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ENTERPRISE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2014

ENTERPRISE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Enterprise School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Enterprise School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 37-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, on our consideration of the Enterprise School District's internal control over financial reporting and

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

McKenzie CPA, PLLC
Brandon, Mississippi
February 17, 2015

McKenzie CPA, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Enterprise School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2014 increased \$847,829, including a prior period adjustment of (\$3,075), which represents a 10% increase from fiscal year 2013. Total net position for 2013 increased \$846,929, including a prior period adjustment of \$69,914 which represents an 11% increase from fiscal year 2012.
- General revenues amounted to \$7,371,300 and \$6,896,277, or 84% and 84% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,395,876, or 16% of total revenues for 2014, and \$1,265,724, or 16% of total revenues for 2013.
- The District had \$7,916,272 and \$7,384,986 in expenses for fiscal years 2014 and 2013; only \$1,395,876 for 2014 and \$1,265,724 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,371,300 for 2014 and \$6,896,277 for 2013 were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,009,834 in revenues and \$6,471,457 in expenditures for 2014, and \$6,768,330 in revenues and \$5,981,709 in expenditures in 2013. The General Fund's fund balance increased by \$552,931, including a prior period adjustment of \$41,617 from 2013 to 2014, and increased by \$641,348 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$162,685 for 2014 and decreased by \$223,686 for 2013. The decrease for 2014 was due primarily to the increase in accumulated depreciation and retirement of obsolete equipment.
- Long-term debt, including qualified zone academy bonds payable and qualified school construction bonds payable, remained the same for 2014 and 2013. The liability for compensated absences increased by \$2,978 for 2014 and decreased by \$4,619 for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

reported as expenditures on the governmental funds financial statements.

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$9,655,352 as of June 30, 2014.

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

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

Table 1 presents a summary of the District's net position at June 30, 2014 and June 30, 2013.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 5,397,097	\$ 4,409,020	22.41 %
Restricted assets	1,879,354	1,841,695	2.04 %
Capital assets, net	6,151,203	6,313,888	(2.58) %
Total assets	<u>13,427,654</u>	<u>12,564,603</u>	6.87 %
Current liabilities	21,355	9,111	134.39 %
Long-term debt outstanding	3,750,947	3,747,969	0.08 %
Total liabilities	<u>3,772,302</u>	<u>3,757,080</u>	0.41 %
Net position:			
Net investment in capital assets	2,451,203	2,613,888	(6.22) %
Restricted	4,205,127	3,744,566	12.30 %
Unrestricted	2,999,022	2,449,069	22.46 %
Total net position	<u>\$ 9,655,352</u>	<u>\$ 8,807,523</u>	9.63 %

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

- Decrease in net capital assets in the amount of \$162,685.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$8,767,176 and \$8,162,001, respectively. The total cost of all programs and services was \$7,916,272 for 2014 and \$7,384,986 for 2013.

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

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

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 512,398	\$ 398,936	28.44 %
Operating grants and contributions	883,478	866,788	1.93 %
General revenues:			
Property taxes	2,530,489	2,316,830	9.22 %
Grants and contributions not restricted	4,414,871	4,449,648	(0.78) %
Investment earnings	79,163	74,909	5.68 %
Sixteenth section sources	321,116	52,649	509.92 %
Other	25,661	2,241	1,045.07 %
Total revenues	<u>8,767,176</u>	<u>8,162,001</u>	7.41 %
Expenses:			
Instruction	4,963,088	4,768,451	4.08 %
Support services	2,292,681	2,117,044	8.30 %
Non-instructional	600,068	454,137	32.13 %
Sixteenth section	45,017	39,996	12.55 %
Interest on long-term liabilities	15,418	5,358	187.76 %
Total expenses	<u>7,916,272</u>	<u>7,384,986</u>	7.19 %
Increase (Decrease) in net position	<u>850,904</u>	<u>777,015</u>	9.51 %
Net Position, July 1, as previously reported	<u>8,807,523</u>	<u>7,960,594</u>	10.64 %
Prior Period Adjustment	<u>(3,075)</u>	<u>69,914</u>	(104.40) %
Net Position, July 1, as restated	<u>8,804,448</u>	<u>8,030,508</u>	9.64 %
Net Position, June 30	<u>\$ 9,655,352</u>	<u>\$ 8,807,523</u>	9.63 %

