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JACKSON COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2014

JACKSON COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Jackson County School District
Vancleave, Mississippi

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 Jackson County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Jackson County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County 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 7-15 and 39-42 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County School District's 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), 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 supplementary information section, which includes 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 accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 13,

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

Cunningham CPAs

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Jackson County 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 decreased $219,702, including a prior period adjustment of ($644,583) and which represents a .2% decrease from fiscal year 2013. Total net position for 2013 increased $341,734, which represents a .4% increase from fiscal year 2012.

- General revenues amounted to $63,409,943 and $61,985,747, or 87% and 86% 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 $9,765,873, or 13% of total revenues for 2014, and $9,737,966, or 14% of total revenues for 2013.

- The District had $72,750,935 and $71,381,979 in expenses for fiscal years 2014 and 2013; only $9,765,873 for 2014 and $9,737,966 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $63,409,943 for 2014 were adequate to provide for these programs and $61,985,747 for 2013 were adequate to provide for these programs.

- Among major funds, the General Fund had $62,095,236 in revenues and $60,056,275 in expenditures for 2014, and $60,317,933 in revenues and $58,708,357 in expenditures in 2013. The General Fund's fund balance increased by $111,549, including a prior period adjustment of ($644,583), from 2013 to 2014, and increased by $696,353 from 2012 to 2013.

- Capital assets, net of accumulated depreciation, increased by $4,342,763 for 2014 and increased by $2,218,014 for 2013. The increase for 2014 was due primarily to capital additions net of the increase in accumulated depreciation.

- Long-term debt decreased by $2,266,819 for 2014 and increased by $6,683,409 for 2013. This decrease for 2014 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by $15,707 for 2014 and decreased by $12,262 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 nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the

District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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 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 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 $93,896,526 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.

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

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	$ 13,896,745	$ 12,443,807	11.68 %
Restricted assets	1,781,438	9,862,320	-81.94 %
Capital assets, net	95,708,577	91,365,814	4.75 %
Total assets	**111,386,760**	**113,671,941**	**-2.01 %**
Current liabilities	2,012,717	1,771,256	13.63 %
Long-term debt outstanding	15,276,911	17,543,730	-12.92 %
Total liabilities	**17,289,628**	**19,314,986**	**-10.49 %**
Deferred inflows of resources	**200,606**	**240,727**	**-16.67 %**
Net position:			
Net investment in capital assets	81,787,971	79,926,363	2.33 %
Restricted	2,688,934	4,563,874	-41.08 %
Unrestricted	9,419,621	9,625,991	-2.14 %
Total net position	**$ 93,896,526**	**$ 94,116,228**	**-0.23 %**

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

- Increase in net capital assets in the amount of $4,342,763.
- The principal retirement of $2,251,112 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were $73,175,816 and $71,723,713, respectively. The total cost of all programs and services was $72,750,935 for 2014 and $71,381,979 for 2013.

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

	Year Ended June 30, 2014	Year Ended June 30, 2013	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 1,895,529	$ 1,878,959	0.88 %
Operating grants and contributions	7,870,344	7,859,007	0.14 %
General revenues:			
Property taxes	24,727,453	24,101,033	2.60 %
Grants and contributions not restricted	38,106,778	37,261,447	2.27 %
Investment earnings	24,109	29,334	(17.81) %
Sixteenth section sources	368,351	414,761	(11.19) %
Other	183,252	179,172	2.28 %
Total revenues	**73,175,816**	**71,723,713**	**2.02 %**
Expenses:			
Instruction	42,590,774	41,602,446	2.38 %
Support services	25,971,373	25,371,297	2.37 %
Non-instructional	3,811,778	3,920,366	(2.77) %
Sixteenth section	19,802	54,899	(63.93) %
Interest on long-term liabilities and other debt service costs	357,208	432,971	(17.50) %
Total expenses	**72,750,935**	**71,381,979**	**1.92 %**
Increase (Decrease) in net position	**424,881**	**341,734**	**24.33 %**
Net Position, July 1, as originally reported	**94,116,228**	**93,774,494**	**0.36 %**
Prior period adjustment	**(644,583)**	**-**	**N/A %**
Net Position, July 1, as restated	**93,471,645**	**93,774,494**	**(0.32) %**
Net Position, June 30	**$ 93,896,526**	**$ 94,116,228**	**(0.23) %**

