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OKTIBBEHA COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2014

OKTIBBEHA COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Starkville Oktibbeha Consolidated School District
Starkville, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oktibbeha 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 Oktibbeha County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-15 and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2015,

on our consideration of the Oktibbeha 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 Oktibbeha County School District's internal control over financial reporting and compliance.

Cunningham CPAs, PLLC

Belzoni, Mississippi

June 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Oktibbeha 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 $45,646, including a prior period adjustment of ($17,114) and which represents a 1% decrease from fiscal year 2013. Total net position for 2013 decreased $45,401, including a prior period adjustment of $65,859, which represents a 1% decrease from fiscal year 2012.

- General revenues amounted to $8,091,163 and $8,349,216, or 80% and 78% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,981,421, or 20% of total revenues for 2014, and $2,415,225, or 22% of total revenues for 2013.

- The District had $10,101,116 and $10,875,701 in expenses for fiscal years 2014 and 2013; only $1,981,421 for 2014 and $2,415,225 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $8,091,163 for 2014 were not adequate to provide for these programs and $8,349,216 for 2013 were not adequate to provide for these programs.

- Among major funds, the General Fund had $7,361,142 in revenues and $8,133,980 in expenditures for 2014, and $7,769,637 in revenues and $8,296,627 in expenditures in 2013. The General Fund's fund balance decreased by $126,622, from 2013 to 2014, and decreased by $29,750, including a prior period adjustment of $77,737 from 2012 to 2013.

- Capital assets, net of accumulated depreciation, increased by $49,143, for 2014 and decreased by $187,300 for 2013. The increase for 2014 was due primarily to capital additions net of the increase in accumulated depreciation.

- Long-term debt decreased by $371,107 and decreased by $210,004 for 2013. This decrease for 2014 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by $1,680 for 2014 and decreased by $8 for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the

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

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $3,000,846 as of June 30, 2014.

The District's financial position is a product of several financial transactions including the net result of

activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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

Table 1
Condensed Statement of Net Position

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	$ 2,360,489	$ 2,392,375	-1.33 %
Restricted assets	1,342,246	1,673,144	-19.78 %
Capital assets, net	1,611,956	1,562,813	3.14 %
Total assets	**5,314,691**	**5,628,332**	**-5.57 %**
Current liabilities	335,572	232,460	44.36 %
Long-term debt outstanding	1,978,273	2,349,380	-15.80 %
Total liabilities	**2,313,845**	**2,581,840**	**-10.38 %**
Net position:			
Net investment in capital assets	140,509	(240,308)	158.47 %
Restricted	2,298,718	3,253,016	-29.34 %
Unrestricted	561,619	33,784	1562.38 %
Total net position	**$ 3,000,846**	**$ 3,046,492**	**-1.50 %**

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

- Increase in net capital assets in the amount of $49,143.
- The principal retirement of $363,755 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were $10,072,584 and $10,764,441, respectively. The total cost of all programs and services was $10,101,116 for 2014 and $10,875,701 for 2013.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 143,968	$ 137,875	4.42 %
Operating grants and contributions	1,837,453	2,277,350	(19.32) %
General revenues:			
Property taxes	3,593,264	3,593,346	(0.00) %
Grants and contributions not restricted	4,026,748	4,418,943	(8.88) %
Investment earnings	18,565	20,818	(10.82) %
Sixteenth section sources	399,712	281,085	42.20 %
Other	52,874	35,024	50.97 %
Total revenues	**10,072,584**	**10,764,441**	**(6.43) %**
Expenses:			
Instruction	4,854,019	5,044,512	(3.78) %
Support services	4,427,125	4,965,539	(10.84) %
Non-instructional	656,768	688,773	(4.65) %
Sixteenth section	110,434	109,372	0.97 %
Interest on long-term liabilities and other debt service costs	52,770	67,505	(21.83) %
Total expenses	**10,101,116**	**10,875,701**	**(7.12) %**
Increase (Decrease) in net position	**(28,532)**	**(111,260)**	**74.36 %**
Net Position, July 1, as originally reported	**3,046,492**	**3,091,893**	**(1.47) %**
Prior period adjustment	**(17,114)**	**65,859**	**(125.99) %**
Net Position, July 1, as restated	**3,029,378**	**3,157,752**	**(4.07) %**
Net Position, June 30	**$ 3,000,846**	**$ 3,046,492**	**(1.50) %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2014	2013	Change
Instruction	$ 4,854,019	$ 5,044,512	(3.78) %
Support services	4,427,125	4,965,539	(10.84) %
Non-instructional	656,768	688,773	(4.65) %
Sixteenth section	110,434	109,372	0.97 %
Interest on long-term liabilities and other debt service costs	52,770	67,505	(21.83) %
Total expenses	**$ 10,101,116**	**$ 10,875,701**	**(7.12) %**