Governmental activities

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

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

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Instruction	\$ 4,963,088	\$ 4,768,451	4.08 %
Support services	2,292,681	2,117,044	8.30 %
Non-instructional	600,068	454,137	32.13 %
Sixteenth section	45,017	39,996	12.55 %
Interest on long-term liabilities	15,418	5,358	187.76 %
Total expenses	\$ 7,916,272	\$ 7,384,986	7.19 %
	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Instruction	\$ (4,277,097)	\$ (4,115,506)	3.93 %
Support services	(2,084,928)	(1,973,868)	5.63 %
Non-instructional	(143,597)	15,466	1,028.47 %
Sixteenth section	644	(39,996)	101.61 %
Interest on long-term liabilities	(15,418)	(5,358)	187.76 %
Total net (expense) revenue	\$ (6,520,396)	\$ (6,119,262)	6.56 %

- Net cost of governmental activities (\$6,520,396 for 2014 and \$6,119,262 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$2,530,489 for 2014 and \$2,316,830 for 2013) and state and federal revenues (\$4,414,871 for 2014 and \$4,449,648 for 2013). In addition, there was \$321,116 and \$52,649 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$79,163 for 2014 and \$74,909 for 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

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 \$7,255,096, an increase of \$1,013,492, which includes a prior period adjustment of \$(3,075) and an increase in inventory of \$(605). \$2,977,120, or 41%, of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$4,277,976, or 59%, is either non-spendable, restricted, or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$552,931. The fund balance of Other Governmental Funds showed an increase

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

in the amount of \$139,000, which includes a prior period adjustment of \$(53,326) and a decrease in inventory of \$(605). The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I A Basic Fund	no increase or decrease
IDEA Part B Fund	no increase or decrease
Sixteenth Section Interest Fund	\$ 258,578
QZAB Fund	\$ 62,983

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were \$8,669,460, including land, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$3,674 from 2013. Total accumulated depreciation as of June 30, 2014, was \$2,518,257, and total depreciation expense for the year was \$230,110, resulting in total net capital assets of \$6,151,203.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 155,430	\$ 155,430	0.00 %
Buildings	4,840,865	4,961,038	(2.42) %
Improvements other than buildings	714,053	748,746	(4.63) %
Mobile equipment	423,307	426,132	(0.66) %
Furniture and equipment	17,548	22,542	(22.15) %
Total	\$ 6,151,203	\$ 6,313,888	(2.58) %

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

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

Debt Administration. At June 30, 2014, the District had \$3,750,947 in outstanding long-term debt, of which \$0 is due within one year. The liability for compensated absences increased \$2,978 from the prior year.

**Table 5
Outstanding Long-Term Debt**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Qualified zone academy bonds payable	\$ 1,700,000	\$ 1,700,000	0.00 %
Qualified school construction bonds payable	2,000,000	2,000,000	0.00 %
Compensated absences payable	50,947	47,969	6.21 %
Total	<u>\$ 3,750,947</u>	<u>\$ 3,747,969</u>	0.08 %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

ENTERPRISE SCHOOL DISTRICT

**Statement of Net Position
June 30, 2014**

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,736,151
Investments	531,269
Due from other governments	115,525
Inventories	14,152
Restricted assets	1,879,354
Capital assets, non-depreciable:	
Land	155,430
Capital assets, net of accumulated depreciation:	
Buildings	4,840,865
Improvements other than buildings	714,053
Mobile equipment	423,307
Furniture and equipment	17,548
Total Assets	13,427,654
Liabilities	
Accounts payable and accrued liabilities	21,355
Long-term liabilities, due beyond one year:	
Capital related liabilities	3,700,000
Non-capital related liabilities	50,947
Total Liabilities	3,772,302
Net Position	
Net investment in capital assets	2,451,203
Restricted for:	
Expendable:	
School-based activities	1,952,031
Debt service	2,035,750
Forestry improvements	44,142
Unemployment benefits	72,217
Non-expendable:	
Sixteenth section	100,987
Unrestricted	2,999,022
Total Net Position	\$ 9,655,352

