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NOXUBEE COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOXUBEE COUNTY SCHOOL DISTRICT
June 30, 2014

TABLE OF CONTENTS

| | PAGE(S) |
|---|---------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 5 - 13 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Exhibit A - Statement of Net Position | 15 |
| Exhibit B - Statement of Activities | 16 |
| Governmental Funds Financial Statements | |
| Exhibit C - Balance Sheet | 17 - 18 |
| Exhibit C-1 - Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position | 19 |
| Exhibit D - Statement of Revenues, Expenditures and Changes in Fund Balances | 20 - 21 |
| Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues Expenditures and Changes in Fund Balances to the Statement of Activities | 22 |
| Fiduciary Funds Financial Statements | |
| Exhibit E - Statement of Fiduciary Assets and Liabilities | 23 |
| Notes to the Financial Statements | 24 - 41 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule - General Fund | 43 - 46 |
| Notes to the Required Supplementary Information | 47 |
| SUPPLEMENTARY INFORMATION | |
| Schedule of Expenditures of Federal Awards | 49 |
| Notes to the Schedule of Expenditures of Federal Awards | 50 |
| Schedule of Instructional, Administrative and Other Expenditures- Governmental Funds | 51 |
| OTHER INFORMATION | |
| Statement of Revenues, Expenditures and Changes in Fund Balances General Fund - Last Four Years | 53 |
| Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Funds - Last Four Years | 54 |

| | |
|---|---------|
| REPORTS ON INTERNAL CONTROL AND COMPLIANCE | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 56 - 57 |
| Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133 | 58 - 59 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS | 61 - 62 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 63 - 64 |
| SUMMARY OF PRIOR AUDIT FINDINGS | 65 |



INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Noxubee County School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Noxubee 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 Noxubee 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. According, 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 Noxubee 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 5 - 13 and 43 - 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 September 28, 2015, on our consideration of the Noxubee 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 Noxubee County School District's internal control over financial reporting and compliance.

Born, Finy, White & Co.

September 28, 2015
Ridgeland, Mississippi

NOXUBEE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Noxubee 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 \$559,437, including a prior period adjustment of \$334,657 which represents a 4.05% decrease from fiscal year 2013. Total net position for 2013 decreased \$945,001, including a prior period adjustment of \$93,093, which represents a (6.41)% decrease from fiscal year 2012.
- ◆ General revenues amounted to \$12,719,892 and \$ 12,873,212 , or 76.22% and 74.52% 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 \$3,968,866 or 23.78% of total revenues for 2014, and \$4,401,759 or 25.48% of total revenues for 2013.
- ◆ The District had \$17,582,852 and \$18,313,065 in expenses for fiscal years 2014 and 2013; only \$3,968,866 for 2014 and \$4,401,759 for 2013 of these expenses was offset by program specific charges for services and grants and contributions. General revenues of \$12,719,892 for 2014 and \$12,873,212 for 2013 were not adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$11,339,955 in revenues and \$13,516,404 in expenditures for 2014, and \$11,571,177 in revenues and \$12,991,866 in expenditures in 2013. The General Fund's fund balance decreased by \$797,203 from 2013 to 2014, and decreased by \$338,931 from 2012 to 2013.
- ◆ Capital assets, net of accumulated depreciation, decreased by \$299,784 for 2014 and decreased by \$350,403 for 2013. The decrease for 2014 was due to increases in accumulated depreciation.
- ◆ Long-term debt decreased by \$726,902 for 2014 and decreased by \$1,083,112 for 2013. This decrease for 2014 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$10,225 for 2014 and increased by \$23,374 for 2013.

Overview of 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.

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

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.

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

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 as required by the Governmental Accounting Standards Board.

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

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 \$13,247,351 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.

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

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

**Table 1
Condensed Statement of Net Position**

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>Percentage Change</u> |
|----------------------------------|----------------------|----------------------|------------------------------|
| Current assets | \$ 3,141,382 | \$ 3,339,591 | (5.94)% |
| Restricted position | 566,888 | 1,070,108 | (47.03)% |
| Capital assets, net | <u>15,267,564</u> | <u>15,567,348</u> | (1.93)% |
| Total assets | <u>18,975,834</u> | <u>19,977,047</u> | (5.01)% |
| Current liabilities | 1,762,661 | 1,487,760 | 18.48 % |
| Long-term debt outstanding | <u>3,965,822</u> | <u>4,682,499</u> | (15.31)% |
| Total liabilities | <u>5,728,483</u> | <u>6,170,259</u> | (7.16)% |
| Net position: | | | |
| Net Investment in capital assets | 11,443,564 | 11,016,446 | 3.88 % |
| Restricted | 2,082,871 | 2,261,999 | (7.92)% |
| Unrestricted | <u>(279,084)</u> | <u>528,343</u> | (152.82)% |
| Total net position | <u>\$ 13,247,351</u> | <u>\$ 13,806,788</u> | (4.05)% |

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

| | |
|--|------------|
| Decrease in total restricted assets in the amount of | \$ 503,220 |
| Decrease in net capital assets in the amount of | \$ 299,784 |
| Increase in current liabilities in the amount of | \$ 274,901 |
| Decrease in long-term liabilities in the amount of | \$ 716,677 |

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$16,688,758 and \$17,274,971 respectively. The total cost of all programs and services was \$17,582,852 for 2014 and \$18,313,065 for 2013.

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

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

Table 2
Changes in Net Position

| | Year Ended June 30, 2014 | Year Ended June 30, 2013 | Percentage Change |
|--|-----------------------------|-----------------------------|----------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 143,902 | \$ 158,913 | (9.45)% |
| Operating grants and contributions | <u>3,824,964</u> | <u>4,242,846</u> | (9.85)% |
| Total program revenues | <u>3,968,866</u> | <u>4,401,759</u> | (9.83)% |
| General revenues: | | | |
| Property taxes | 3,457,295 | 3,477,916 | (0.59)% |
| Grants and contributions not restricted | 8,552,007 | 8,741,235 | (2.16)% |
| Investment earnings | 1,634 | 3,053 | (46.48)% |
| Sixteenth section sources | 353,503 | 360,761 | (2.01)% |
| Other | <u>355,453</u> | <u>290,247</u> | 22.47 % |
| Total general revenues | <u>12,719,892</u> | <u>12,873,212</u> | (1.19)% |
| Total revenues | <u>16,688,758</u> | <u>17,274,971</u> | (3.39)% |
| Expenses: | | | |
| Instruction | 8,781,018 | 9,671,259 | (9.21)% |
| Support services | 7,923,450 | 7,306,726 | 8.44 % |
| Non-instructional | 667,977 | 1,028,455 | (35.05)% |
| Sixteenth section | 73,587 | 139,072 | (47.09)% |
| Interest on long-term liabilities | <u>136,820</u> | <u>167,553</u> | (18.34)% |
| Total expenses | <u>17,582,852</u> | <u>18,313,065</u> | (3.99)% |
| Increase (Decrease) in net position | (894,094) | (1,038,094) | 13.87 % |
| Net Position, July 1, as previously reported | 13,806,788 | 14,751,789 | (6.41)% |
| Prior Period Adjustment | <u>334,657</u> | <u>93,093</u> | 259.49 % |
| Net Position July 1, as restated | <u>14,141,445</u> | <u>14,844,882</u> | (4.74)% |
| Net Position, June 30 | <u>\$ 13,247,351</u> | <u>\$ 13,806,788</u> | (4.05)% |

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

Table 3
Net Cost of Governmental Activities
Total Expenses

| | 2014 | 2013 | Percentage Change |
|-----------------------------------|----------------------|----------------------|----------------------|
| Instruction | \$ 8,781,018 | \$ 9,671,259 | (9.21)% |
| Support services | 7,923,450 | 7,306,726 | 8.44 % |
| Non-instructional | 667,977 | 1,028,455 | (35.05)% |
| Sixteenth section | 73,587 | 139,072 | (47.09)% |
| Interest on long-term liabilities | <u>136,820</u> | <u>167,553</u> | (18.34)% |
| Total Expenses | <u>\$ 17,582,852</u> | <u>\$ 18,313,065</u> | (3.99)% |