	Net (Expense) Revenue		Percentage
	2014	2013	Change
Instruction	$ (4,104,741)	$ (4,263,256)	(3.72) %
Support services	(3,865,086)	(3,999,991)	(3.37) %
Non-instructional	(31,538)	(40,250)	(21.64) %
Sixteenth section	(65,560)	(89,474)	(26.73) %
Interest on long-term liabilities and other debt service costs	(52,770)	(67,505)	(21.83) %
Total net (expense) revenue	**$ (8,119,695)**	**$ (8,460,476)**	**(4.03) %**

- Net cost of governmental activities ($8,119,695 for 2014 and $8,460,476 for 2013) was financed by general revenue, which is primarily made up of property taxes ($3,593,264 for 2014 and $3,593,346 for 2013) and state and federal revenues ($4,026,748 for 2014 and $4,418,943 for 2013). In addition, there was $399,712 and $281,085 in Sixteenth Section sources for 2014 and 2013, respectively.

- Investment earnings amounted to $18,565 for 2014 and $20,818 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 $3,380,703, a decrease of $469,923, including a prior period adjustment of ($17,114) and which includes a decrease in inventory of $3,577. $1,068,445 or 32% 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 $2,312,258 or 68% 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 $126,622. The fund balance of Other Governmental Funds showed a decrease in the amount of $170,145, including a prior period adjustment of ($17,114) and which includes a decrease in reserve for inventory of $3,577, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title II Fund	No increase or decrease
16th Section Interest Fund	$ (202,437)
16th Section Principal Fund	$ 29,281

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were $4,614,121, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of $148,395 from 2013. Total accumulated depreciation as of June 30, 2014, was $3,002,165, and total depreciation expense for the year was $99,252, resulting in total net capital assets of $1,611,956.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	$ 11,450	$ 11,450	0.00 %
Buildings	903,777	917,399	(1.48) %
Improvements other than buildings	44,916	47,280	(5.00) %
Mobile equipment	641,729	571,820	12.23 %
Furniture and equipment	10,084	14,864	(32.16) %
Total	**$ 1,611,956**	**$ 1,562,813**	**3.14 %**

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

Debt Administration. At June 30, 2014, the District had $1,978,273 in outstanding long-term debt, of which $383,585 is due within one year. The liability for compensated absences decreased $1,680 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
Limited obligation refunding bonds payable	$ 1,040,000	$ 1,240,000	(16.13) %
Premium on debt issue	20,325	25,997	(21.82) %
Transportation equipment loans payable	336,793	429,326	(21.55) %
Obligations under energy efficiency leases	458,283	496,036	(7.61) %
Other loans payable	74,329	107,798	(31.05) %
Compensated absences payable	48,543	50,223	(3.35) %
Total	**$ 1,978,273**	**$ 2,349,380**	**(15.80) %**

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

CURRENT ISSUES

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

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

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

During the 2013 regular session, the Mississippi Legislature passed House Bill 716 which provides for an Administrative consolidation of the Oktibbeha County School District and the Starkville School District into one school district to be designated as Starkville Oktibbeha Consolidated School District effective July 1, 2015. As of July 1, 2015, the Oktibbeha County School District will no longer exist and will be consolidated into the designated Starkville Oktibbeha Consolidated School District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Starkville Oktibbeha Consolidated School District, 401 Greensboro Street, Starkville, MS 39759.