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

ENTERPRISE SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2014**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 4,963,088	\$ 297,136	\$ 388,855	\$ -	\$ (4,277,097)
Support services	2,292,681	-	207,753	-	(2,084,928)
Non-instructional	600,068	169,601	286,870	-	(143,597)
Sixteenth section	45,017	45,661	-	-	644
Interest on long-term liabilities	15,418	-	-	-	(15,418)
Total Governmental Activities	\$ 7,916,272	\$ 512,398	\$ 883,478	\$ -	\$ (6,520,396)

General Revenues:

Taxes:

General purpose levies	2,400,260
Debt purpose levies	130,229

Unrestricted grants and contributions:

State	4,396,563
Federal	18,308
Unrestricted investment earnings	79,163
Sixteenth section sources	321,116
Other	25,661

Total General Revenues	7,371,300
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Change in Net Position	850,904
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Net Position - Beginning, as previously reported	8,807,523
Prior Period Adjustments	(3,075)

Net Position - Beginning, as restated	8,804,448
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Net Position - Ending	\$ 9,655,352
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The notes to the financial statements are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2014

Exhibit C

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	IDEA Part B Fund	Sixteenth Section Interest Fund	QZAB Fund	Other Governmental Funds	
Assets							
Cash and cash equivalents	\$ 2,943,068	\$ -	\$ 62	\$ 1,207,648	\$ -	\$ 686,360	\$ 4,837,138
Cash with fiscal agents	-	-	-	-	1,725	3,744	5,469
Investments	-	-	-	531,269	1,401,945	370,953	2,304,167
Due from other governments	79,867	13,977	10,083	-	-	10,390	114,317
Accrued interest receivable	-	-	-	-	-	-	-
Due from other funds	30,871	-	-	-	-	-	30,871
Inventories	-	-	-	-	-	14,152	14,152
Total assets	\$ 3,053,806	\$ 13,977	\$ 10,145	\$ 1,738,917	\$ 1,403,670	\$ 1,085,599	\$ 7,306,114
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 3,837	\$ -	\$ 62	\$ 17,258	\$ -	\$ 198	\$ 21,355
Due to other funds	-	13,977	10,083	-	-	5,603	29,663
Total Liabilities	3,837	13,977	10,145	17,258	-	5,801	51,018

Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	14,152	14,152
Permanent fund principal	-	-	-	-	-	100,987	100,987
Restricted:							
Debt service	-	-	-	-	1,403,670	632,080	2,035,750
Forestry improvement purposes	-	-	-	-	-	44,142	44,142
Unemployment benefits	-	-	-	-	-	72,217	72,217
Food service	-	-	-	-	-	111,718	111,718
Grant activities	-	-	-	-	-	12,329	12,329
Assigned:							
Activity funds	72,849	-	-	-	-	-	72,849
Sixteenth section	-	-	-	1,721,659	-	-	1,721,659
Special building projects	-	-	-	-	-	92,173	92,173
Unassigned	2,977,120	-	-	-	-	-	2,977,120
Total Fund Balances	3,049,969	-	10,145	1,721,659	1,403,670	1,079,798	7,255,096
Total Liabilities and Fund Balances	\$ 3,053,806	\$ 13,977	\$ 10,145	\$ 1,738,917	\$ 1,403,670	\$ 1,085,599	\$ 7,306,114

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

**ENTERPRISE SCHOOL DISTRICT
Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014**

Exhibit C-1

Total fund balances for governmental funds	\$	7,255,096
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Amounts reported for governmental activities in the statement of Net Position are different because:

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

Land	\$	155,430		
Buildings		6,333,670		
Improvements other than buildings		867,325		
Mobile equipment		1,110,311		
Furniture and equipment		202,724		
Accumulated depreciation		<u>(2,518,257)</u>		6,151,203

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

Other bonds payable		(3,700,000)		
Compensated absences		<u>(50,947)</u>		(3,750,947)

Net Position of governmental activities	\$	<u>9,655,352</u>
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The notes to the financial statements are an integral part of this statement.

