The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2014

Carl W. Merritt, Jr.
Superintendent

Samantha J. Sandifer, CPA, CGMA
Director of Finance

BOARD OF TRUSTEES

Violine Jordan, President
Samuel Gentry, Vice President
Shirline Magee, Secretary
Lisa Graves, Board Member
Thomas Strahan, Board Member

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Table of Contents

INDEPENDENT AUDITOR'S REPORT 3

MANAGEMENT'S DISCUSSION AND ANALYSIS 6

FINANCIAL STATEMENTS
- EXHIBIT A: Statement of Net Position 18
- EXHIBIT B: Statement of Activities 19
- EXHIBIT C: Balance Sheet – Governmental Funds 20
- EXHIBIT C-1: Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position 21
- EXHIBIT D: Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 22
- EXHIBIT D-1: Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 23
- EXHIBIT E: Statement of Fiduciary Assets and Liabilities 24

NOTES TO THE FINANCIAL STATEMENTS 25

REQUIRED SUPPLEMENTARY INFORMATION
- Budgetary Comparison Schedule-General Fund 45
- Budgetary Comparison Schedule-Title I-A Funds 46
- Budgetary Comparison Schedule-Sixteenth Section Interest Funds 47
- Notes to the Required Supplementary Information 48

SUPPLEMENTARY INFORMATION
- Schedule of Expenditures of Federal Awards 50
- Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds 51

OTHER INFORMATION
- Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund – Last Four Years 53
- Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds – Last Four Years 54

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE
- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards 55
- Independent Auditor's Report on Compliance for Each Major Federal Program and Report On Internal Control Over Compliance 58
- Independent Auditor's Report on Compliance with State Laws and Regulations 61
- Schedule of Findings and Questioned Costs 64

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave., P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Superintendent and Board of Trustees
Poplarville Special Municipal Separate School District

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate 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 6-16 and 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014, on our consideration of the Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's internal control over financial reporting and compliance.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The following discussion and analysis of Poplarville Special Municipal Separate 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.

Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

Poplarville Special Municipal Separate School District (PSMSSD), organized in 1955, is located in Poplarville, Mississippi, the county seat of Pearl River County. A five-member board of trustees appointed by the Pearl River County Board of Supervisors and the Poplarville Board of Aldermen governs the school district. The trustees serve five year staggered terms. The PSMSSD Board of Trustees appoints the superintendent.

Poplarville is located on Interstate 59, 75 miles north of New Orleans, Louisiana and 50 miles from the Mississippi Gulf Coast. Poplarville's climate offers a mild winter, pleasant spring and fall, and summer sun that encourages outdoor activities. Pearl River Community College, the oldest two-year college in Mississippi, is also located in Poplarville. The college serves over 5,000 students.

PSMSSD serves approximately 25% of the students in Pearl River County, Mississippi. The present enrollment is 1,868 students. One of the largest geographic districts in the state, PSMSSD encompasses 498 square miles. The district serves over 10,000 citizens in the incorporated town of Poplarville and the unincorporated communities of Steep Hollow, Gum Pond, Buck Branch, Fords Creek, Byrdline, White Sand, Progress, Savannah, Harts Chapel, Oak Hill and Crossroads. In excess of 1400 students are transported on 24 buses to four schools in the district.

The four schools in the district are located in the town of Poplarville less than two miles apart. The four schools with enrollment are listed as follows: Poplarville Lower Elementary School grades k-2 serves 451 students, Poplarville Upper Elementary School grades 3-5 serves 418 students, Middle School of Poplarville grades 6-8 serves 460 students and Poplarville High School grades 9-12 serves 539 students. These schools are staffed by 178 certified staff and 117 non-certified staff members (excluding part-time substitutes). Ninety-nine percent (99%) of the core teachers are highly qualified. The student average daily attendance rate is ninety-three percent (93%). The graduation rate, including the completion rate, is eighty-five percent (85%).

FINANCIAL HIGHLIGHTS

- Total net position for 2014 decreased $835,271, including a prior period adjustment of ($57,662), which represents a 3.33% decrease from fiscal year 2013. Total net position for 2013 increased $145,407, including a prior period adjustment of ($10,249), which represents a 0.58% increase from fiscal year 2012.

- General revenues amounted to $14,062,146 and $14,558,732, or 81% and 81% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $3,320,192, or 19% of total revenues for 2014, and $3,481,417, or 19% of total revenues for 2013.

- The District had $18,159,947 and $17,884,493 in expenses for fiscal years 2014 and 2013; only $3,320,192 for 2014 and $3,481,417 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $14,062,146 were not adequate to provide for these programs in 2014 and general revenues of $14,558,732 were adequate to provide for these programs in 2013.