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

| | <u>Net (Expense) Revenue</u> | | Percentage Change |
|-----------------------------------|------------------------------|------------------------|----------------------|
| | 2014 | 2013 | |
| Instruction | \$ (7,845,743) | \$ (8,197,301) | (4.29)% |
| Support services | (6,125,016) | (5,598,945) | 9.40 % |
| Non-instructional | 567,180 | 191,565 | 196.08 % |
| Sixteenth section | (73,587) | (139,072) | (47.09)% |
| Interest on long-term liabilities | (136,820) | (167,553) | (18.34)% |
| Total net (expense) revenue | <u>\$ (13,613,986)</u> | <u>\$ (13,911,306)</u> | (2.14)% |

- ◆ Net cost of governmental activities (\$13,613,986 for 2014 and \$13,911,306 for 2013), was financed by general revenue, which is primarily made up of property taxes (\$3,457,295 for 2014 and \$3,477,916 for 2013) and state and federal revenues (\$8,552,007 for 2014 and \$8,741,235 for 2013). In addition, there was \$353,503 and \$360,761 in Sixteenth Section sources for 2014 and 2013, respectively.
- ◆ Investment earnings amounted to \$1,634 for 2014 and \$3,053 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 \$1,992,838, a decrease of \$984,919 which includes a prior period adjustment of \$334,656 and an increase in inventory of \$10,272. \$(167,242) or (8.39)% 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 \$2,160,080 or 108.39% 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 decrease in fund balance in the General Fund for the fiscal year was \$797,203 including a prior period adjustment of \$7,566. The fund balance of Other Governmental Funds showed an increase in the amount of \$51,945, which includes a prior period adjustment of \$(27,295) due primarily to a decrease in expenditures. The increase (decrease) in the fund balances for the other major funds were as follows:

| <u>Major Fund</u> | <u>Increase (Decrease)</u> |
|----------------------------------|----------------------------|
| Sixteenth Section Interest Fund | (252,439) |
| School Lunch Fund | 11,356 |
| Sixteenth Section Principal Fund | \$ 1,422 |
| Title I Fund | - |

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

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.

- ◆ Budgeted amounts for revenues from local sources in the General Fund were increased during the fiscal year. The amounts originally budgeted were understated.
- ◆ Budgeted amounts for instructions and support services were increased during the fiscal years and debt service payments were not included in the original budget for the General Funds. The amounts originally budgeted were understated.
- ◆ Budgeted amounts for revenues and expenditures in the various special revenue funds receiving federal funding were revised during the year to reflect actual revenues received and expenditures incurred during the year.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2014, the District's total capital assets were \$25,697,626, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$280,551 from 2013. Total accumulated depreciation as of June 30, 2014 was \$10,430,062, and total depreciation expense for the year was \$587,156, resulting in total net capital assets of \$15,267,564.

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

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> | <u>Percentage Change</u> |
|-----------------------------------|----------------------|----------------------|------------------------------|
| Land | \$ 49,211 | 49,211 | - % |
| Building | 12,066,319 | 12,374,073 | (2.49)% |
| Building improvements | 1,950,837 | 2,090,304 | (6.67)% |
| Improvements other than buildings | 122,391 | 125,933 | (2.81)% |
| Mobile equipment | 891,017 | 756,547 | 17.77 % |
| Furniture and equipment | 178,189 | 161,680 | 10.21 % |
| Property under capital lease | 9,600 | 9,600 | - % |
| Total | <u>\$ 15,267,564</u> | <u>\$ 15,567,348</u> | (1.93)% |

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

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

Debt Administration - At June 30, 2014, the District had \$3,965,822 in outstanding long-term debt, of which \$749,328 is due within one year. The liability for compensated absences increased by \$10,225 from the prior year.

**Table 5
Outstanding Long-Term Debt**

| | <u>Outstanding Long-Term Debt</u> | | Percentage Change |
|----------------------------------|-----------------------------------|----------------------|----------------------|
| | <u>June 30, 2014</u> | <u>June 30, 2013</u> | |
| General obligation bonds payable | \$ 1,625,000 | \$ 1,875,000 | (13.33)% |
| Limited obligation bonds payable | 1,665,000 | 1,975,000 | (15.70)% |
| Shortfall note payable | - | 51,902 | (100.00)% |
| Three mill note payable | 534,000 | 649,000 | (17.72)% |
| Compensated absences payable | <u>141,822</u> | <u>131,597</u> | 7.77 % |
| Total | <u>\$ 3,965,822</u> | <u>\$ 4,682,499</u> | (15.31)% |

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

CURRENT ISSUES

The Noxubee 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. In addition, 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.

Enrollment for the 2013-2014 year increased by 0.17% to 1,795 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Noxubee County School District, P. O. Box 540, Macon, MS 39141-0540.

NOXUBEE COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,702,272 |
| Investments | 259,412 |
| Due from other governments | 656,244 |
| Other receivables, net | 509,999 |
| Inventories | 13,455 |
| Restricted assets | 566,888 |
| Capital assets, non-depreciable: | |
| Land | 49,211 |
| Capital assets, net of accumulated depreciation: | |
| Buildings | 12,066,319 |
| Building improvements | 1,950,837 |
| Improvements other than buildings | 122,391 |
| Mobile equipment | 891,017 |
| Furniture and equipment | 178,189 |
| Leased property under capital leases | 9,600 |
| Total Assets | 18,975,834 |
| Liabilities | |
| Accounts payable and accrued liabilities | 845,005 |
| Due to other governments | 510,000 |
| Unearned revenue | 360,427 |
| Interest payable on long-term liabilities | 47,229 |
| Long-term liabilities, due within one year | |
| Capital related liabilities | 692,000 |
| Noncapital related liabilities | 57,328 |
| Long-term liabilities, due beyond one year | |
| Capital related liabilities | 3,132,000 |
| Noncapital related liabilities | 84,494 |
| Total Liabilities | 5,728,483 |
| Net Position | |
| Net investment in capital assets | 11,443,564 |
| Restricted for: | |
| Expendable: | |
| School-based activities | 577,562 |
| Debt service | 409,320 |
| Forestry improvements | 120,660 |
| Unemployment benefits | 43,907 |
| Sixteenth section | 14,638 |
| Nonexpendable: | |
| Sixteenth section | 916,784 |
| Unrestricted | (279,084) |
| Total Net Position | \$ 13,247,351 |

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

NOXUBEE COUNTY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|---------------------|----------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction | \$ 8,781,018 | \$ 83,232 | \$ 852,043 | \$ - | \$ (7,845,743) |
| Support services | 7,923,450 | 5,986 | 1,792,448 | - | (6,125,016) |
| Non-instructional | 667,977 | 54,684 | 1,180,473 | - | 567,180 |
| Sixteenth section | 73,587 | - | - | - | (73,587) |
| Interest on long-term liabilities | <u>136,820</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(136,820)</u> |
| Total Governmental Activities | <u>\$17,582,852</u> | <u>\$143,902</u> | <u>\$ 3,824,964</u> | <u>\$ -</u> | <u>(13,613,986)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| General purpose levies | | | | | 2,974,914 |
| Debt purpose levies | | | | | 482,381 |
| Unrestricted grants and contributions: | | | | | |
| State | | | | | 8,365,397 |
| Federal | | | | | 186,610 |
| Unrestricted investment earnings | | | | | 1,634 |
| Sixteenth section sources | | | | | 353,503 |
| Other | | | | | <u>355,453</u> |
| Total General Revenues | | | | | <u>12,719,892</u> |
| Change in Net Position | | | | | <u>(894,094)</u> |
| Net Position, Beginning as previously reported | | | | | 13,806,788 |
| Prior Period Adjustments | | | | | <u>334,657</u> |
| Net Position - Beginning, as restated | | | | | <u>14,141,445</u> |
| Net Position - Ending | | | | | <u>\$ 13,247,351</u> |