ENTERPRISE SCHOOL DISTRICT
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

Exhibit D

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	IDEA Part B Fund	Sixteenth Section Interest Fund	QZAB Fund	Other Governmental Funds	
Revenues:							
Local sources	\$ 2,708,470	\$ -	\$ -	\$ -	\$ 62,983	\$ 324,915	\$ 3,096,368
State sources	4,283,056	-	-	-	-	281,582	4,564,638
Federal sources	18,308	161,199	203,239	-	-	350,965	733,711
Sixteenth section sources	-	-	-	273,708	-	98,751	372,459
Total Revenues	7,009,834	161,199	203,239	273,708	62,983	1,056,213	8,767,176
Expenditures:							
Instruction	4,439,547	125,453	109,784	-	-	279,852	4,954,636
Support services	2,031,910	32,671	88,384	-	-	122,001	2,274,966
Noninstructional services	-	-	-	-	-	460,429	460,429
Sixteenth section	-	-	-	-	-	45,017	45,017
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	15,418	15,418
Total Expenditures	6,471,457	158,124	198,168	-	-	922,717	7,750,466
Excess (Deficiency) of Revenues over (under) Expenditures	538,377	3,075	5,071	273,708	62,983	133,496	1,016,710
Other Financing Sources (Uses):							
Payments held by escrow agent	-	-	-	-	12,450	116,000	128,450
Payment to QSCB/QZAB debt escrow agent	-	-	-	-	(12,450)	(116,000)	(128,450)
Sale of transportation equipment	2,462	-	-	-	-	-	2,462
Sale of other property	-	-	-	-	-	-	-
Operating transfers in	48,671	-	-	-	-	76,196	124,867
Other financing sources	-	-	-	-	-	-	-
Operating transfers out	(76,196)	(3,075)	(5,071)	(23,764)	-	(16,761)	(124,867)
Other financing uses	(2,000)	-	-	-	-	-	(2,000)
Total Other Financing Sources (Uses)	(27,063)	(3,075)	(5,071)	(23,764)	-	59,435	462
Net Change in Fund Balances	511,314	-	-	249,944	62,983	192,931	1,017,172
Fund Balances:							
July 1, 2013, as previously reported	2,497,038	-	-	1,463,081	1,340,687	940,798	6,241,604
Prior period adjustments	41,617	-	-	8,634	-	(53,326)	(3,075)
July 1, 2013, as restated	2,538,655	-	-	1,471,715	1,340,687	887,472	6,238,529
Increase (Decrease) in inventory	-	-	-	-	-	(605)	(605)
June 30, 2014	\$ 3,049,969	\$ -	\$ -	\$ 1,721,659	\$ 1,403,670	\$ 1,079,798	\$ 7,255,096

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

**ENTERPRISE SCHOOL DISTRICT
Governmental Funds**

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

Exhibit D-1

Net change in fund balances - total governmental funds **\$ 1,017,172**

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

1.	Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
	Capital outlay	\$ 74,205	
	Depreciation expense	<u>(230,110)</u>	(155,905)
2.	In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(6,780)
3.	Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
	Change in compensated absences	(2,978)	
	Change in inventory	<u>(605)</u>	(3,583)
Change in Net Position of governmental activities			<u><u>\$ 850,904</u></u>

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

**ENTERPRISE SCHOOL DISTRICT
Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities
June 30, 2013**

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 390,838
Total Assets	<u>\$ 390,838</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 356,832
Due to other funds	1,208
Due to student clubs	32,798
Total Liabilities	<u>\$ 390,838</u>

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

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

Title I Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to assist the District in providing a free appropriate public education to needy children.

IDEA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to assist the District in providing a free appropriate public education to all children with disabilities.

Sixteenth Section Interest Fund - This is a special revenue fund that accounts for revenues and expenditures associated with maintaining and improving sixteenth section lands.

QZAB Fund - This is a debt service fund that accounts for annual deposits to be paid to the Qualified Zone Academy Bonds Fund.

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

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

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

See Note 5 for details.