FINANCIAL STATEMENTS

OKTIBBEHA COUNTY SCHOOL DISTRICT

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

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,712,753
Due from other governments	479,817
Other receivables, net	161,674
Inventories	6,245
Restricted assets	1,342,246
Capital assets, non-depreciable:	
Land	11,450
Capital assets, net of accumulated depreciation:	
Buildings	903,777
Improvements other than buildings	44,916
Mobile equipment	641,729
Furniture and equipment	10,084
Total Assets	5,314,691
Liabilities	
Accounts payable and accrued liabilities	203,595
Unearned income	118,437
Interest payable on long-term liabilities	13,540
Long-term liabilities, due within one year:	
Capital related liabilities	344,085
Non-capital related liabilities	39,500
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,127,362
Non-capital related liabilities	467,326
Total Liabilities	2,313,845
Net Position	
Net investment in capital assets	140,509
Restricted for:	
Expendable:	
School-based activities	409,321
Debt service	489,311
Capital improvements	4,657
Forestry improvements	86,810
Unemployment benefits	25,453
Non-expendable:	
Sixteenth section	1,283,166
Unrestricted	561,619
Total Net Position	$ 3,000,846

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

Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 4,854,019	$ 55,028	$ 694,250	$ -	$ (4,104,741)
Support services	4,427,125	-	562,039	-	(3,865,086)
Non-instructional	656,768	44,066	581,164	-	(31,538)
Sixteenth section	110,434	44,874	-	-	(65,560)
Interest on long-term liabilities and other debt service costs	52,770	-	-	-	(52,770)
Total Governmental Activities	$ 10,101,116	$ 143,968	$ 1,837,453	$ -	$ (8,119,695)

General Revenues:	
Taxes:	
General purpose levies	3,398,223
Debt purpose levies	195,041
Unrestricted grants and contributions:	
State	3,886,492
Federal	140,256
Unrestricted investment earnings	18,565
Sixteenth section	399,712
Other	52,874
Total General Revenues	8,091,163
Change in Net Position	(28,532)
Net Position - Beginning, as originally reported	3,046,492
Prior period adjustment	(17,114)
Net Position - Beginning, as restated	3,029,378
Net Position - Ending	$ 3,000,846

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2014

Exhibit C

	Major Funds					
	General Fund	Title II Fund	16th Section Interest Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 308,185	$ 110,253	$ 643,834	$ 1,232,407	$ 650,481	$ 2,945,160
Cash with fiscal agents	-	-	-	-	109,839	109,839
Due from other governments	238,931	7,664		-	233,222	479,817
Other receivables, net	-	-	1,232	-	-	1,232
Due from other funds	294,111	-	-	-	142,907	437,018
Advances to other funds	-	-	-	50,759	-	50,759
Inventories	-	-	-	-	6,245	6,245
Total assets	841,227	117,917	645,066	1,283,166	1,142,694	4,030,070
Liabilities:						
Accounts payable and accrued liabilities	$ 177,767	$ -	$ 25,136	$ -	$ 693	$ 203,596
Unearned income	-	117,917	-	-	520	118,437
Advances from other funds	50,759	-	-	-	-	50,759
Due to other funds	139,628	-	4,298	-	132,649	276,575
Total Liabilities	368,154	117,917	29,434	-	133,862	649,367
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	6,254	6,254
Permanent fund principal	-	-	-	1,232,407	-	1,232,407
Advances	-	-	-	50,759	-	50,759
Restricted:						
Debt service	-	-	-	-	502,851	502,851
Forestry improvement purposes	-	-	-	-	86,810	86,810
Capital projects	-	-	-	-	4,657	4,657
Grant activities and school programs	-	-	-	-	382,807	382,807
Unemployment benefits	-	-	-	-	25,453	25,453
Assigned:						
Activity funds	20,260	-	-	-	-	20,260
Unassigned	452,813	-	615,632	-	-	1,068,445
Total Fund Balances	473,073	-	615,632	1,283,166	1,008,832	3,380,703
Total Liabilities and Fund Balances	$ 841,227	$ 117,917	$ 645,066	$ 1,283,166	$ 1,142,694	$ 4,030,070

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Governmental Funds

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

June 30, 2014

Total fund balances for governmental funds		$ 3,380,703
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	$ 11,450	
Buildings	2,543,595	
Improvements other than buildings	59,100	
Mobile equipment	1,640,651	
Furniture and equipment	359,325	
Accumulated depreciation	(3,002,165)	1,611,956
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:		
Limited obligation bonds payable	(1,040,000)	
Transportation loans payable	(336,793)	
Other loans payable	(74,329)	
Obligations under energy efficiency lease	(458,283)	
Unamortized premiums	(20,325)	
Compensated absences payable	(48,543)	
Accrued interest payable	(13,540)	(1,991,813)
Net position of governmental activities		$ 3,000,846