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

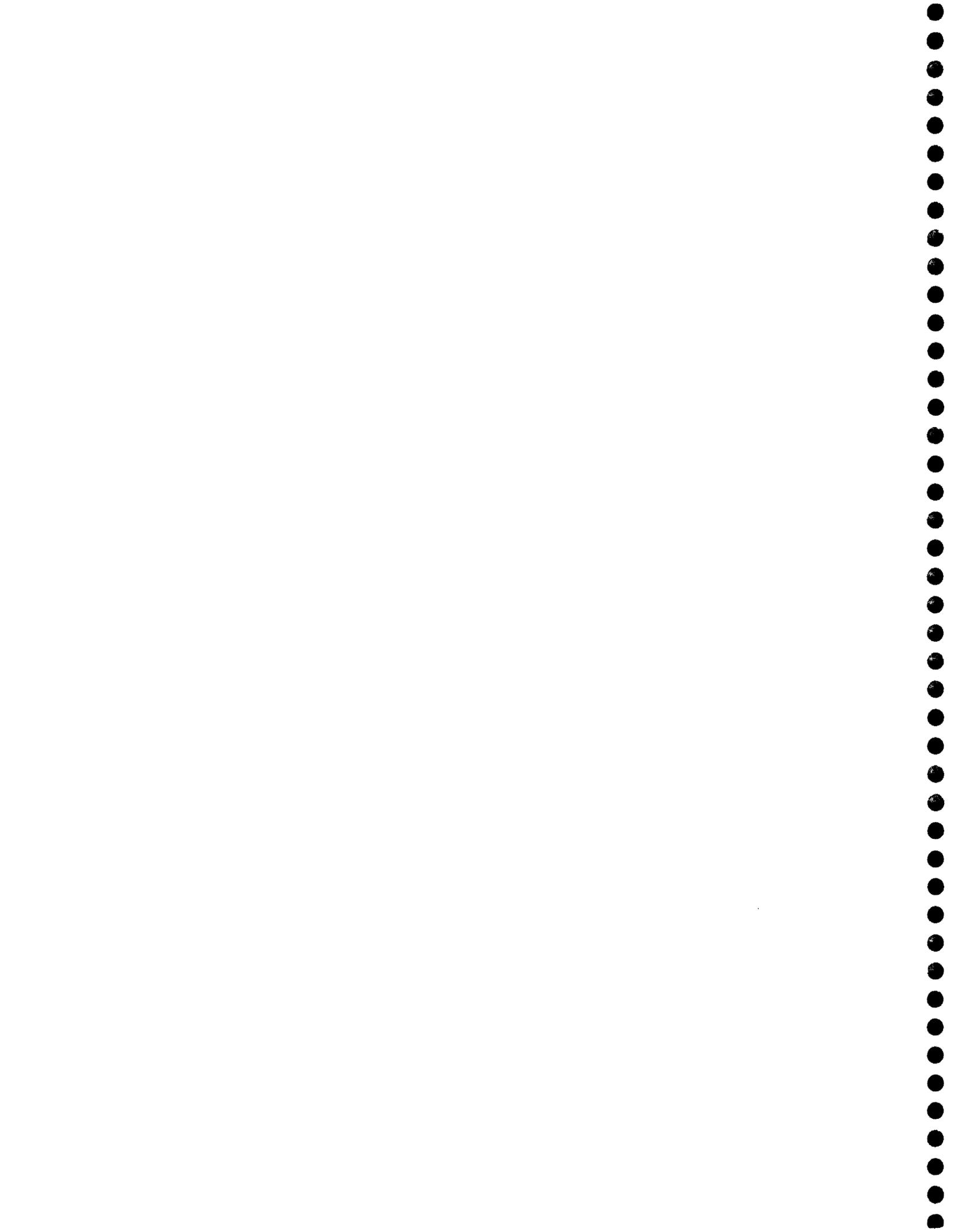
NOXUBEE COUNTY SCHOOL DISTRICT
 Governmental Funds
 Balance Sheet
 June 30, 2014

| | | Major | |
|--|----------------------------|---------------------------------------|--------------------------|
| | General Fund | Sixteenth Section Interest Fund | School Lunch Fund |
| ASSETS | | | |
| Cash and cash equivalents | \$ 503,040 | \$ 572,913 | \$ 653,333 |
| Cash with fiscal agent | - | - | - |
| Investments | 5,642 | - | - |
| Due from other governments | 201,019 | - | - |
| Due from other funds | 926,484 | 60,000 | - |
| Advances to other funds | - | - | - |
| Inventories | - | - | <u>13,455</u> |
| Total Assets | <u>\$ 1,636,185</u> | <u>\$ 632,913</u> | <u>\$ 666,788</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts payable and accrued liabilities | \$ 666,935 | \$ 26,664 | \$ 40,599 |
| Due to other funds | 596,515 | 591,611 | 173,456 |
| Advances from other funds | 510,000 | - | - |
| Deferred revenue | - | - | - |
| Total Liabilities | <u>1,773,450</u> | <u>618,275</u> | <u>214,055</u> |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Permanent fund principal | - | - | - |
| Inventory | - | - | 13,455 |
| Advances | - | - | - |
| Restricted: | | | |
| Unemployment benefits | - | - | - |
| Forestry improvements | - | - | - |
| Debt service | - | - | - |
| Food service | - | - | 439,278 |
| Sixteenth section | - | 14,638 | - |
| Assigned: | | | |
| Activity funds | 29,977 | - | - |
| Grant activities | - | - | - |
| Unassigned | <u>(167,242)</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>(137,265)</u> | <u>14,638</u> | <u>452,733</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,636,185</u> | <u>\$ 632,913</u> | <u>\$ 666,788</u> |

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

EXHIBIT C

| Funds Sixteenth Section Principal Fund | Title I Fund | Other Governmental Funds | Total Governmental Funds |
|---|-------------------|--------------------------------|--------------------------------|
| \$ 407,132 | \$ 211,137 | \$ 15,619 | \$ 2,363,174 |
| - | - | 159,756 | 159,756 |
| - | - | - | 5,642 |
| - | 125,067 | 330,158 | 656,244 |
| - | 344,927 | 480,244 | 1,811,655 |
| 510,000 | - | - | 510,000 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>13,455</u> |
| <u>\$ 917,132</u> | <u>\$ 681,131</u> | <u>\$ 985,777</u> | <u>\$ 5,519,926</u> |
| | | | |
| \$ - | \$ 72,051 | \$ 38,757 | \$ 845,006 |
| 348 | 389,534 | 60,192 | 1,811,656 |
| - | - | - | 510,000 |
| <u>-</u> | <u>219,546</u> | <u>140,880</u> | <u>360,426</u> |
| <u>348</u> | <u>681,131</u> | <u>239,829</u> | <u>3,527,088</u> |
| | | | |
| 406,784 | - | - | 406,784 |
| - | - | - | 13,455 |
| 510,000 | - | - | 510,000 |
| - | - | 43,907 | 43,907 |
| - | - | 120,660 | 120,660 |
| - | - | 456,549 | 456,549 |
| - | - | - | 439,278 |
| - | - | - | 14,638 |
| - | - | - | 29,977 |
| - | - | 124,832 | 124,832 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(167,242)</u> |
| <u>916,784</u> | <u>-</u> | <u>745,948</u> | <u>1,992,838</u> |
| <u>\$ 917,132</u> | <u>\$ 681,131</u> | <u>\$ 985,777</u> | <u>\$ 5,519,926</u> |



NOXUBEE COUNTY SCHOOL DISTRICT
 Governmental Funds
 Reconciliation of Governmental Funds Balance Sheet to the
 Statement of Net Position
 June 30, 2014

| | | | |
|--|----|---------------------|----------------------|
| Total fund balances for governmental funds | | \$ | 1,992,838 |
| 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 | \$ | 49,211 | |
| Buildings | | 17,473,222 | |
| Building improvements | | 4,100,875 | |
| Improvements other than buildings | | 195,828 | |
| Mobile equipment | | 3,166,632 | |
| Furniture and equipment | | 663,858 | |
| Leased property under capital leases | | 48,000 | |
| Accumulated depreciation | | <u>(10,430,062)</u> | 15,267,564 |
| 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 | | (1,625,000) | |
| Limited obligation bonds | | (1,665,000) | |
| Notes payable | | (534,000) | |
| Compensated absences | | (141,822) | |
| Accrued interest payable | | <u>(47,229)</u> | <u>(4,013,051)</u> |
| Net position of governmental activities | | | \$ <u>13,247,351</u> |