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 and other debt service costs. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2014	**2013**	**Change**
Instruction	$ 42,590,774	$ 41,602,446	2.38 %
Support services	25,971,373	25,371,297	2.37 %
Non-instructional	3,811,778	3,920,366	(2.77) %
Sixteenth section	19,802	54,899	(63.93) %
Interest on long-term liabilities and other debt service costs	357,208	432,971	(17.50) %
Total expenses	**$ 72,750,935**	**$ 71,381,979**	**1.92 %**

	Net (Expense) Revenue		Percentage
	2014	**2013**	**Change**
Instruction	$ (38,735,196)	$ (37,972,901)	2.01 %
Support services	(23,887,050)	(23,202,563)	2.95 %
Non-instructional	14,194	19,321	(26.54) %
Sixteenth section	(19,802)	(54,899)	(63.93) %
Interest on long-term liabilities and other debt service costs	(357,208)	(432,971)	(17.50) %
Total net (expense) revenue	**$ (62,985,062)**	**$ (61,644,013)**	**2.18 %**

- Net cost of governmental activities ($62,985,062 for 2014 and $61,644,013 for 2013) was financed by general revenue, which is primarily made up of property taxes ($24,727,453 for 2014 and $24,101,033 for 2013) and state and federal revenues ($38,106,778 for 2014 and $37,261,447 for 2013). In addition, there was $368,351 and $414,761 in Sixteenth Section sources for 2014 and 2013, respectively.

- Investment earnings amounted to $24,109 for 2014 and $29,334 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 $13,954,113, a decrease of $6,893,133, including a prior period adjustment of ($644,583), and which includes a decrease in inventory of $31,774. $5,454,975 or 39% 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 $8,499,138 or 61% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

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 $111,549, including a prior period adjustment of ($644,583). The fund balance of Other Governmental Funds showed a decrease in the amount of $6,066,583, which includes a decrease in reserve for inventory of $31,774, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
FEMA/MEMA Grants Fund	No increase (decrease)
Construction and Improvements Fund	$ (938,099)

BUDGETARY HIGHLIGHTS

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

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major special revenue fund 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 $131,256,602, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $7,322,055 from 2013. Total accumulated depreciation as of June 30, 2014, was $35,548,025, and total depreciation expense for the year was $3,045,987, resulting in total net capital assets of $95,708,577.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	$ 343,261	$ 343,261	0.00 %
Construction in progress	2,958,847	5,432,403	(45.53) %
Buildings	83,603,524	76,365,872	9.48 %
Building improvements	4,505,037	4,790,557	(5.96) %
Improvements other than buildings	1,711,311	1,827,268	(6.35) %
Mobile equipment	1,957,942	2,126,014	(7.91) %
Furniture and equipment	548,845	400,629	37.00 %
Leased property under capital leases	79,810	79,810	0.00 %
Total	**$ 95,708,577**	**$ 91,365,814**	**4.75 %**

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

Debt Administration. At June 30, 2014, the District had $15,276,911 in outstanding long-term debt, of which $1,841,870 is due within one year. The liability for compensated absences decreased $15,707 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
General obligation refunding bonds payable	$ 2,395,000	$ 3,490,000	(31.38) %
Three mill notes payable	8,325,000	9,320,706	(10.68) %
Qualified school construction bonds	2,598,789	2,598,789	0.00 %
Obligations under energy efficiency leases	1,428,112	1,588,518	(10.10) %
Compensated absences payable	530,010	545,717	(2.88) %
Total	**$ 15,276,911**	**$ 17,543,730**	**(12.92) %**

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

CURRENT ISSUES

The Jackson County 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 are 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 Jackson County School District, P.O. Box 5069, Vancleave, MS 39565-5069.