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Governmental Funds

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

For the Year Ended June 30, 2014

	Major Funds					
	General Fund	Title II Fund	16th Section Interest Fund	16th Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	$ 3,510,014	$ -	$ -	$ -	$ 245,352	$ 3,755,366
State sources	3,710,872	-	-	-	307,443	4,018,315
Federal sources	140,256	65,230	-	-	1,640,400	1,845,886
Sixteenth section sources	-	-	381,524	29,281	44,874	455,679
Total Revenues	7,361,142	65,230	381,524	29,281	2,238,069	10,075,246
Expenditures:						
Instruction	4,096,248	46,230	-	-	696,595	4,839,073
Support services	3,949,463	19,000	-	-	527,561	4,496,024
Noninstructional services	25,923	-	-	-	624,138	650,061
Sixteenth section	-	-	83,961	-	26,473	110,434
Debt service:						
Principal	37,753	-	-	-	326,002	363,755
Interest	24,593	-	-	-	40,538	65,131
Total Expenditures	8,133,980	65,230	83,961	-	2,241,307	10,524,478
Excess (Deficiency) of Revenues over (under) Expenditures	(772,838)	-	297,563	29,281	(3,238)	(449,232)
Other Financing Sources (Uses):						
Operating transfers in	792,550	-	-	-	146,334	938,884
Operating transfers out	(146,334)	-	(500,000)	-	(292,550)	(938,884)
Total Other Financing Sources (Uses)	646,216	-	(500,000)	-	(146,216)	-
Net Change in Fund Balances	(126,622)	-	(202,437)	29,281	(149,454)	(449,232)
Fund Balances:						
July 1, 2013, as originally reported	599,695	-	818,069	1,253,885	1,178,977	3,850,626
Prior period adjustments	-	-	-	-	(17,114)	(17,114)
July 1, 2013, as restated	599,695	-	818,069	1,253,885	1,161,863	3,833,512
Decrease in reserve for inventory	-	-	-	-	(3,577)	(3,577)
June 30, 2014	$ 473,073	$ -	$ 615,632	$ 1,283,166	$ 1,008,832	$ 3,380,703

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds		$ (449,232)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 148,395	
Depreciation expense	(99,252)	49,143
2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	363,755	
Accrued interest payable	4,027	367,782
3. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	1,680	
Amortization of premium on refunding bonds issued	5,672	
Change in inventory reserve	(3,577)	3,775
Change in net position of governmental activities		$ (28,532)

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Fiduciary Funds

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

June 30, 2014

		Agency Funds
Assets		
Cash and cash equivalents	$	881,767
Other receivables, net		331
Due from other funds		37,218
Total Assets	$	919,316
Liabilities		
Accounts payable and other accrued liabilities	$	720,818
Due to other funds		197,661
Due to student clubs		837
Total Liabilities	$	919,316

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

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

Title II Fund – This is a special revenue fund that accounts for federal revenue received through improving teacher quality grants and related expenditures incurred for improving teacher quality grants.

Sixteenth Section Interest Fund – This is a special revenue fund that accounts for the expendable resources derived from the use of sixteenth section lands held in trust by the school district and from the investment of sixteenth section funds.

Sixteenth Section Principal Fund- This fund is used to account for the generation of revenues and expenditures associated with sixteenth section lands that are legally required to be accounted for in the Sixteenth Section Principal Fund. Those revenues include but are not limited to, sales of non-renewable resources, easements, interest on investments, loans to the district, and transfers.

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

The District's fiduciary funds include the following:

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

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

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

D. Encumbrances

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

E. Assets, liabilities and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Compensated Absences

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

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

8. Long-term Liabilities 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, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

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

Unassigned fund balance is the residual classification for the general fund. This

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7% of revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $2,945,160 and $881,767, respectively. The bank balance was $4,043,365.

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

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $109,839.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General fund	Other governmental funds	$ 112,449
	Fiduciary funds	181,662
Other governmental funds	General Fund	126,908
	Fiduciary funds	15,999
Fiduciary funds	General Fund	12,720
	16th section interest fund	4,298
	Other governmental funds	20,200
Total		$ 474,236

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

B. Advances To/From Other Funds:

Receivable Fund	Payable Fund	Amount
Sixteenth section principal fund	General fund	$ 50,759
Total		$ 50,759

Advances were for cash flow purposes.

Note: The sixteenth section principal loans payable are not reflected on the statement of net position because these funds were borrowed by the general fund from the sixteenth section principal fund (permanent fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions were reflected on the Statement of Revenues, Expenditures and Changes in Fund Balance.