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

NOXUBEE COUNTY SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014

| | General Fund | Major Sixteenth Section Interest Fund | School Lunch Fund |
|--|---------------------|--|-------------------------|
| Revenues: | | | |
| Local sources | \$ 3,301,641 | \$ - | \$ 87,479 |
| State sources | 7,851,704 | - | 13,399 |
| Federal sources | 186,610 | - | 1,252,623 |
| Sixteenth section sources | - | <u>351,532</u> | - |
| Total Revenues | <u>11,339,955</u> | <u>351,532</u> | <u>1,353,501</u> |
| Expenditures: | | | |
| Instruction | 7,038,703 | - | - |
| Support services | 5,669,902 | - | 203,192 |
| Noninstructional services | - | - | 1,011,369 |
| Sixteenth section | - | 25,340 | - |
| Debt service: | | | |
| Principal | 801,901 | - | - |
| Interest | <u>5,898</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>13,516,404</u> | <u>25,340</u> | <u>1,214,561</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,176,449)</u> | <u>326,192</u> | <u>138,940</u> |
| Other Financing Sources (Uses): | | | |
| Proceeds of loans | 750,000 | - | - |
| Insurance loss recoveries | 54,466 | - | - |
| Operating transfers in | 1,023,906 | - | - |
| Operating transfers out | <u>(456,692)</u> | <u>(800,731)</u> | <u>(181,455)</u> |
| Total Other Financing Sources (Uses) | <u>1,371,680</u> | <u>(800,731)</u> | <u>(181,455)</u> |
| Net Change in Fund Balances | <u>(804,769)</u> | <u>(474,539)</u> | <u>(42,515)</u> |
| Fund Balances: | | | |
| July 1, 2013, as previously reported | 659,938 | 267,077 | 441,377 |
| Prior Period Adjustments | <u>7,566</u> | <u>222,100</u> | <u>43,599</u> |
| July 1, 2013, as restated | <u>667,504</u> | <u>489,177</u> | <u>484,976</u> |
| Increase (Decrease) in reserve for inventory | <u>-</u> | <u>-</u> | <u>10,272</u> |
| June 30, 2014 | <u>\$ (137,265)</u> | <u>\$ 14,638</u> | <u>\$ 452,733</u> |

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

EXHIBIT D

| Funds Sixteenth Section Principal Fund | Title I Fund | Other Governmental Funds | Total Governmental Funds |
|---|------------------|--------------------------------|--------------------------------|
| \$ - | \$ 488 | \$ 508,226 | \$ 3,897,834 |
| - | - | 953,705 | 8,818,808 |
| - | 1,099,132 | 1,019,799 | 3,558,164 |
| <u>1,770</u> | <u>-</u> | <u>6,186</u> | <u>359,488</u> |
| <u>1,770</u> | <u>1,099,620</u> | <u>2,487,916</u> | <u>16,634,294</u> |
| - | 384,825 | 904,818 | 8,328,346 |
| - | 651,771 | 1,071,539 | 7,596,404 |
| - | 125,865 | 10,725 | 1,147,959 |
| - | - | 48,248 | 73,588 |
| - | - | 675,000 | 1,476,901 |
| - | - | 139,511 | 145,409 |
| <u>-</u> | <u>1,162,461</u> | <u>2,849,841</u> | <u>18,768,607</u> |
| <u>1,770</u> | <u>(62,841)</u> | <u>(361,925)</u> | <u>(2,134,313)</u> |
| - | - | - | 750,000 |
| - | - | - | 54,466 |
| - | - | 460,795 | 1,484,701 |
| <u>(348)</u> | <u>(25,845)</u> | <u>(19,630)</u> | <u>(1,484,701)</u> |
| <u>(348)</u> | <u>(25,845)</u> | <u>441,165</u> | <u>804,466</u> |
| <u>1,422</u> | <u>(88,686)</u> | <u>79,240</u> | <u>(1,329,847)</u> |
| 915,362 | - | 694,003 | 2,977,757 |
| - | 88,686 | (27,295) | 334,656 |
| <u>915,362</u> | <u>88,686</u> | <u>666,708</u> | <u>3,312,413</u> |
| - | - | - | 10,272 |
| <u>\$ 916,784</u> | <u>\$ -</u> | <u>\$ 745,948</u> | <u>\$ 1,992,838</u> |

NOXUBEE 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

Net change in fund balances - total governmental funds \$ (1,329,847)

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

- 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 | \$ 287,441 | |
| Depreciation expense | <u>(587,156)</u> | (299,715) |

- 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. (69)

- 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 issuance costs, 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:

| | | |
|----------------------------|--------------|---------|
| Bonds and notes issued | (750,000) | |
| Payments of debt principal | 1,476,901 | |
| Accrued interest payable | <u>8,589</u> | 735,490 |

- 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 | (10,225) | |
| Change in inventory reserve | <u>10,272</u> | <u>47</u> |

Change in net position of governmental activities \$ (894,094)

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

NOXUBEE COUNTY SCHOOL DISTRICT
 Fiduciary Funds
 Statement of Fiduciary Assets and Liabilities
 June 30, 2014

| | Agency Funds |
|--|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 45,600 |
| Due from other funds | 1 |
| Total Assets | \$ 45,601 |
| Liabilities | |
| Accounts payable and accrued liabilities | \$ 35,691 |
| Due to student clubs | 9,910 |
| Total Liabilities | \$ 45,601 |

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five (5) member board to which each member was elected by the citizens of each defined county district.

For financial reporting purposes, Noxubee 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 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.

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

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

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

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

The school district reports the following major governmental funds:

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

Sixteen Section Interest Fund - This fund is used to account for revenues and expenditures associated with sixteenth section land.

School Lunch Fund - This fund is used to account for food distribution (CFDA #10.550), the school breakfast program (CFDA #10.553) and the national school lunch program (CFDA #10.555).

Sixteenth Section Principal Fund - This fund is used to account for sixteenth section resources that are legally restricted; only earnings, and not the principal, may be used for purposes that support the district's programs.

Title I Fund - This fund is used to account for the revenues received for the education of economically deprived children.

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

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

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.

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

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, and net position/fund balances

1. Cash, Cash Equivalents and Investments

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

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.

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

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

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 |
| 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.

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

7. Compensated Absences

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

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

8. Long-term Liabilities 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.

9. Fund Balances

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

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

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

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

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

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

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

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

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

NOTE 2 - CASH AND CASH EQUIVALENTS AND CASH WITH FISCAL AGENTS,
AND INVESTMENTS

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,368,816 and \$45,600, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages the risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$3,344,988 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$159,756.

Investments.

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

| Investment Type | Rating | Maturities (in years) | Fair Value |
|-------------------------|--------|--------------------------|-----------------|
| Certificated of deposit | | N/A | \$ <u>5,642</u> |

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

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

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

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

Concentration of Credit Risk. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014 the district had the following investments:

| Issuer | Fair Value | % of Total Investments |
|-----------------------|-----------------|------------------------|
| Citizen National Bank | \$ <u>5,642</u> | 100% |

NOTE 3 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

| Receivable Fund | Payable Fund | Amount |
|--------------------------|----------------------------------|---------------------|
| General Fund | Sixteenth Section Interest Fund | \$ 531,406 |
| | Sixteenth Section Principal Fund | 348 |
| | School Lunch Fund | 173,456 |
| | Title I Fund | 161,082 |
| | Other governmental funds | 60,192 |
| | Sixteenth Section Interest Fund | General Fund |
| Title I Fund | General Fund | 344,927 |
| Other governmental funds | General fund | 191,587 |
| | Title I Fund | 228,452 |
| | Sixteenth Section Interest Fund | 60,205 |
| Fiduciary funds | General fund | 1 |
| Total | | <u>\$ 1,811,656</u> |

Due from other funds represents amounts receivable from other funds and due to other funds represents amounts payable to other funds.

Interfund loans were mainly for negative cash balances in pooled bank accounts.

