forms 4b timely.

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

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

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

Sincerely,



D. Scott Nieman, CPA  
Nieman & Associates, PC  
McComb, Mississippi

NORTH PIKE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORTH PIKE SCHOOL DISTRICT

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NORTH PIKE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

Section I: Summary of Auditor's Results

Financial Statements

- |   |   |             |
|---|---|-------------|
| 1 | Type of auditor's report issued on the financial statements:                              | Unqualified |
| 2 | Material noncompliance relating to the financial statements?                              | No          |
| 3 | Internal control over financial reporting:  |             |
|   | a. Material weaknesses identified?  | No          |
|   | b. Significant deficiencies identified that are not considered to be material weaknesses? | No          |

Federal Awards:

- |    |   |               |
|----|---|---------------|
| 4  | Type of auditor's report issued on compliance for major federal programs:   | Unqualified   |
| 5  | Internal control over major programs:   |               |
|    | a. Material weakness identified?  | No            |
|    | b. Significant deficiency identified that is not considered to be material weakness?  | None reported |
| 6  | Any audit finding reported as required by Section ___ 510(a) of Circular A-133?   | No            |
| 7  | Federal programs identified as major programs:  |               |
|    | a. Child Nutrition Cluster:   |               |
|    | School breakfast program  | CFDA# 10.553  |
|    | National school lunch program   | CFDA# 10.555  |
|    | b. Title I, Part A Cluster:   |               |
|    | Title I-grants to local educational agencies  | CFDA# 84.010  |
|    | ARRA Title I - Part A   | CFDA# 84.389  |
|    | c. Education Jobs Fund  | CFDA# 84.410  |
|    | d. State Fiscal Stabilization Fund Cluster:   |               |
|    | ARRA State Fiscal Stabilization   | CFDA# 84.394  |
|    | e. Special Education Cluster:   |               |
|    | Special education-grants to states  | CFDA# 84.027  |
|    | Special education-preschool grants  | CFDA# 84.173  |
|    | ARRA IDEA, Part B   | CFDA# 84.391  |
|    | ARRA IDEA, Preschool  | CFDA# 84.392  |
| 8  | The dollar threshold used to distinguish between type A and type B programs.  | \$ 300,000    |
| 9  | Auditee qualified as low-risk auditee?  | No            |
| 10 | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ___ 315(b) of OMB Circular A-133? | No            |

Section II: Financial Statement Findings

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

Section 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.