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

Year Ending June 30,	Principal	Interest	Total
2015	$ 30,113	$ 1,482	$ 31,595
2016	20,646	415	21,061
Total	$ 50,759	$ 1,897	$ 52,656

C. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General fund	Other governmental funds	$	146,334
Sixteenth section interest fund	General fund		500,000
Other governmental funds	General fund		292,550
Total		$	938,884

The primary purpose of the interfund transfers out of the general fund and into the other governmental funds was to finance basic operations of the district that are not directly funded. The primary reason for the transfer out of the other governmental funds is the indirect cost allocation from the general fund.

Note 4 – Restricted Assets

The restricted assets represents the cash balance, totaling $1,232,407, 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, totaling and $109,839, of the MAEP Limited Obligation Bonds Debt Service Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
Non-depreciable capital assets:				
Land	$ 11,450	$ -	$ -	$ 11,450
Total non-depreciable capital assets	11,450	-	-	11,450
Depreciable capital assets:				
Buildings	2,543,595	-	-	2,543,595
Improvements other than buildings	59,100	-	-	59,100
Mobile equipment	1,492,256	148,395	-	1,640,651
Furniture and equipment	359,325	-	-	359,325
Total depreciable capital assets	4,454,276	148,395	-	4,602,671
Less accumulated depreciation for:				
Buildings	1,626,196	13,622	-	1,639,818
Improvements other than buildings	11,820	2,364	-	14,184
Mobile equipment	920,436	78,486	-	998,922
Furniture and equipment	344,461	4,780	-	349,241
Total accumulated depreciation	2,902,913	99,252	-	3,002,165
Total depreciable capital assets, net	1,551,363	49,143	-	1,600,506
Governmental activities capital assets, net	$ 1,562,813	$ 49,143	$ -	$ 1,611,956

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 15,171
Support services	80,850
Non-instructional	3,231
Total depreciation expense - Governmental activities	$ 99,252

Note 6 – Long-term Liabilities

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

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. Limited obligation refunding bonds payable	$ 1,240,000	$ -	$ (200,000)	$ 1,040,000	$ 205,000
Premium on debt issues	25,997	-	(5,672)	20,325	5,672
B. Transportation equipment loans payable	429,326	-	(92,533)	336,793	98,380
C. Obligations under energy efficiency leases	496,036	-	(37,753)	458,283	39,500
D. Other loans payable	107,798	-	(33,469)	74,329	35,033
E. Compensated absences payable	50,223	-	(1,680)	48,543	-
Total	$ 2,349,380	$ -	$ (371,107)	$ 1,978,273	$ 383,585

A. Limited obligations refunding 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 refunding bonds, Series 2011	2.00%	10/28/2011	2/1/2018	$ 1,345,000	$ 1,040,000
Total				$ 1,345,000	$ 1,040,000

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

Year Ending June 30	Principal	Interest	Total
2015	$ 205,000	$ 18,750	$ 223,750
2016	205,000	14,650	219,650
2017	220,000	10,400	230,400
2018	410,000	6,000	416,000
Total	$ 1,040,000	$ 49,800	$ 1,089,800

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.

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

B. Transportation equipment loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax note, series 2011 A	2.85%	10/28/2011	10/15/2017	$ 311,728	$ 252,836
Limited tax note, series 2011 B	2.75%	10/28/2011	10/15/2016	$ 149,272	$ 83,957
Total				$ 461,000	$ 336,793

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

1. Limited tax note, series 2011 A:

Year Ending June 30	Principal	Interest	Total
2015	$ 60,570	$ 6,343	$ 66,913
2016	62,296	4,592	66,888
2017	64,072	2,791	66,863
2018	65,898	939	66,837
Total	$ 252,836	$ 14,665	$ 267,501

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

2. Limited tax note, series 2011 B:

Year Ending June 30	Principal	Interest	Total
2015	$ 37,810	$ 2,108	$ 39,918
2016	38,850	1,068	39,918
2017	7,297	201	7,498
Total	$ 83,957	$ 3,377	$ 87,334

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

Total transportation equipment loans payments for all issues:

Year Ending June 30	Principal	Interest	Total
2015	$ 98,380	$ 8,451	$ 106,831
2016	101,146	5,660	106,806
2017	71,369	2,992	74,361
2018	65,898	939	66,837
Total	$ 336,793	$ 18,042	$ 354,835

C. Obligations under energy efficiency lease

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
All American Investment Group - Energy Efficiency Improvements	4.55%	6/12/2008	11/5/2023	$ 630,470	$ 458,283
Total				$ 630,470	$ 458,283

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

Year Ending June 30	Principal	Interest	Total
2015	$ 39,500	$ 20,184	$ 59,684
2016	41,329	18,356	59,685
2017	43,241	16,443	59,684
2018	45,243	14,442	59,685
2019	47,337	12,348	59,685
2020-2024	241,633	26,948	268,581
Total	$ 458,283	$ 108,721	$ 567,004

This debt will be retired from the District Maintenance Fund..