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

B. Advances To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|----------------------------------|---------------------|-------------------|
| Sixteenth Section Principal Fund | General Fund | \$ 510,000 |
| Total | | <u>\$ 510,000</u> |

Sixteenth Section Principal Loan Payable

NOTE: The sixteenth section principal loan payable is not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|-------------------|------------------|-------------------|
| 2015 | \$ 56,472 | \$ 20,400 | \$ 76,872 |
| 2016 | 58,731 | 18,141 | 76,872 |
| 2017 | 61,080 | 15,792 | 76,872 |
| 2018 | 63,523 | 13,349 | 76,872 |
| 2019 | 66,064 | 10,808 | 76,872 |
| 2020 - 2021 | <u>204,130</u> | <u>16,140</u> | <u>220,270</u> |
| Total | <u>\$ 510,000</u> | <u>\$ 94,630</u> | <u>\$ 604,630</u> |

C. Interfund Transfers

| <u>Transfer Out</u> | <u>Transfer In</u> | <u>Amount</u> |
|----------------------------------|--------------------------|---------------------|
| General Fund | Other Governmental Funds | \$ 456,692 |
| Sixteenth Section Interest Fund | General Fund | 800,731 |
| School Lunch Fund | General Fund | 177,352 |
| | Other Governmental Funds | 4,103 |
| Sixteenth Section Principal Fund | General Fund | 348 |
| Title I Fund | General Fund | 25,845 |
| Other Governmental Funds | General Fund | <u>19,630</u> |
| Total | | <u>\$ 1,484,701</u> |

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

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

NOTE 4 - RESTRICTED ASSETS

The restricted assets represent the cash balance totaling \$407,132 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 \$159,756 of the MAEP Limited Obligation Bond/Note Fund.

NOTE 5 - CAPITAL ASSETS

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

| Governmental Activities: | <u>Balance</u> <u>July 1, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2014</u> |
|---|---------------------------------------|---------------------|------------------|--|
| <u>Non-depreciable capital assets:</u> | | | | |
| Land | \$ <u>49,211</u> | <u>-</u> | <u>-</u> | \$ <u>49,211</u> |
| Total non-depreciable capital assets | <u>49,211</u> | <u>-</u> | <u>-</u> | <u>49,211</u> |
| <u>Depreciable capital assets:</u> | | | | |
| Buildings | 17,473,222 | - | - | 17,473,222 |
| Building improvements | 4,100,875 | - | - | 4,100,875 |
| Improvements other than buildings | 195,828 | - | - | 195,828 |
| Mobile equipment | 2,944,707 | 221,925 | - | 3,166,632 |
| Furniture and equipment | 605,232 | 65,516 | (6,890) | 663,858 |
| Property under capital leases | <u>48,000</u> | <u>-</u> | <u>-</u> | <u>48,000</u> |
| Total depreciable capital assets | <u>25,367,864</u> | <u>287,441</u> | <u>(6,890)</u> | <u>25,648,415</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings | 5,099,149 | 307,754 | - | 5,406,903 |
| Building improvements | 2,010,571 | 139,467 | - | 2,150,038 |
| Improvements other than buildings | 69,895 | 3,542 | - | 73,437 |
| Mobile equipment | 2,188,160 | 87,455 | - | 2,275,615 |
| Furniture and equipment | 443,552 | 48,938 | (6,821) | 485,669 |
| Property under capital lease | <u>38,400</u> | <u>-</u> | <u>-</u> | <u>38,400</u> |
| Total accumulated depreciation | <u>9,849,727</u> | <u>587,156</u> | <u>(6,821)</u> | <u>10,430,062</u> |
| Total depreciable capital assets, net | <u>15,518,137</u> | <u>(299,715)</u> | <u>(69)</u> | <u>15,218,353</u> |
| Governmental activities capital assets, net | <u>\$ 15,567,348</u> | <u>\$ (299,715)</u> | <u>\$ (69)</u> | <u>\$ 15,267,564</u> |

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

Depreciation expense was charged to the following governmental functions:

| | Amount |
|---|------------|
| Governmental Activities: | |
| Instruction | \$ 442,448 |
| Support services | 105,143 |
| Non-instructional | 39,565 |
| Total depreciation expense - Government Activities | \$ 587,156 |

NOTE 6 - LONG-TERM LIABILITIES

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

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 | Amounts Due Within One Year |
|-------------------------------------|----------------------------|------------|--------------|-----------------------------|-----------------------------------|
| A. General obligation bonds payable | \$ 1,875,000 | \$ - | \$ 250,000 | \$ 1,625,000 | \$ 255,000 |
| B. Limited obligation bonds payable | 1,975,000 | - | 310,000 | 1,665,000 | 315,000 |
| C. Shortfall notes payable | 51,902 | - | 51,902 | - | - |
| D. Three mill notes payable | 649,000 | - | 115,000 | 534,000 | 122,000 |
| E. Revenue anticipation note | - | 750,000 | 750,000 | - | - |
| F. Compensated absences payable | 131,597 | 10,225 | - | 141,822 | 57,328 |
| Total | \$ 4,682,499 | \$ 760,225 | \$ 1,476,902 | \$ 3,965,822 | \$ 749,328 |

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 bonds, Series 2009 | 3.8% | 09-14-2009 | 09-15-2019 | \$ 2,490,000 | \$ 1,625,000 |
| Total | | | | \$ 2,490,000 | \$ 1,625,000 |

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

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|-------------------|---------------------|
| 2015 | \$ 255,000 | \$ 61,750 | \$ 316,750 |
| 2016 | 265,000 | 52,060 | 317,060 |
| 2017 | 275,000 | 41,990 | 316,990 |
| 2018 | 285,000 | 31,540 | 316,540 |
| 2019 | 295,000 | 52,250 | 347,250 |
| 2020 - 2021 | <u>250,000</u> | <u>9,500</u> | <u>259,500</u> |
| Total | <u>\$ 1,625,000</u> | <u>\$ 249,090</u> | <u>\$ 1,874,090</u> |

This debt will be retired from the Noxubee County School District's Debt Service Fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Section 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 3% of property assessments as of October 1, 2013.

B. Limited obligation bonds payable.

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

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|-------------------------------------|------------------|---------------|------------------|---------------------|-----------------------|
| State aid capital improvement bonds | 1.75% to 3.0% | 03-13-2009 | 02-01-2018 | \$ <u>2,905,000</u> | \$ <u>1,665,000</u> |
| Total | | | | \$ <u>2,905,000</u> | \$ <u>1,665,000</u> |

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|---------------------|----------------|---------------------|
| 2015 | \$ 315,000 | 40,906 | \$ 355,906 |
| 2016 | 325,000 | 33,143 | 358,143 |
| 2017 | 330,000 | 24,625 | 354,625 |
| 2018 | <u>695,000</u> | <u>15,410</u> | <u>710,410</u> |
| Total | <u>\$ 1,665,000</u> | <u>114,084</u> | <u>\$ 1,779,084</u> |

This debt will be retired from the Noxubee County School District's Debt Service Fund.

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

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

C. Shortfall notes payable

This debt was fully retired during the year.

D. Three mill note payable

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|-------------------------|----------------|------------|---------------|---------------------|--------------------|
| Three mill note payable | 3.75% to 4.25% | 10/15/02 | 10/15/17 | \$ 1,400,000 | \$ 534,000 |
| Total | | | | <u>\$ 1,400,000</u> | <u>\$ 534,000</u> |

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

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|-------------------|---------------|-------------------|
| 2015 | \$ 122,000 | 19,939 | \$ 141,939 |
| 2016 | 130,000 | 14,647 | 144,647 |
| 2017 | 137,000 | 9,040 | 146,040 |
| 2018 | <u>145,000</u> | <u>3,081</u> | <u>148,081</u> |
| Total | <u>\$ 534,000</u> | <u>46,707</u> | <u>\$ 580,707</u> |

This debt will be retired from the Noxubee County School District's Debt Service Fund.

E. Revenue Anticipation Note

The school district has issued debt instrument under the authority of Section 37-59-37 Miss. Code Ann. (1972).