FINANCIAL STATEMENTS

JACKSON COUNTY SCHOOL DISTRICT

Statement of Net Position **Exhibit A**

June 30, 2014

		Governmental Activities
Assets		
Cash and cash equivalents	$	10,347,792
Due from other governments		2,298,118
Inventories		146,392
Prepaid items		1,104,443
Restricted assets		1,781,438
Capital assets, non-depreciable:		
Land		343,261
Construction in progress		2,958,847
Capital assets, net of accumulated depreciation:		
Buildings		83,603,524
Building improvements		4,505,037
Improvements other than buildings		1,711,311
Mobile equipment		1,957,942
Furniture and equipment		548,845
Leased property under capital leases		79,810
Total Assets		111,386,760
Liabilities		
Accounts payable and accrued liabilities		1,703,698
Unearned income		20,372
Interest payable on long-term liabilities		288,647
Long-term liabilities, due within one year:		
Capital related liabilities		1,675,000
Non-capital related liabilities		166,870
Long-term liabilities, due beyond one year:		
Capital related liabilities		12,045,000
Non-capital related liabilities		1,390,041
Total Liabilities		17,289,628
Deferred Inflows of Resources		
Deferred credit on bonds payable		200,606
Total deferred inflows of resources		200,606
Net Position		
Net investment in capital assets		81,787,971
Restricted for:		
Expendable:		
School-based activities		886,678
Debt service		880,025
Forestry improvements		178,407
Unemployment benefits		84,248
Non-expendable:		
Sixteenth section		659,576
Unrestricted		9,419,621
Total Net Position	$	93,896,526

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

JACKSON COUNTY SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 42,590,774	$ 931,311	$ 2,924,267	$ -	$ (38,735,196)
Support services	25,971,373	-	2,084,323	-	(23,887,050)
Non-instructional	3,811,778	964,218	2,861,754	-	14,194
Sixteenth section	19,802	-	-	-	(19,802)
Interest on long-term liabilities and other debt service costs	357,208	-	-	-	(357,208)
Total Governmental Activities	$ 72,750,935	$ 1,895,529	$ 7,870,344	$ -	$ (62,985,062)

General Revenues:	
Taxes:	
General purpose levies	22,343,013
Debt purpose levies	2,384,440
Unrestricted grants and contributions:	
State	37,837,573
Federal	269,205
Unrestricted investment earnings	24,109
Sixteenth section	368,351
Other	183,252
Total General Revenues	63,409,943
Change in Net Position	424,881
Net Position - Beginning, as originally reported	94,116,228
Prior period adjustment	(644,583)
Net Position - Beginning, as restated	93,471,645
Net Position - Ending	$ 93,896,526

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

JACKSON COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2014

Exhibit C

	Major Funds				
	General Fund	FEMA/MEMA Grants Fund	Construction and Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 4,682,832	$ -	$ 4,337,463	$ 2,883,921	$ 11,904,216
Cash with fiscal agents	-	-	-	225,014	225,014
Due from other governments	791,581	1,107,432	-	399,105	2,298,118
Due from other funds	1,319,713	-	-	-	1,319,713
Prepaid items	1,104,443	-	-	-	1,104,443
Inventories	-	-	-	146,392	146,392
Total assets	7,898,569	1,107,432	4,337,463	3,654,432	16,997,896
Liabilities:					
Accounts payable and accrued liabilities	$ 797,329	$ -	$ 505,027	$ 401,342	$ 1,703,698
Unearned income	-	-	-	20,372	20,372
Due to other funds	-	1,107,288	-	212,425	1,319,713
Total Liabilities	797,329	1,107,288	505,027	634,139	3,043,783
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	146,392	146,392
Prepaid items	1,104,443	-	-	-	1,104,443
Permanent fund principal	-	-	-	659,576	659,576
Restricted:					
Debt service	-	-	-	1,168,672	1,168,672
Forestry improvement purposes	-	-	-	178,407	178,407
Grant activities	-	144	-	740,142	740,286
Unemployment benefits	-	-	-	84,248	84,248
Assigned:					
Activity funds	584,678	-	-	-	584,678
Construction and improvements	-	-	3,832,436	-	3,832,436
Unassigned	5,412,119	-	-	42,856	5,454,975
Total Fund Balances	7,101,240	144	3,832,436	3,020,293	13,954,113
Total Liabilities and Fund Balances	$ 7,898,569	$ 1,107,432	$ 4,337,463	$ 3,654,432	$ 16,997,896