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

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

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. Bond issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

9. Fund Balances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$5,368,407 (which includes \$531,269 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and \$390,838 respectively. The carrying amount of deposits reported in the government-wide financial statements was reported as cash and cash equivalents of \$4,736,151, investments of \$531,269 which is certificates of deposit with original maturities beyond three months, and a portion of restricted assets in the amount of \$100,987 which is cash and cash equivalents in the Sixteenth Section Principal Fund. The bank balance was \$5,146,892.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$5,146,892 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions in the governmental funds was \$5,469. This amount is reported as restricted assets in the government-wide financial statements.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government Obligations	AAAm-G	1 year	\$ 1,401,945
U.S. Treasury SLGS Deposit		11 years	370,953
Certificates of deposit	N/A	1 year	531,269
Total			<u>\$ 2,304,167</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2014, the district did not have any investments to which this would apply.

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

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

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 13,977
	IDEA Part B	10,083
	Other governmental funds	5,603
	Fiduciary funds	1,208
		<hr/>
Total		\$ 30,871

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows and to show the effects of board approved operating transfers and the resulting inter-fund balances caused by those approved transfers.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 76,196
Title I Fund	General Fund	3,075
IDEA Part B Fund	General Fund	5,071
Sixteenth Section Interest Fund	General Fund	23,764
Other governmental funds	General Fund	16,761
		<hr/>
Total		\$ 124,867

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling \$100,987 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agent and investment balance, totaling \$1,725 and \$1,401,945, respectively, of the QZAB Bond Retirement Fund. Also, the restricted assets represent the cash and cash with fiscal agent, and investment balance, totaling \$3,744 and \$370,953, respectively, of the QSCB Bond Retirement Fund.

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

Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 155,430	\$	\$	\$ 155,430
Total non-depreciable capital assets	155,430	-	-	155,430
<u>Depreciable capital assets:</u>				
Buildings	6,333,670			6,333,670
Improvements other than buildings	867,325			867,325
Mobile equipment	1,103,606	74,205	67,500	1,110,311
Furniture and equipment	205,755		3,031	202,724
Total depreciable capital assets	8,510,356	74,205	70,531	8,514,030
<u>Less accumulated depreciation for:</u>				
Buildings	1,372,632	120,173		1,492,805
Improvements other than buildings	118,579	34,693		153,272
Mobile equipment	677,474	70,280	60,750	687,004
Furniture and equipment	183,213	4,964	3,001	185,176
Total accumulated depreciation	2,351,898	230,110	63,751	2,518,257
Total depreciable capital assets, net	6,158,458	(155,905)	6,780	5,995,773
Governmental activities capital assets, net	\$ 6,313,888	\$ (155,905)	\$ 6,780	\$ 6,151,203

An adjustment was needed to correct prior year accumulated depreciation for furniture and equipment.

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 144,252
Support services	85,858
Non-instructional	-
Total depreciation expense - Governmental activities	\$ 230,110

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

Note 6 – Long-term Liabilities

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

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. Qualified zone academy bonds payable	\$ 1,700,000	\$	\$	\$ 1,700,000	\$ -
B. Qualified school construction bonds payable	2,000,000			2,000,000	-
C. Compensated absences payable	47,969	2,978		50,947	-
Total	\$ 3,747,969	\$ 2,978	\$ -	\$ 3,750,947	\$ -

A. Qualified zone academy bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bond, Series 2004	0.00%	8/12/2004	8/12/2018	\$ 1,700,000	\$ 1,700,000
Total				\$ 1,700,000	\$ 1,700,000

The QZAB is secured with a pledge of approximately 40% of the District's EEF Buildings and Buses funds for the remaining sinking fund payments through fiscal year 2015. The EEF Buildings and Buses Fund accounts for revenues the District receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972).

B. Qualified school construction bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bond, Series 2010	0.00%	8/27/2010	8/1/2025	\$ 2,000,000	\$ 2,000,000
Total				\$ 2,000,000	\$ 2,000,000

The QSCB is secured with a pledge of approximately 20% of the District's EEF Buildings and Buses funds beginning in fiscal year 2012 through fiscal year 2015 and then is secured with a pledge of approximately 90% of EEF Buildings and Buses funds for fiscal years 2016 through 2026. The EEF Buildings and Buses Fund accounts for revenues the District receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972).