Debt currently outstanding is as follows:

| Description | Interest Rate | Issue Date | Maturity Date | Amount Issued | Amount Outstanding |
|---------------------------|---------------|------------|---------------|-------------------|--------------------|
| Revenue Anticipation Note | 1.35% | 12-20-13 | 6-1-14 | \$ 750,000 | \$ - |
| Total | | | | <u>\$ 750,000</u> | <u>\$ -</u> |

This debt was fully retired during the year.

F. Compensated absences payable

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended 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 \$1,474,854, \$1,377,975, and \$1,259,694, respectively, which equaled the required contributions for each year.

NOTE 8 - SIXTEENTH SECTION LANDS

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2015 | \$ 324,463 |
| 2016 | 269,801 |
| 2017 | 264,394 |
| 2018 | 234,627 |
| 2019 | 188,862 |
| 2020 - 2024 | 902,461 |
| 2025 - 2029 | 854,619 |
| 2030 - 2034 | 795,707 |
| 2035 - 2040 | 602,974 |
| 2040 - 2044 | 123,909 |
| 2045 - 2049 | 30,677 |
| 2050 - 2054 | 9,698 |
| | <u>\$ 4,602,192</u> |

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

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

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

| <u>Exhibit B - Statement of Activities</u> | <u>Amount</u> |
|--|-------------------|
| <u>Explanation</u> | |
| Reclassify fund equity - An adjustment to correct a prior year error in recording an asset or liability. | <u>\$ 334,657</u> |

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

| Fund | Explanation | Amount |
|--------------------------|---|-------------------|
| General Funds | Overstatement of prior year expenses | \$ 7,566 |
| Sixteenth Section | | |
| Interest Fund | Transfers to District Maintenance Funds | 222,100 |
| School Lunch Fund | Prior year indirect cost | 43,599 |
| Title I Fund | Overstatement of prior year expenses | 88,686 |
| Other governmental funds | Understatement of prior year expenses | <u>(27,295)</u> |
| Total | | <u>\$ 334,656</u> |

NOTE 10 - 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 Worker's 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 member's 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.

NOXUBEE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2014

NOTE 11 - 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 Noxubee County School District evaluated the activity of the district through September 28, 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.

NOXUBEE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (GAAP Basis) | <u>Variances Positive (Negative)</u> | |
|--|-------------------------|--------------------|------------------------|--|----------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Original to Final</u> | <u>Final to Actual</u> |
| Revenues: | | | | | |
| Local sources | \$ 3,253,214 | \$ 3,303,332 | \$ 3,301,641 | \$ 50,118 | \$ (1,691) |
| State sources | 7,864,168 | 7,851,704 | 7,851,704 | (12,464) | - |
| Federal sources | 174,127 | 186,610 | 186,610 | 12,483 | - |
| Total Revenues | <u>11,291,509</u> | <u>11,341,646</u> | <u>11,339,955</u> | <u>50,137</u> | <u>(1,691)</u> |
| Expenditures: | | | | | |
| Instruction | 6,653,971 | 7,011,939 | 7,038,703 | (357,968) | (26,764) |
| Support services | 4,929,158 | 5,627,333 | 5,669,902 | (698,175) | (42,569) |
| Debt service | | | | | |
| Principal | - | 801,901 | 801,901 | (801,901) | - |
| Interest | - | 5,898 | 5,898 | (5,898) | - |
| Total Expenditures | <u>11,583,129</u> | <u>13,447,071</u> | <u>13,516,404</u> | <u>(1,863,942)</u> | <u>(69,333)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(291,620)</u> | <u>(2,105,425)</u> | <u>(2,176,449)</u> | <u>(1,813,805)</u> | <u>(71,024)</u> |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from loans | - | 750,000 | 750,000 | 750,000 | - |
| Insurance recovery | - | 54,466 | 54,466 | 54,466 | - |
| Operating transfers in | 990,490 | 1,145,611 | 1,023,906 | 155,121 | (121,705) |
| Operating transfers out | (727,464) | (578,397) | (456,692) | 149,067 | 121,705 |
| Other financing uses | - | 194,985 | - | 194,985 | (194,985) |
| Total Other Financing Sources (Uses) | <u>263,026</u> | <u>1,566,665</u> | <u>1,371,680</u> | <u>1,303,639</u> | <u>(194,985)</u> |
| Net Change in Fund Balances | <u>(28,594)</u> | <u>(538,760)</u> | <u>(804,769)</u> | <u>(510,166)</u> | <u>(266,009)</u> |
| Fund Balances: | | | | | |
| July 1, 2013, as previously reported | 619,072 | 576,109 | 659,938 | (42,963) | 83,829 |
| Prior period adjustment | - | - | 7,566 | - | 7,566 |
| July 1, 2013, as restated | <u>619,072</u> | <u>576,109</u> | <u>667,504</u> | <u>(42,963)</u> | <u>91,395</u> |
| June 30, 2014 | <u>\$ 590,478</u> | <u>\$ 37,349</u> | <u>\$ (137,265)</u> | <u>\$ (553,129)</u> | <u>\$ (174,614)</u> |

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

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule
Sixteenth Section Interest Fund
For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual (GAAP Basic) | Variances Positive (Negative) | |
|---|-------------------|------------------|------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Sixteenth section sources | \$ 364,500 | \$ 351,532 | \$ 351,532 | \$ (12,968) | \$ - |
| Total Revenues | <u>364,500</u> | <u>351,532</u> | <u>351,532</u> | <u>(12,968)</u> | <u>-</u> |
| Expenditures: | | | | | |
| Sixteenth section | 28,000 | 25,339 | 25,340 | 2,661 | (1) |
| Total Expenditures | <u>28,000</u> | <u>25,339</u> | <u>25,340</u> | <u>2,661</u> | <u>(1)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>336,500</u> | <u>326,193</u> | <u>326,192</u> | <u>(10,307)</u> | <u>(1)</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers out | (673,549) | (800,730) | (800,731) | (127,181) | (1) |
| Total Other Financing Sources (Uses) | <u>(673,549)</u> | <u>(800,730)</u> | <u>(800,731)</u> | <u>(127,181)</u> | <u>(1)</u> |
| Net Change in Fund Balances | <u>(337,049)</u> | <u>(474,537)</u> | <u>(474,539)</u> | <u>(137,488)</u> | <u>(2)</u> |
| Fund Balances: | | | | | |
| July 1, 2013, as previously stated | 800,000 | 260,934 | 267,077 | (539,066) | 6,143 |
| Prior period adjustment | <u>-</u> | <u>235,000</u> | <u>222,100</u> | <u>235,000</u> | <u>(12,900)</u> |
| July 1, 2013, as restated | <u>800,000</u> | <u>495,934</u> | <u>489,177</u> | <u>(304,066)</u> | <u>(6,757)</u> |
| June 30, 2014 | <u>\$ 462,951</u> | <u>\$ 21,397</u> | <u>\$ 14,638</u> | <u>\$ (441,554)</u> | <u>\$ (6,759)</u> |

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

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule
School Lunch Fund
For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual (GAAP Basic) | Variances Positive (Negative) | |
|--|-------------------|------------------|------------------------|----------------------------------|--------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Local sources | \$ 76,330 | 87,479 | 87,479 | 11,149 | \$ - |
| State sources | 6,200 | 13,399 | 13,399 | 7,199 | - |
| Federal sources | 1,014,912 | 1,252,623 | 1,252,623 | 237,711 | - |
| Sixteenth section sources | - | - | - | - | - |
| Total Revenues | <u>1,097,442</u> | <u>1,353,501</u> | <u>1,353,501</u> | <u>256,059</u> | <u>-</u> |
| Expenditures: | | | | | |
| Support services | 113,283 | 203,192 | 203,192 | (89,909) | - |
| Noninstructional services | <u>1,001,339</u> | <u>1,001,097</u> | <u>1,011,369</u> | <u>242</u> | <u>(10,272)</u> |
| Total Expenditures | <u>1,114,622</u> | <u>1,204,289</u> | <u>1,214,561</u> | <u>(89,667)</u> | <u>(10,272)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(17,180)</u> | <u>149,212</u> | <u>138,940</u> | <u>166,392</u> | <u>(10,272)</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers out | <u>(118,933)</u> | <u>(183,194)</u> | <u>(181,455)</u> | <u>(64,261)</u> | <u>1,739</u> |
| Total Other Financing Sources (Uses) | <u>(118,933)</u> | <u>(183,194)</u> | <u>(181,455)</u> | <u>(64,261)</u> | <u>1,739</u> |
| Net Change in Fund Balances | <u>(136,113)</u> | <u>(33,982)</u> | <u>(42,515)</u> | <u>102,131</u> | <u>(8,533)</u> |
| Fund Balances: | | | | | |
| July 1, 2013, as previously stated | 435,000 | 484,098 | 441,377 | 49,098 | (42,721) |
| Prior period adjustment | - | - | 43,599 | - | 43,599 |
| July 1, 2013, as restated | <u>435,000</u> | <u>484,098</u> | <u>484,976</u> | <u>49,098</u> | <u>878</u> |
| Inventory change | - | - | 10,272 | - | 10,272 |
| June 30, 2014 | <u>\$ 298,887</u> | <u>450,116</u> | <u>452,733</u> | <u>151,229</u> | <u>\$ 2,617</u> |