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

JACKSON COUNTY SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**

June 30, 2014

Total fund balances for governmental funds		$ 13,954,113
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	$ 343,261	
Construction in progress	2,958,847	
Buildings	106,868,837	
Building improvements	6,141,653	
Improvements other than buildings	3,477,740	
Mobile equipment	7,492,340	
Furniture and equipment	3,175,823	
Leased property under capital leases	798,101	
Accumulated depreciation	(35,548,025)	95,708,577
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(2,395,000)	
Three mill notes	(8,325,000)	
Qualified school construction bonds	(2,598,789)	
Energy efficiency lease obligations	(1,428,112)	
Compensated absences payable	(530,010)	
Deferred credit on bonds payable	(200,606)	
Accrued interest payable	(288,647)	(15,766,164)
Net position of governmental activities		$ 93,896,526

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

JACKSON COUNTY SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2014

	Major Funds				
	General Fund	FEMA/MEMA Grants Fund	Construction and Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	$ 23,410,799	$ -	$ -	$ 3,359,725	$ 26,770,524
State sources	38,415,231	-	-	873,340	39,288,571
Federal sources	269,206	-	-	6,419,345	6,688,551
Sixteenth section sources	-	-	-	368,351	368,351
Total Revenues	62,095,236	-	-	11,020,761	73,115,997
Expenditures:					
Instruction	36,701,672	-	-	3,428,709	40,130,381
Support services	23,241,707	-	7,151	2,542,132	25,790,990
Noninstructional services	112,896	-	-	3,830,228	3,943,124
Sixteenth section	-	-	-	19,802	19,802
Facilities acquisition and construction	-	-	930,948	5,912,611	6,843,559
Debt service:					
Principal	-	-	-	2,251,112	2,251,112
Interest	-	-	-	377,336	377,336
Other	-	-	-	3,600	3,600
Total Expenditures	60,056,275	-	938,099	18,365,530	79,359,904
Excess (Deficiency) of Revenues over (under) Expenditures	2,038,961	-	(938,099)	(7,344,769)	(6,243,907)
Other Financing Sources (Uses):					
Insurance loss recoveries	27,131	-	-	-	27,131
Other financing sources	-	-	-	74,980	74,980
Operating transfers in	333,767	-	-	1,682,689	2,016,456
Other financing uses	-	-	-	(74,980)	(74,980)
Operating transfers out	(1,643,727)	-	-	(372,729)	(2,016,456)
Total Other Financing Sources (Uses)	(1,282,829)	-	-	1,309,960	27,131
Net Change in Fund Balances	756,132	-	(938,099)	(6,034,809)	(6,216,776)
Fund Balances:					
July 1, 2013, as originally reported	6,989,691	144	4,770,535	9,086,876	20,847,246
Prior period adjustments	(644,583)	-	-	-	(644,583)
July 1, 2013, as restated	6,345,108	144	4,770,535	9,086,876	20,202,663
Decrease in reserve for inventory	-	-	-	(31,774)	(31,774)
June 30, 2014	$ 7,101,240	$ 144	$ 3,832,436	$ 3,020,293	$ 13,954,113

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

JACKSON COUNTY 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		$ (6,216,776)
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	$ 7,396,183	
Depreciation expense	(3,045,987)	4,350,196
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.		(7,433)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	2,251,112	
Amortization of deferred credit of bonds payable	40,121	
Accrued interest payable	23,728	2,314,961
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	15,707	
Change in inventory reserve	(31,774)	(16,067)
Change in net position of governmental activities		$ 424,881

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

JACKSON COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities **Exhibit E**

June 30, 2014

		Agency Funds
Assets		
Cash and cash equivalents	$	6,482,196
Total Assets	$	6,482,196
Liabilities		
Accounts payable and other accrued liabilities	$	6,181,075
Due to student clubs		301,121
Total Liabilities	$	6,482,196

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

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

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.

FEMA/MEMA Grants Fund – This fund is used to assist in recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures and the repair, restoration, reconstruction, or replacement of public facilities or infrastructure damaged or destroyed.

Construction and Improvements Fund- This fund accounts for the capital expenditures funded with local resources.

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

The District's fiduciary funds include the following:

Accounts Payable Clearing Fund – This fund is used to report the accounts payable resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Student Club Fund Agency Funds – These funds are used to report student club resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of

governmental fund type inventories are reported as expenditures when purchased.

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 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
Leased property under capital leases	*	*

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

7. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Deferred inflows of resources consist of the deferred credit on bonds payable of $200,606 at June 30, 2014.