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

C. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$655,348, \$604,834 and \$520,182, respectively, which equaled the required contributions for each year.

Note 8 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2015	\$ 30,130
2016	30,130
2017	29,980
2018	29,980
2019	1,800
2020-2024	9,000
2025 – 2029	9,000
2030 – 2033	5,400
Total	<u>\$ 145,420</u>

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

Note 9 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation	Amount
1. To correct revenue and expenditures from a prior period	\$ (3,075)
Total	<u>\$ (3,075)</u>

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

Fund	Explanation	Amount
General Fund	To correct revenues and expenditures from a prior period	\$ 41,617
Sixteenth Section Interest Fund	To correct revenues and expenditures from a prior period	8,634
Other governmental funds	To correct revenues and expenditures from a prior period	(53,326)
Total		<u>\$ (3,075)</u>

Note 10 – Contingencies

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

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

Note 11 – Risk Management

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

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 12 – Qualified Zone Academy Bonds

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

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before August 11. The amount on deposit at June 30, 2014 was \$1,403,670. The amount accumulated in the sinking fund at the end of the ten-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2015	\$ 12,450
Total	<u>\$ 12,450</u>

Note 13 – Qualified School Construction Bonds

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

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

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was \$374,697, which includes accrued interest of \$3,744. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2015	\$ 116,000
2016	133,000
2017	133,000
2018	133,000
2019 – 2023	665,000
2024 – 2026	399,000
Total	<u>\$ 1,579,000</u>

Note 14 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Enterprise School District evaluated the activity of the district through February 17, 2015, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,440,600	\$ 2,707,501	\$ 2,708,470	\$ 266,901	\$ 969
State sources	4,438,060	4,283,056	4,283,056	(155,004)	-
Federal sources	5,000	18,308	18,308	13,308	-
Total Revenues	6,883,660	7,008,865	7,009,834	125,205	969
Expenditures:					
Instruction	4,603,767	4,444,545	4,439,547	159,222	4,998
Support services	2,598,016	2,014,851	2,031,910	583,165	(17,059)
Sixteenth section	-	-	-	-	-
Facilities acquisition and construction	63,951	17,059	-	46,892	17,059
Total Expenditures	7,265,734	6,476,455	6,471,457	789,279	4,998
Excess (Deficiency) of Revenues over (under) Expenditures	(382,074)	532,410	538,377	914,484	5,967
Other Financing Sources (Uses):					
Sale of transportation equipment	-	2,462	2,462	2,462	-
Operating transfers in	3,000	53,192	48,671	50,192	(4,521)
Operating transfers out	(854,489)	(85,792)	(76,196)	768,697	9,596
Other financing uses	-	-	(2,000)	-	(2,000)
Total Other Financing Sources (Uses)	(851,489)	(30,138)	(27,063)	821,351	3,075
Net Change in Fund Balances	(1,233,563)	502,272	511,314	1,735,835	9,042
Fund Balances:					
July 1, 2013, as previously reported	2,497,038	2,497,038	2,497,038	-	-
Prior period Adjustments	-	44,693	41,617	44,693	(3,076)
July 1, 2013, as restated	2,497,038	2,541,731	2,538,655	44,693	(3,076)
June 30, 2014	\$ 1,263,475	\$ 3,044,003	\$ 3,049,969	\$ 1,780,528	\$ 5,966

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original	Final
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 120,332	\$ 161,199	\$ 161,199	\$ 40,867	\$ -
Total Revenues	120,332	161,199	161,199	40,867	-
Expenditures:					
Instruction	132,208	125,453	125,453	6,755	-
Support services	36,015	32,671	32,671	3,344	-
Total Expenditures	168,223	158,124	158,124	10,099	-
Excess (Deficiency) of Revenues over (under) Expenditures	(47,891)	3,075	3,075	50,966	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(3,075)	(3,075)	(3,075)	-
Total Other Financing Sources (Uses)	-	(3,075)	(3,075)	(3,075)	-
Net Change in Fund Balances	(47,891)	-	-	47,891	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ (47,891)	\$ -	\$ -	\$ 47,891	\$ -