An energy efficiency lease agreement dated June 12, 2008 was executed by and between the district, the lessee, and Suntrust Financial Services, the lessor.

The agreement authorized the borrowing of $630,470 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

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

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

D. Other loans payable

On June 27, 2001, the school district issued debt instruments of $400,000 to help finance school renovations.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Bank First Financial Services	5.06%	6/27/2001	6/28/2017	$ 400,000	$ 74,329
Total				$ 400,000	$ 74,329

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

Year Ending June 30	Principal	Interest	Total
2015	$ 35,033	$ 3,858	$ 38,891
2016	36,847	2,044	38,891
2017	2,449	297	2,746
Total	$ 74,329	$ 6,199	$ 80,528

This debt will be retired from the EEF Building and Buses Fund and the Transportation Debt Service Fund.

E. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Oktibbeha County School District defeased certain limited obligation notes payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds and notes are not included in the district's financial statements. On June 30, 2014, $980,000 of notes are defeased.

Note 8 – Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial

statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were $793,957, $765,121 and $687,656, respectively, which equaled the required contributions for each year.

Note 9 – Sixteenth Section Lands

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

Year Ending June 30		Amount
2015	$	148,248
2016		128,638
2017		125,386
2018		119,465
2019		111,779
2020-2024		518,974
2025-2029		442,792
2030-2034		413,375
2035-2039		217,250
Thereafter		161,703
Total	$	2,387,610

Note 10 – Contingencies

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

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

Note 11 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 12 - Prior Period Adjustments

A summary of significant net position adjustments is as follows:

Exhibit B - Statement of Activities

Explanations	Amount
1. To correct prior year receivables	$ (17,114)
Total	$ (17,114)

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

Fund	Explanations	Amount
Other Governmental Funds	To correct prior year receivables	$ (17,114)
	Total	$ (17,114)

Note 13 - 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 Oktibbeha County School District evaluated the activity of the district through June 30, 2015, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

During the 2013 regular session, the Mississippi Legislature passed House Bill 716 which provides for an Administrative consolidation of the Oktibbeha County School District and the Starkville School District into one school district to be designated as Starkville Oktibbeha Consolidated School District effective July 1, 2015. As of July 1, 2015, the Oktibbeha County School District will no longer exist and will be consolidated into the designated Starkville Oktibbeha Consolidated School District.

REQUIRED SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 3,786,727	$ 3,588,429	$ 3,510,014	$ (198,298)	$ (78,415)
State sources	3,807,180	3,723,670	3,710,872	(83,510)	(12,798)
Federal sources	334,500	212,817	140,256	(121,683)	(72,561)
Total Revenues	7,928,407	7,524,916	7,361,142	(403,491)	(163,774)
Expenditures:					
Instruction	4,421,118	3,988,501	4,096,248	432,617	(107,747)
Support services	3,740,407	4,013,738	3,949,463	(273,331)	64,275
Noninstructional services	28,328	25,923	25,923	2,405	-
Debt service:					
Principal	28,263	28,934	37,753	(671)	(8,819)
Interest	3,331	2,661	24,593	670	(21,932)
Total Expenditures	8,221,447	8,059,757	8,133,980	161,690	(74,223)
Excess (Deficiency) of Revenues over (under) Expenditures	(293,040)	(534,841)	(772,838)	(241,801)	(237,997)
Other Financing Sources (Uses):					
Insurance recovery	1,000	-	-	(1,000)	-
Operating transfers in	1,214,754	1,568,426	792,550	353,672	(775,876)
Operating transfers out	(922,714)	(723,746)	(146,334)	198,968	577,412
Total Other Financing Sources (Uses)	293,040	844,680	646,216	551,640	(198,464)
Net Change in Fund Balances	-	309,839	(126,622)	309,839	(436,461)
Fund Balances:					
July 1, 2013	-	604,788	599,695	604,788	(5,093)
June 30, 2014	$ -	$ 914,627	$ 473,073	$ 914,627	$ (441,554)