See Note 12 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Fund Balances

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

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

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted 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.

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

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (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 (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 assigned resources first and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7% of 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 and Cash with fiscal agents

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.

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 $11,904,216 and $6,482,196, respectively. The bank balance was $18,463,146.

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.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $225,014.

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	FEMA/MEMA grants fund	$ 1,107,288
	Other governmental funds	212,425
Total		$ 1,319,713

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	$ 1,643,727
Other governmental funds	General fund	333,767
	Other governmental funds	38,962
Total		$ 2,016,456

The primary purpose of the interfund transfers out of the general fund and into the other governmental funds was to finance basic operations of the district that are not directly funded.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling $659,576, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash with fiscal agents balance, totaling $225,014, of the QSCB Sinking Fund.

Also, the restricted assets represent the cash balance, totaling $896,848, of the debt service funds, whose resources are restricted only for debt service.

Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Completed Construction	Balance 6/30/2014
Governmental Activities:					
Non-depreciable capital assets:					
Land	$ 343,261	$ -	$ -	$ -	$ 343,261
Construction in progress	5,432,403	6,843,559	-	(9,317,115)	2,958,847
Total non-depreciable capital assets	5,775,664	6,843,559	-	(9,317,115)	3,302,108
Depreciable capital assets:					
Buildings	97,551,722	-	-	9,317,115	106,868,837
Building improvements	6,141,653	-	-	-	6,141,653
Improvements other than buildings	3,477,740	-	-	-	3,477,740
Mobile equipment	7,290,609	242,804	(41,073)	-	7,492,340
Furniture and equipment	2,899,058	309,820	(33,055)	-	3,175,823
Leased property under capital leases	798,101	-	-	-	798,101
Total depreciable capital assets	118,158,883	552,624	(74,128)	9,317,115	127,954,494
Less accumulated depreciation for:					
Buildings	21,185,850	2,079,463	-	-	23,265,313
Building improvements	1,351,096	285,520	-	-	1,636,616
Improvements other than buildings	1,650,472	115,957	-	-	1,766,429
Mobile equipment	5,164,595	406,769	(36,966)	-	5,534,398
Furniture and equipment	2,498,429	158,278	(29,729)	-	2,626,978
Leased property under capital leases	718,291	-	-	-	718,291
Total accumulated depreciation	32,568,733	3,045,987	(66,695)	-	35,548,025
Total depreciable capital assets, net	85,590,150	(2,493,363)	(7,433)	9,317,115	92,406,469
Governmental activities capital assets, net	$ 91,365,814	$ 4,350,196	$ (7,433)	$ -	$ 95,708,577

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 2,476,100
Support services	494,240
Non-instructional	75,647
Total depreciation expense - Governmental activities	$ 3,045,987

Construction in progress is composed of:

	Spent to June 30, 2014	Remaining Commitment
Governmental Activities:		
Vancleave Upper Elementary Classrooms	$ 2,793,782	$ 212,800
Vancleave Upper Elementary Cafeteria	165,065	-
Total construction in progress	$ 2,958,847	$ 212,800

Construction projects included in governmental activities are funded with local activities. Construction has not begun on the Vancleave Upper Elementary Cafeteria. Only architectural and other planning costs have been incurred.

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. General obligation refunding bonds payable	$ 3,490,000	$ -	$ (1,095,000)	$ 2,395,000	$ 1,175,000
B. Three mill notes payable	9,320,706	-	(995,706)	8,325,000	500,000
C. Quality school construction bonds	2,598,789	-	-	2,598,789	-
D. Obligations under energy efficiency leases	1,588,518	-	(160,406)	1,428,112	166,870
E. Compensated absences payable	545,717	-	(15,707)	530,010	-
Total	$ 17,543,730	$ -	$ (2,266,819)	$ 15,276,911	$ 1,841,870

A. General obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2004	3.0-4.0%	8/15/2004	12/15/2015	$ 5,400,000	$ 2,395,000

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

Year Ending June 30	Principal	Interest	Total
2015	1,175,000	72,300	$ 1,247,300
2016	1,220,000	24,400	1,244,400
Total	$ 2,395,000	$ 96,700	$ 2,491,700

This debt will be retired from the General Obligation Bond Refunding Fund 4031.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2014, the amount of outstanding bonded indebtedness was equal to less than 1% of property assessments as of October 1, 2013.