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original	Final
	Original	Final		to Final	to Actual
Revenues:					
Federal sources	\$ 188,043	\$ 203,239	\$ 203,239	\$ 15,196	\$ -
Total Revenues	188,043	203,239	203,239	15,196	-
Expenditures:					
Instruction	153,034	109,784	109,784	43,250	-
Support services	89,234	88,384	88,384	850	-
Total Expenditures	242,268	198,168	198,168	44,100	-
Excess (Deficiency) of Revenues over (under) Expenditures	(54,225)	5,071	5,071	59,296	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(5,071)	(5,071)	(5,071)	-	-
Total Other Financing Sources (Uses)	(5,071)	(5,071)	(5,071)	-	-
Net Change in Fund Balances	(59,296)	-	-	59,296	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ (59,296)	\$ -	\$ -	\$ 59,296	\$ -

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

ENTERPRISE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Sixteenth Section Interest Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original	Final
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	\$ 30,754	\$ 273,708	\$ 273,708	\$ 242,954	\$ -
Total Revenues	30,754	273,708	273,708	242,954	-
Expenditures:					
Sixteenth section	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	30,754	273,708	273,708	242,954	-
Other Financing Sources (Uses):					
Operating transfers out	(250,000)	(23,764)	(23,764)	226,236	-
Total Other Financing Sources (Uses)	(250,000)	(23,764)	(23,764)	226,236	-
Net Change in Fund Balances	(219,246)	249,944	249,944	469,190	-
Fund Balances:					
July 1, 2013, as previously reported	1,471,715	1,471,715	1,463,081	-	(8,634)
Prior period adjustments	-	-	8,634	-	8,634
July 1, 2013, as restated	1,471,715	1,471,715	1,471,715	-	-
June 30, 2014	\$ 1,252,469	\$ 1,721,659	\$ 1,721,659	\$ 469,190	\$ -

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTAL INFORMATION

**ENTERPRISE SCHOOL DISTRICT
Supplemental Information**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 73,749
National school lunch program	10.555	248,329
Total child nutrition cluster		<u>322,078</u>
Total passed-through Mississippi Department of Education		<u>322,078</u>
Total U.S. Department of Agriculture		<u>322,078</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	18,308
Total Federal Communications Commission		<u>18,308</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	161,200
Rural education	84.358	20,990
Improving teacher quality state grants	84.367	3,149
Subtotal		<u>185,339</u>
Title I cluster:		
Special education cluster:		
Special education - grants to states	84.027	203,240
Special education - preschool grants	84.173	6,012
Total special education cluster		<u>209,252</u>
Total passed-through Mississippi Department of Education		<u>394,591</u>
Total U.S. Department of Education		<u>394,591</u>
Total for All Federal Awards		<u>\$ 734,977</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.

**ENTERPRISE SCHOOL DISTRICT
Supplemental Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2014**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 6,061,590	4,651,665	372,436	344,451	693,038
Other	1,688,876	586,195	163,862	26,390	912,429
Total	\$ 7,750,466	5,237,860	536,298	370,841	1,605,467
Total number of students *	1,003				
Cost per student	\$ 7,728	5,222	535	370	1,601

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

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

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

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

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

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

OTHER INFORMATION

ENTERPRISE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 2,708,470	\$ 2,419,962	\$ 2,330,779	\$ 2,190,334
State sources	4,283,056	4,333,768	4,052,527	3,764,457
Federal sources	18,308	14,600	14,159	14,414
Total Revenues	7,009,834	6,768,330	6,397,465	5,969,205
Expenditures:				
Instruction	4,439,547	4,093,365	3,940,577	3,323,852
Support services	2,031,910	1,888,344	1,850,770	1,739,566
Sixteenth Section				
Facilities acquisition and construction				26,000
Debt Service:				
Principal				451,000
Interest				10,258
Total Expenditures	6,471,457	5,981,709	5,791,347	5,550,676
Excess (Deficiency) of Revenues over (under) Expenditures	538,377	786,621	606,118	418,529
Other Financing Sources (Uses):				
Sale of transportation equipment	2,462	1,542	1,735	
Sale of other property		4,000		
Operating transfers in	48,671	10,598	8,024	470,697
Operating transfers out	(76,196)	(161,413)	(46,843)	(178,451)
Other financing uses	(2,000)			
Total Other Financing Sources (Uses)	(27,063)	(145,273)	(37,084)	292,246
Net Change in Fund Balances	511,314	641,348	569,034	710,775
Fund Balances:				
Beginning of period, as originally reported	2,497,038	1,855,690	1,322,492	611,717
Prior Period Adjustments	41,617		(35,836)	
Beginning of period, restated	2,538,655	1,855,690	1,286,656	611,717
End of Period	\$ 3,049,969	\$ 2,497,038	\$ 1,855,690	\$ 1,322,492