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

NOXUBEE COUNTY SCHOOL DISTRICT
Required Supplemental Information
Budgetary Comparison Schedule
Title I Fund
For the Year Ended June 30, 2014

| | Budgeted Amounts | | Actual (GAAP Basic) | Variances Positive (Negative) | |
|--|------------------|------------------|------------------------|----------------------------------|---------------------|
| | Original | Final | | Original to Final | Final to Actual |
| Revenues: | | | | | |
| Local sources | - | 488 | 488 | 488 | - |
| Federal sources | \$ 1,382,056 | 1,247,861 | 1,099,132 | (134,195) | \$ (148,729) |
| Total Revenues | <u>1,382,056</u> | <u>1,248,349</u> | <u>1,099,620</u> | <u>(133,707)</u> | <u>(148,729)</u> |
| Expenditures: | | | | | |
| Instruction | 811,426 | 410,889 | 384,825 | 400,537 | 26,064 |
| Support services | 444,802 | 644,076 | 651,771 | (199,274) | (7,695) |
| Noninstructional services | 74,713 | 125,865 | 125,865 | (51,152) | - |
| Total Expenditures | <u>1,330,941</u> | <u>1,180,830</u> | <u>1,162,461</u> | <u>150,111</u> | <u>18,369</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>51,115</u> | <u>67,519</u> | <u>(62,841)</u> | <u>16,404</u> | <u>(130,360)</u> |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers out | <u>(51,115)</u> | <u>(25,845)</u> | <u>(25,845)</u> | <u>25,270</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(51,115)</u> | <u>(25,845)</u> | <u>(25,845)</u> | <u>25,270</u> | <u>-</u> |
| Net Change in Fund Balances | <u>-</u> | <u>41,674</u> | <u>(88,686)</u> | <u>41,674</u> | <u>(130,360)</u> |
| Fund Balances: | | | | | |
| July 1, 2013, as previously stated | - | 322,147 | - | 322,147 | (322,147) |
| Prior period adjustment | - | (235,000) | 88,686 | (235,000) | 323,686 |
| July 1, 2013, as restated | <u>-</u> | <u>87,147</u> | <u>88,686</u> | <u>87,147</u> | <u>1,539</u> |
| June 30, 2014 | <u>\$ -</u> | <u>128,821</u> | <u>-</u> | <u>128,821</u> | <u>\$ (128,821)</u> |

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

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

NOXUBEE COUNTY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY SCHOOL DISTRICT
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Catalog of Federal Domestic Assistance Number</u> | <u>Federal Expenditures</u> |
|---|--|---------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | |
| Passed-Through Mississippi Department of Education: | | |
| Child Nutrition Cluster | | |
| School Breakfast Program | 10.553 | \$ 365,440 |
| National School Lunch Program | 10.555 | 887,183 |
| Summer Food Service Program for Children | 10.559 | <u>15,840</u> |
| Total Child Nutrition Cluster | | <u>1,268,463</u> |
| Total passed through Mississippi Department of Education | | <u>1,268,463</u> |
| Total U.S. Department of Agriculture | | <u>1,268,463</u> |
| <u>U. S. Department of Education</u> | | |
| Passed-through Mississippi Department of Education: | | |
| Title I - grants to local educational agencies | 84.010 | 1,154,584 |
| Career and Technical Education - basic grants to states | 84.048 | 34,433 |
| Education for Homeless Children and Youth | 84.196 | 4,155 |
| Twenty-first century community learning center | 84.287 | 175,743 |
| Rural education | 84.358 | 33,152 |
| Improving teacher quality - state grants | 84.367 | 114,218 |
| Grants for state assessments and related activities | 84.369 | <u>156,792</u> |
| | | <u>1,673,077</u> |
| Special Education Cluster: | | |
| Special education - grants to states | 84.027 | 390,004 |
| Special education - preschool grants | 84.173 | <u>11,219</u> |
| Total Special Education Cluster | | <u>401,223</u> |
| Total passed-through Mississippi Department of Education | | <u>2,074,300</u> |
| Total U.S. Department of Education | | <u>2,074,300</u> |
| <u>U. S. Department of Defense</u> | | |
| Direct Program: | | |
| Reserve Officer Training Program | 12.XXX | <u>36,997</u> |
| Total U. S. Department of Defense | | <u>36,997</u> |
| <u>Federal Communications Commission</u> | | |
| Administered through the Universal Service Administration Company: | | |
| The schools and libraries program of the universal service fund | 32.XXX | <u>83,845</u> |
| Total Federal Communications Commission | | <u>83,845</u> |
| Total for All Federal Awards | | \$ <u>3,463,605</u> |

NOXUBEE COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
Notes to Schedule
For the Year Ended June 30, 2014

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.

NOXUBEE 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 | \$13,548,012 | 9,574,567 | 833,002 | 824,864 | 2,315,579 |
| Other | <u>5,220,595</u> | <u>917,000</u> | <u>474,449</u> | <u>47,330</u> | <u>3,781,816</u> |
| Total | <u>\$18,768,607</u> | <u>10,491,567</u> | <u>1,307,451</u> | <u>872,194</u> | <u>6,097,395</u> |
| Total number of students* | <u>1,795</u> | | | | |
| Cost per student | <u>\$ 10,456</u> | <u>5,845</u> | <u>728</u> | <u>486</u> | <u>3,397</u> |

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

Instruction and other student instructional expenditures - Includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

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

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

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

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

NOXUBEE COUNTY SCHOOL DISTRICT

OTHER INFORMATION

NOXUBEE COUNTY SCHOOL DISTRICT
Other Information
Statement of Revenues, Expenditures and Changes
in Fund Balances
General Fund
Last Four Years
UNAUDITED

| | <u>2014</u> | <u>2013*</u> | <u>2012*</u> | <u>2011*</u> |
|--|---------------------|--------------------|--------------------|---------------------|
| Revenues: | | | | |
| Local sources | \$ 3,301,641 | \$ 3,390,545 | \$ 3,226,580 | \$ 3,402,315 |
| State sources | 7,851,704 | 8,078,722 | 8,083,395 | 7,924,063 |
| Federal sources | <u>186,610</u> | <u>101,910</u> | <u>153,355</u> | <u>91,607</u> |
| Total Revenues | <u>11,339,955</u> | <u>11,571,177</u> | <u>11,463,330</u> | <u>11,417,985</u> |
| Expenditures: | | | | |
| Instruction | 7,038,703 | 7,390,360 | 7,050,750 | 5,854,944 |
| Support services | 5,669,902 | 5,450,625 | 5,345,811 | 4,729,864 |
| Noninstructional services | - | - | - | 789 |
| Debt service: | | | | |
| Principal | 801,901 | 143,113 | 139,814 | 86,807 |
| Interest | <u>5,898</u> | <u>7,768</u> | <u>11,066</u> | <u>46,666</u> |
| Total Expenditures | <u>13,516,404</u> | <u>12,991,866</u> | <u>12,547,441</u> | <u>10,719,070</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,176,449)</u> | <u>(1,420,689)</u> | <u>(1,084,111)</u> | <u>698,915</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds of loan | 750,000 | - | 152,044 | 112,513 |
| Insurance recovery | 54,466 | 12,834 | 18,289 | 2,335 |
| Operating transfers in | 1,023,906 | 1,350,701 | 1,160,724 | 1,236,934 |
| Operating transfers out | (456,692) | (420,075) | (616,062) | (1,550,396) |
| Payment to refunded bond escrow | - | - | - | (32,699) |
| Other financing uses | <u>-</u> | <u>-</u> | <u>(191)</u> | <u>(142)</u> |
| Total Other Financing Sources (Uses) | <u>1,371,680</u> | <u>943,460</u> | <u>714,804</u> | <u>(231,455)</u> |
| Net Change in Fund Balances | <u>(804,769)</u> | <u>(477,229)</u> | <u>(369,307)</u> | <u>467,460</u> |
| Fund Balances: | | | | |
| Beginning of period, as previously reported | 659,938 | 998,869 | 1,368,755 | 1,013,808 |
| Prior period adjustments | <u>7,566</u> | <u>138,298</u> | <u>(579)</u> | <u>(112,513)</u> |
| Beginning of period, as restated | <u>667,504</u> | <u>1,137,167</u> | <u>1,368,176</u> | <u>901,295</u> |
| End of Period | <u>\$ (137,265)</u> | <u>\$ 659,938</u> | <u>\$ 998,869</u> | <u>\$ 1,368,755</u> |