B. Three mill notes payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill ten year note	2.210%	10/25/2012	10/1/2023	$ 8,800,000	$ 8,325,000
Total				$ 8,800,000	$ 8,325,000

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

Year Ending June 30	Principal	Interest	Total
2015	$ 500,000	$ 183,982	$ 683,982
2016	725,000	172,933	897,933
2017	750,000	156,910	906,910
2018	775,000	140,335	915,335
2019	785,000	123,208	908,208
2020-2024	4,790,000	340,894	5,130,894
Total	$ 8,325,000	$ 1,118,262	$ 9,443,262

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

C. 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 bonds payable, Series 2011	0.00%	12/20/2010	12/15/2020	$ 2,598,789	$ 2,598,789
Total				$ 2,598,789	$ 2,598,789

D. Obligation under energy efficiency lease.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Efficiency Lease	3.990%	11/15/2006	11/15/2021	$ 2,490,000	$ 1,428,112
Total				$ 2,490,000	$ 1,428,112

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

Year Ending June 30	Principal	Interest	Total
2015	$ 166,870	$ 55,334	$ 222,204
2016	173,595	48,609	222,204
2017	180,590	41,614	222,204
2018	187,868	34,336	222,204
2019	195,438	26,766	222,204
2020-2022	523,751	31,760	555,511
Total	$ 1,428,112	$ 238,419	$ 1,666,531

This debt will be retired from the Obligation Under Energy Efficiency Debt Service Fund.

An energy efficiency lease agreement dated May 12, 2007 was executed by and between the district, the lessee, and Hancock Bank, the lessor.

The agreement authorized the borrowing of $2,490,000 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund.

The district entered into this energy efficiency lease agreement under the authority of Section 31- 7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

E. Compensated absences payable

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

Note 7 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 8 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate 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 $6,394,528, $5,798,463 and $5,277,385, respectively, which equaled the required contributions for each year.

Note 9 – Sixteenth Section Lands

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

Year Ending June 30		Amount
2015	$	347,689
2016		337,880
2017		331,143
2018		331,143
2019		323,202
2020-2024		1,616,008
2025-2029		1,607,143
2030-2034		1,466,603
Thereafter		1,997,116
Total	$	8,357,927

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.

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 94 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 – Effect of Deferred Amounts on the Governmental Funds Fund Balance

The net investment in capital assets component of net position amount of $81,787,971 includes the effect of the deferred credit on bonds payable. The $200,606 balance of the deferred credit on bonds payable at June 30, 2014 will be amortized and increase the net investment in capital assets component of net position over the remaining years of the debt service requirement of the quality school construction bonds. The amount recognized as revenue in 2014 was $40,121.

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.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was $225,014. 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	$ 395,000
2016	396,000
2017	396,000
2018	397,000
2019	397,000
2020-2021	794,000
Total	$ 2,775,000

Note 13 - Prior Period Adjustments

Exhibit B - Statement of Activities

Explanations	Amount
1. To change prior period accounting to match current accounting for health and life insurance payroll liabilities	$ (644,583)
Total	$ (644,583)

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

Fund	Explanations	Amount
General Fund	To change prior period accounting to match current accounting for health and life insurance payroll liabilities	$ (644,583)
	Total	$ (644,583)

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 Jackson County School District evaluated the activity of the district through February 13, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 23,202,370	$ 23,410,799	$ 23,410,799	$ 208,429	$ -
State sources	38,294,164	38,415,231	38,415,231	121,067	-
Federal sources	285,769	269,206	269,206	(16,563)	-
Total Revenues	61,782,303	62,095,236	62,095,236	312,933	-
Expenditures:					
Instruction	37,054,641	36,701,672	36,701,672	352,969	-
Support services	24,512,964	23,239,181	23,241,707	1,273,783	(2,526)
Sixteenth section	10,000	112,896	112,896	(102,896)	-
Total Expenditures	61,577,605	60,053,749	60,056,275	1,523,856	(2,526)
Excess (Deficiency) of Revenues over (under) Expenditures	204,698	2,041,487	2,038,961	1,836,789	(2,526)
Other Financing Sources (Uses):					
Insurance loss recoveries	-	27,131	27,131	27,131	-
Operating transfers in	6,281,188	6,388,784	333,767	107,596	(6,055,017)
Operating transfers out	(7,460,584)	(7,669,903)	(1,643,727)	(209,319)	6,026,176
Total Other Financing Sources (Uses)	(1,179,396)	(1,253,988)	(1,282,829)	(74,592)	(28,841)
Net Change in Fund Balances	(974,698)	787,499	756,132	1,762,197	(31,367)
Fund Balances:					
July 1, 2013, as originally reported	6,989,691	6,989,691	6,989,691	-	-
Prior period adjustment	-	(644,583)	(644,583)	(644,583)	-
July 1, 2013, as restated	6,989,691	6,345,108	6,345,108	(644,583)	-
June 30, 2014	$ 6,014,993	$ 7,132,607	$ 7,101,240	$ 1,117,614	$ (31,367)