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 65,642	$ 75,916	$ 65,230	$ 10,274	$ (10,686)
Total Revenues	65,642	75,916	65,230	10,274	(10,686)
Expenditures:					
Instruction	48,511	46,230	46,230	2,281	-
Support services	17,131	19,000	19,000	(1,869)	-
Total Expenditures	65,642	65,230	65,230	412	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	10,686	-	10,686	(10,686)
Net Change in Fund Balances	-	10,686	-	10,686	(10,686)
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	$ -	$ 10,686	$ -	$ 10,686	$ (10,686)

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

OKTIBBEHA COUNTY SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	$ 403,600	$ 463,969	$ 381,524	$ 60,369	$ (82,445)
Total Revenues	403,600	463,969	381,524	60,369	(82,445)
Expenditures:					
Sixteenth section	46,366	83,826	83,961	(37,460)	(135)
Total Expenditures	46,366	83,826	83,961	(37,460)	(135)
Excess (Deficiency) of Revenues over (under) Expenditures	357,234	380,143	297,563	22,909	(82,580)
Other Financing Sources (Uses):					
Operating transfers out	(325,000)	(550,000)	(500,000)	(225,000)	50,000
Total Other Financing Sources (Uses)	(325,000)	(550,000)	(500,000)	(225,000)	50,000
Net Change in Fund Balances	32,234	(169,857)	(202,437)	(202,091)	(32,580)
Fund Balances:					
July 1, 2013	-	818,069	818,069	818,069	-
June 30, 2014	$ 32,234	$ 648,212	$ 615,632	$ 615,978	$ (32,580)

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

OKTIBBEHA COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 219,878
National school lunch program	10.555	429,313
Total child nutrition cluster		649,191
Total passed-through Mississippi Department of Education		649,191
Direct program:		
Forest services:		
National forest-dependent rural communities	10.670	33,171
Total U.S. Department of Agriculture		682,362
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	69,179
Total Federal Communications Commission		69,179
U.S. Department of Interior		
Direct program:		
Payment in lieu of taxes	15.226	36,721
Total U.S. Department of Interior		36,721
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	661,831
Twenty-first century community learning centers	84.287	157,816
Rural education	84.358	14,680
Improving teacher quality-State Grants	84.367	65,230
Subtotal		899,557
Special education cluster:		
Special education - grants to states	84.027	147,991
Special education - preschool grants	84.173	4,920
Total special education cluster		152,911
Total passed-through Mississippi Department of Education		1,052,468
Total U.S. Department of Education		1,052,468
U.S. Department of Health and Human Services		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	1,185
Total passed-through Mississippi Department of Education		1,185
Total U.S. Department of Health and Human Services		1,185
Total for All Federal Awards		$ 1,841,915

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. Donated commodities of $37,040 are included in the National School Lunch Program.

OKTIBBEHA 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	$	7,034,810	4,960,189	434,722	381,977	1,257,922
Other		3,489,668	636,223	716,711	46,213	2,090,521
Total	$	10,524,478	5,596,412	1,151,433	428,190	3,348,443
Total number of students *		826				
Cost per student	$	12,741	6,775	1,394	518	4,054

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

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

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

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

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

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

OTHER INFORMATION

OKTIBBEHA COUNTY SCHOOL DISTRICT

Other Information

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

	2014	2013*	2012*	2011*
Revenues:				
Local sources	$ 3,510,014	$ 3,498,917	$ 3,544,453	$ 3,434,699
State sources	3,710,872	4,103,558	3,975,765	3,681,814
Federal sources	140,256	167,162	165,575	89,860
Total Revenues	7,361,142	7,769,637	7,685,793	7,206,373
Expenditures:				
Instruction	4,096,248	4,276,060	4,103,903	3,534,344
Support services	3,949,463	3,928,806	4,278,311	3,528,074
Noninstructional services	25,923	28,282	45,397	40,335
Debt service:				
Principal	37,753	36,083	34,487	32,961
Interest	24,593	27,396	30,080	33,099
Total Expenditures	8,133,980	8,296,627	8,492,178	7,168,813
Excess (Deficiency) of Revenues over (under) Expenditures	(772,838)	(526,990)	(806,385)	37,560
Other Financing Sources (Uses):				
Insurance loss recoveries	-	884	62,638	1,812
Sale of transportation equipment	-	18,058	-	-
Other financing sources	-	-	-	3,182
Operating transfers in	792,550	511,058	758,729	343,700
Operating transfers out	(146,334)	(110,497)	(297,584)	(167,354)
Total Other Financing Sources (Uses)	646,216	419,503	523,783	181,340
Net Change in Fund Balances	(126,622)	(107,487)	(282,602)	218,900
Fund Balances:				
Beginning of period, as previously reported	599,695	629,445	882,906	664,006
Prior period adjustments	-	77,737	29,141	-
Beginning of period, as restated	599,695	707,182	912,047	664,006
End of Period	$ 473,073	$ 599,695	$ 629,445	$ 882,906