*SOURCE - PRIOR YEAR AUDIT REPORTS

NOXUBEE COUNTY SCHOOL DISTRICT
 Other Information
 Statement of Revenues, Expenditures and Changes
 in Fund Balances
 All Governmental Funds
 Last Four Years
 UNAUDITED

| | <u>2014</u> | <u>2013*</u> | <u>2012*</u> | <u>2011*</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | |
| Local sources | \$ 3,897,834 | \$ 3,909,016 | \$ 3,673,141 | \$ 3,864,797 |
| State sources | 8,818,808 | 9,097,816 | 9,245,120 | 8,909,519 |
| Federal sources | 3,558,164 | 3,886,266 | 4,695,416 | 6,331,452 |
| Sixteenth section sources | <u>359,488</u> | <u>369,040</u> | <u>532,921</u> | <u>919,029</u> |
| Total Revenues | <u>16,634,294</u> | <u>17,262,138</u> | <u>18,146,598</u> | <u>20,024,797</u> |
| Expenditures: | | | | |
| Instruction | 8,328,346 | 9,211,273 | 9,551,327 | 9,698,928 |
| Support services | 7,596,404 | 7,328,690 | 7,411,575 | 7,040,356 |
| Noninstructional services | 1,147,959 | 1,098,748 | 1,087,804 | 996,302 |
| Sixteenth section | 73,588 | 139,072 | 87,875 | 89,714 |
| Facilities acquisition and construction | - | - | - | 157,444 |
| Debt service: | | | | |
| Principal | 1,476,901 | 1,083,113 | 467,814 | 674,807 |
| Interest | 145,409 | 174,298 | 200,682 | 248,286 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,907</u> |
| Total Expenditures | <u>18,768,607</u> | <u>19,035,194</u> | <u>18,807,077</u> | <u>18,946,744</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(2,134,313)</u> | <u>(1,773,056)</u> | <u>(660,479)</u> | <u>1,078,053</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds of loan | 750,000 | - | 152,044 | 112,513 |
| Insurance recovery | 54,466 | 12,834 | 18,289 | 2,335 |
| Operating transfers in | 1,484,701 | 1,770,776 | 1,931,583 | 2,787,330 |
| Operating transfers out | (1,484,701) | (1,770,776) | (1,931,583) | (2,787,330) |
| Payment to refunded bond escrow | - | - | - | (32,699) |
| Other financing uses | <u>-</u> | <u>-</u> | <u>(191)</u> | <u>(142)</u> |
| Total Other Financing Sources (Uses) | <u>804,466</u> | <u>12,834</u> | <u>170,142</u> | <u>82,007</u> |
| Net Change in Fund Balances | <u>(1,329,847)</u> | <u>(1,760,222)</u> | <u>(490,337)</u> | <u>1,160,060</u> |
| Fund Balances: | | | | |
| Beginning of period, as previously reported | 2,977,757 | 4,638,838 | 5,150,159 | 4,095,283 |
| Prior period adjustments | <u>334,656</u> | <u>93,094</u> | <u>(19,672)</u> | <u>(112,513)</u> |
| Beginning of period, as restated | <u>3,312,413</u> | <u>4,731,932</u> | <u>5,130,487</u> | <u>3,982,770</u> |
| Increase (Decrease) in reserve for inventory | <u>10,272</u> | <u>6,047</u> | <u>(1,312)</u> | <u>7,329</u> |
| End of period | <u>\$ 1,992,838</u> | <u>\$ 2,977,757</u> | <u>\$ 4,638,838</u> | <u>\$ 5,150,159</u> |

*SOURCE - PRIOR YEAR AUDIT REPORTS

NOXUBEE COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



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

Superintendent and School Board
Noxubee County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Noxubee 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 Noxubee County School District's basic financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Noxubee 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 the Noxubee County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Noxubee 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 Noxubee 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 instance of noncompliance or other matters that is 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.

Barr, Finley, White & Co.
September 28, 2015
Ridgeland, Mississippi



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
Noxubee County School District

Report on Compliance for Each Major Federal Program

We have audited Noxubee 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 Noxubee County School District's major federal programs for the year ended June 30, 2014. Noxubee 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 Noxubee 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 Noxubee 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 Noxubee County School District's compliance.

Opinion on Each Major Federal Program

In our opinion Noxubee 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 Noxubee 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 Noxubee 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 Noxubee 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.

Barr, King, White & Co.

September 28, 2015
Ridgeland, Mississippi

NOXUBEE COUNTY SCHOOL DISTRICT

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



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

Superintendent and School Board
Noxubee County School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Noxubee County School District as of and for the year ended June 30, 2014, which collectively comprise the Noxubee County School District's basic financial statements and have issued our report thereon dated September 28, 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(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(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), Mississippi, 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 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 disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

1. Condition
The School District paid three (3) reemployed retirees more than allowed by law and did not file Form 4B with PERS for services performed by one of its employed retirees as required by Section 25-11-127, Miss Code Ann. (1972).

Recommendation

The School District should compensate retirees and file the appropriate form(s) with PERS for the employment of retirees as required by Section 25-11-127, Miss Code Ann. (1972).

School District's Response

The District will develop policies and procedures to ensure that reemployed retirees are paid and Form 4B is filed commensurate with the law as provided by Section 25-11-127 Miss Code Ann. (1972).

2. Finding

During our testwork of the unemployment compensation fund, we noted that the district did not maintain the required cash balance as required by Section 71-5-359 Miss. Code Ann. (1972).

Recommendation

The District should adopt procedures to comply with Section 71-5-359, Miss. Code Ann. (1972).

School District's Response

The District will adopt procedures to ensure that the unemployment compensation fund maintains the required cash balance to comply with section 71-5-359 Miss. Code Ann. (1972).

3. Finding

The District did not obtain at least two written quotes for six (6) purchases and did not advertise for one purchase as required by Section 31-7-13, Miss. Code Ann. (1972).

Recommendation

The district should comply with Section 31-7-13, Miss. Code Ann. (1972).

School District's Response

The district will implemented procedures to ensure compliance with Section 31-7-13, Miss Code Ann. (1972).

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

The Noxubee county School District's responses to the findings included in this report were not audited and, accordingly, we express no opinion on them.

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.

Barr, Fry, White & Co.
September 28, 2015

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None Reported |
| 3. | Noncompliance material to 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 federal programs: | Unmodified |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |
| 7. | Identification of major programs: | |

| CFDA Numbers | Name of Federal Program or Cluster |
|--------------|--|
| | Child Nutrition Cluster |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.559 | Summer Food Service Program for Children |
| 84.010 | Title I Grants to Local Education Agencies |

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

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

Section 2: Financial Statements 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 3: Federal Award Findings and Questioned Costs

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

NOXUBEE COUNTY SCHOOL DISTRICT
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior year finding.