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

JACKSON COUNTY SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
FEMA/MEMA Grants Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-
Expenditures:					
Instruction	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	144	144	144	-	-
June 30, 2014	$ 144	$ 144	$ 144	$ -	$ -

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

Budgetary Comparison Schedule

(1) Basis of Presentation

The Budgetary Comparison Schedules present 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.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY SCHOOL DISTRICT

Supplementary 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.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 752,934
National school lunch program	10.555	2,405,600
Total child nutrition cluster		3,158,534
Total passed-through Mississippi Department of Education		3,158,534
Passed-through Stone County:		
Schools and roads - grants to states	10.665	37,816
Total		37,816
Passed-through Natural Resources Conservation:		
Wetlands reserve program	10.072	21,909
Total		21,909
Total U.S. Department of Agriculture		3,218,259
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	139,115
Total Federal Communications Commission		139,115
U.S. Department of Defense		
Direct program:		
Reserve officers' training corps	12.xxx	64,674
Total U.S. Department of Defense		64,674
U.S. Department of Education		
Passed-through the Department of Rehabilitation Services		
Rehabilitation services - vocational rehabilitation grants to states	84.126	47,481
Total		47,481
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	1,151,304
Career and technical education - basic grants to states	84.048	79,474
English language acquisition grant	84.365	15,397
Improving teacher quality-State Grants	84.367	173,375
Subtotal		1,419,550
Special education cluster:		
Special education - grants to states	84.027	1,727,236
Special education - preschool grants	84.173	61,547
Total special education cluster		1,788,783
Total passed-through Mississippi Department of Education		3,208,333
Total U.S. Department of Education		3,255,814
U.S. Department of Health and Human Services		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	5,691
Total passed-through Mississippi Department of Education		5,691
Total U.S. Department of Health and Human Services		5,691
Total for All Federal Awards		$ 6,683,553

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. Donated commodities of $297,013 are included in the National School Lunch Program.

JACKSON COUNTY SCHOOL DISTRICT

Supplementary 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	$	55,352,048	43,298,529	1,895,425	4,067,381	6,090,713
Other		24,007,856	4,190,460	309,839	71,203	19,436,354
Total	$	79,359,904	47,488,989	2,205,264	4,138,584	25,527,067
Total number of students *		8,681				
Cost per student	$	9,142	5,470	254	477	2,941

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

JACKSON COUNTY 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	$ 23,410,799	$ 22,676,757	$ 20,131,008	$ 20,702,950
State sources	38,415,231	36,941,472	36,862,857	35,201,642
Federal sources	269,206	307,123	358,846	290,002
Sixteenth section sources	-	392,581	-	-
Total Revenues	62,095,236	60,317,933	57,352,711	56,194,594
Expenditures:				
Instruction	36,701,672	36,038,310	36,314,591	30,993,530
Support services	23,241,707	22,422,898	23,252,900	24,565,801
Noninstructional services	112,896	241,899	361,615	451,362
Sixteenth section	-	5,250	-	-
Facilities acquisition and construction	-	-	25,861	21,133
Total Expenditures	60,056,275	58,708,357	59,954,967	56,031,826
Excess (Deficiency) of Revenues over (under) Expenditures	2,038,961	1,609,576	(2,602,256)	162,768
Other Financing Sources (Uses):				
Insurance loss recoveries	27,131	6,304	17,734	500
Operating transfers in	333,767	172,091	2,090,879	369,003
Other financing sources	-	12,698	-	-
Operating transfers out	(1,643,727)	(938,885)	(1,214,499)	(1,548,077)
Total Other Financing Sources (Uses)	(1,282,829)	(747,792)	894,114	(1,178,574)
Net Change in Fund Balances	756,132	861,784	(1,708,142)	(1,015,806)
Fund Balances:				
Beginning of period, as previously reported	6,989,691	6,127,907	7,836,049	8,851,855
Prior period adjustments	(644,583)	-	-	-
Beginning of period, as restated	6,345,108	6,127,907	7,836,049	8,851,855
End of Period	$ 7,101,240	$ 6,989,691	$ 6,127,907	$ 7,836,049