*SOURCE - PRIOR YEAR AUDIT REPORTS

ENTERPRISE SCHOOL DISTRICT
Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years
UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 3,096,368	\$ 2,784,736	\$ 2,707,464	\$ 2,571,673
State sources	4,564,638	4,600,204	4,332,864	3,888,597
Federal sources	733,711	716,233	642,402	1,238,858
Sixteenth section sources	372,459	60,828	306,607	123,852
Total Revenues	8,767,176	8,162,001	7,989,337	7,822,980
Expenditures:				
Instruction	4,954,636	4,631,710	4,497,537	4,322,452
Support services	2,274,966	2,053,576	2,096,924	2,049,941
Noninstructional services	460,429	453,058	445,575	392,259
Sixteenth section	45,017	39,996	77,494	31,979
Facilities acquisition and construction			1,511,482	792,783
Debt service:				
Principal				451,000
Interest	15,418	5,358		10,258
Other			235,095	
Total Expenditures	7,750,466	7,183,698	8,864,107	8,050,672
Excess (Deficiency) of Revenues over (under) Expenditures	1,016,710	978,303	(874,770)	(227,692)
Other Financing Sources (Uses):				
Proceeds of Loan				2,000,000
Payments held by escrow agent	128,450	128,450	161,195	120,000
Payment to QSCB/QZAB debt escrow agent	(128,450)	(128,450)	(13,555)	(120,000)
Other financing sources		1,775		
Sale of transportation equipment	2,462	1,542	1,735	
Sale of other property		4,000		
Operating transfers in	124,867	420,767	1,780,348	1,740,551
Operating transfers out	(124,867)	(420,767)	(1,780,348)	(1,740,551)
Other financing uses	(2,000)	(1,775)		(2,605)
Total Other Financing Sources (Uses)	462	5,542	149,375	1,997,395
Net Change in Fund Balances	1,017,172	983,845	(725,395)	1,769,703
Fund Balances:				
Beginning of period, as originally reported	6,241,604	5,175,608	5,904,560	4,135,440
Prior period adjustments	(3,075)	74,369		
Beginning of period, restated	6,238,529	5,249,977	5,904,560	4,135,440
Increase (Decrease) in reserve for inventory	(605)	7,782	(3,557)	(583)
End of Period	\$ 7,255,096	\$ 6,241,604	\$ 5,175,608	\$ 5,904,560

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



McKENZIE CPA, PLLC

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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 FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Superintendent and School Board
Enterprise School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Enterprise School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Enterprise School District's basic financial statements, and have issued our report thereon dated February 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Enterprise School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance

with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

McKenzie CPA, PLLC
Brandon, Mississippi
February 17, 2015

McKenzie CPA, PLLC



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Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

Superintendent and School Board
Enterprise School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Enterprise School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Enterprise School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Enterprise School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Enterprise School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Enterprise School District's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Enterprise School District's internal control over compliance.

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

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

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

McKenzie CPA, PLLC
Brandon, Mississippi
February 17, 2015

McKenzie CPA, PLLC

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



McKENZIE CPA, PLLC

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

Superintendent and School Board
Enterprise School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enterprise School District as of and for the year ended June 30, 2014, which collectively comprise Enterprise School District's basic financial statements and have issued our report thereon dated February 17, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

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

McKenzie CPA, PLLC
Brandon, Mississippi
February 17, 2015

McKenzie CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

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

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027; 84.173	Special Education Cluster
10.553; 10.555	Child Nutrition Cluster

- | | |
|---|-----------|
| 8. 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 costs 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 |

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

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.