*SOURCE - PRIOR YEAR AUDIT REPORTS

OKTIBBEHA COUNTY SCHOOL DISTRICT

Other Information

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

	2014	2013*	2012*	2011*
Revenues:				
Local sources	$ 3,755,366	$ 3,766,282	$ 3,794,632	$ 3,692,910
State sources	4,018,315	4,454,117	4,332,301	3,796,790
Federal sources	1,845,886	2,242,177	2,173,446	3,805,849
Sixteenth section sources	455,679	300,982	309,130	241,557
Total Revenues	10,075,246	10,763,558	10,609,509	11,537,106
Expenditures:				
Instruction	4,839,073	4,985,924	4,996,222	5,772,459
Support services	4,496,024	4,858,125	5,112,276	4,250,746
Noninstructional services	650,061	682,705	678,521	669,918
Sixteenth section	110,434	109,372	62,035	51,847
Debt service:				
Principal	363,755	204,425	285,596	381,088
Interest	65,131	73,616	101,734	127,128
Other	-	1,550	14,000	-
Total Expenditures	10,524,478	10,915,717	11,250,384	11,253,186
Excess (Deficiency) of Revenues over (under) Expenditures	(449,232)	(152,159)	(640,875)	283,920
Other Financing Sources (Uses):				
Bonds and notes issued	-	-	461,000	-
Insurance loss recoveries	-	884	62,638	1,812
Refunding bonds issued	-	-	1,345,000	-
Premiums on bonds issued	-	-	35,746	-
Payments to refunded bond escrow agent	-	-	(1,325,000)	-
Sale of transportation equipment	-	18,058	-	-
Other financing sources	-	-	-	3,182
Operating transfers in	938,884	660,447	1,056,313	511,054
Operating transfers out	(938,884)	(660,447)	(1,056,313)	(511,054)
Other financing uses	-	(1)	-	-
Total Other Financing Sources (Uses)	-	18,941	579,384	4,994
Net Change in Fund Balances	(449,232)	(133,218)	(61,491)	288,914
Fund Balances:				
Beginning of period, as previously reported	3,850,626	3,908,943	3,942,648	3,656,080
Prior period adjustments	(17,114)	77,737	25,397	-
Beginning of period, as restated	3,833,512	3,986,680	3,968,045	3,656,080
Increase (Decrease) in reserve for inventory	(3,577)	(2,836)	2,389	(2,346)
End of Period	$ 3,380,703	$ 3,850,626	$ 3,908,943	$ 3,942,648

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board
Starkville Oktibbeha Consolidated School District
Starkville, Mississippi

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

Internal Control over Financial Reporting

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

Purpose of this Report

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

Cunningham CPAs, PLLC

Belzoni, Mississippi

June 30, 2015

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

Superintendent and School Board
Starkville Oktibbeha Consolidated School District
Starkville, Mississippi

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Oktibbeha 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 Oktibbeha 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 Oktibbeha 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

Cunningham CPAs, PLLC

Belzoni, Mississippi

June 30, 2015

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

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

Superintendent and School Board
Starkville Oktibbeha Consolidated School District
Starkville, Mississippi

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

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

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

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

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

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

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

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

Cunningham CPAs, PLLC

Belzoni, Mississippi

June 30, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OKTIBBEHA COUNTY SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
5.	Type of auditor's report issued on compliance for major programs:	Unmodified
6.	Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No
7.	Identification of major programs:	
	A. Title I - Grants to local educational agencies:	
	CFDA #	84.010
	B. 21st Century Community Learning Centers	
	CFDA #	84.287
	B. Special Education Cluster	
	CFDA #	84.027
	CFDA #	84.173
8.	Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
9.	Auditee qualified as a low-risk auditee?	No

OKTIBBEHA COUNTY SCHOOL DISTRICT

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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