*SOURCE - PRIOR YEAR AUDIT REPORTS

JACKSON COUNTY 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	$ 26,770,524	$ 26,128,091	$ 22,951,354	$ 24,720,846
State sources	39,288,571	38,356,555	38,406,142	37,040,298
Federal sources	6,688,551	6,763,900	7,176,493	15,756,911
Sixteenth section sources	368,351	416,044	864,135	339,029
Total Revenues	73,115,997	71,664,590	69,398,124	77,857,084
Expenditures:				
Instruction	40,130,381	39,611,764	40,474,763	40,591,702
Support services	25,790,990	24,755,187	25,915,621	27,931,012
Noninstructional services	3,943,124	3,899,783	4,083,474	4,178,975
Sixteenth section	19,802	54,899	31,046	24,456
Facilities acquisition and construction	6,843,559	4,928,840	1,291,513	3,591,747
Debt service:				
Principal	2,251,112	1,703,118	1,625,335	1,558,613
Interest	377,336	258,434	314,171	365,319
Other	3,600	3,600	3,600	3,600
Total Expenditures	79,359,904	75,215,625	73,739,523	78,245,424
Excess (Deficiency) of Revenues over (under) Expenditures	(6,243,907)	(3,551,035)	(4,341,399)	(388,340)
Other Financing Sources (Uses):				
Bonds and notes issued	-	8,800,000	-	3,000,000
Insurance loss recoveries	27,131	6,304	17,734	500
Operating transfers in	2,016,456	1,148,575	3,306,842	1,921,035
Other financing sources	74,980	12,698	75,000	-
Operating transfers out	(2,016,456)	(1,148,575)	(3,306,842)	(1,921,035)
Other financing uses	(74,980)	-	(75,000)	-
Total Other Financing Sources (Uses)	27,131	8,819,002	17,734	3,000,500
Net Change in Fund Balances	(6,216,776)	5,267,967	(4,323,665)	2,612,160
Fund Balances:				
Beginning of period, as previously reported	20,847,246	15,508,090	20,954,748	18,338,649
Prior period adjustments	(644,583)	-	(1,111,477)	-
Beginning of period, as restated	20,202,663	15,508,090	19,843,271	18,338,649
Increase (Decrease) in reserve for inventory	(31,774)	71,189	(11,516)	3,939
End of Period	$ 13,954,113	$ 20,847,246	$ 15,508,090	$ 20,954,748

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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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
Jackson County School District
Vancleave, Mississippi

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 Jackson County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Jackson County School District's basic financial statements, and have issued our report thereon dated February 13, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cunningham CPAs

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 13, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board
Jackson County School District
Vancleave, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jackson County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Jackson County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson County School District's internal control over compliance.

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

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

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Cunningham CPAs, PLLC

Belzoni, Mississippi

February 13, 2015

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

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

Superintendent and School Board
Jackson County School District
Vancleave, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson County School District as of and for the year ended June 30, 2014, which collectively comprise Jackson County School District's basic financial statements and have issued our report thereon dated February 13, 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, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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Cunningham CPAs, PLLC

Belzoni, Mississippi

February 13, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JACKSON COUNTY SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Section I: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the financial statements:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
3.	Noncompliance material to the financial statements noted?	No

Federal Awards:

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

A.	Child Nutrition Cluster:		
	School Breakfast Program for Children	CFDA #	10.553
	National School Lunch Program	CFDA #	10.555
B.	Title I Grants to Local Educational Agencies	CFDA #	84.010
C.	Improving Teacher Quality	CFDA #	84.367

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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