- Among major funds, the General Fund had $13,504,187 in revenues and $14,072,569 in expenditures for 2014, and $13,976,772 in revenues and $13,627,898 in expenditures for 2013. The General Fund's fund balance decreased by $729,409 from 2013 to 2014 and decreased by $111,624 from 2012 to 2013.

- Capital assets, net of accumulated depreciation, decreased by $514,559 for 2014 and decreased by $395,468 for 2013. The majority of the decrease for 2014 was due to the increase in accumulated depreciation and disposals of computer equipment offset by additions to construction in progress, building improvements, buses and computer equipment.

- Long-term debt decreased by $146,000 for 2014 and decreased by $140,000 for 2013. This decrease for 2014 was due to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by $1,409 for 2014 and increased by $1,056 for 2013.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, in a manner similar to a private-sector business. 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 years.

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 funds 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 additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

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

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of

Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $24,271,322 as of June 30, 2014.

By far the largest portion of the District's net assets (42%) reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently these assets are not available for future spending.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	$ 13,420,129	$ 14,047,325	(4.46) %
Restricted assets	1,133,441	966,694	17.25 %
Capital assets, net	13,545,465	14,060,024	(3.66) %
Total assets	**28,099,035**	**29,074,043**	**(3.35) %**
Current liabilities	364,630	353,750	3.08 %
Long-term debt outstanding	3,459,301	3,610,710	(4.19) %
Total liabilities	**3,823,931**	**3,964,460**	**(3.54) %**
Deferred Inflows of resources	**3,782**	**2,990**	**26.49 %**
Net position:			
Net investment in capital assets	10,091,465	10,460,024	(3.52) %
Restricted	9,548,212	9,268,995	3.01 %
Unrestricted	4,631,645	5,377,574	(13.87) %
Total net position	**$ 24,271,322**	**$ 25,106,593**	**(3.33) %**

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

- Decrease in net capital assets in the amount of $514,559.

- The principal retirement of $146,000 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 $17,382,338 and $18,040,149, respectively. The total cost of all programs and services was $18,159,947 for 2014 and $17,884,493 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	$ 610,777	$ 694,904	(12.11) %
Operating grants and contributions	2,709,415	2,786,513	(2.77) %
General revenues:			
Property taxes	4,612,490	4,624,827	(0.27) %
Grants and contributions not restricted	8,827,946	9,231,789	(4.37) %
Investment earnings	54,457	50,790	7.22 %
Sixteenth section sources	479,610	595,543	(19.47) %
Other	87,643	55,783	57.11 %
Total revenues	**17,382,338**	**18,040,149**	**(3.65) %**
Expenses:			
Instruction	9,992,150	9,975,240	0.17 %
Support services	6,929,741	6,649,641	4.21 %
Non-instructional	1,112,205	1,098,699	1.23 %
Sixteenth section	94,856	120,724	(21.43) %
Interest and other expenses on long-term liabilities	30,995	40,189	(22.88) %
Total expenses	**18,159,947**	**17,884,493**	**1.54 %**
Increase (Decrease) in net position	**(777,609)**	**155,656**	**(599.57) %**
Net Position, July 1, as previously reported	**25,106,593**	**24,961,186**	0.58 %
Prior Period Adjustment	**(57,662)**	**(10,249)**	462.61 %
Net Position, July 1, as restated	**25,048,931**	**24,950,937**	**0.39 %**
Net Position, June 30	**$ 24,271,322**	**$ 25,106,593**	**(3.33) %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2014	2013	Change
Instruction	$ 9,992,150	$ 9,975,240	0.17 %
Support services	6,929,741	6,649,641	4.21 %
Non-instructional	1,112,205	1,098,699	1.23 %
Sixteenth section	94,856	120,724	(21.43) %
Interest on long-term liabilities	30,995	40,189	(22.88) %
Total expenses	**$ 18,159,947**	**$ 17,884,493**	**1.54 %**

	Net (Expense) Revenue		Percentage
	2014	2013	Change
Instruction	$ (8,607,443)	$ (8,495,307)	1.32 %
Support services	(6,051,925)	(5,722,130)	5.76 %
Non-instructional	(124,844)	(113,924)	9.59 %
Sixteenth section	(24,548)	(31,526)	(22.13) %
Interest on long-term liabilities	(30,995)	(40,189)	(22.88) %
Total net (expense) revenue	**$ (14,839,755)**	**$ (14,403,076)**	**3.03 %**

- Net cost of governmental activities ($14,839,755 for 2014 and $14,403,076 for 2013) was financed by general revenue, which is primarily made up of property taxes ($4,612,490 for 2014 and $4,624,827 for 2013) and state and federal revenues ($8,827,946 for 2014 and $9,231,789 for 2013). In addition, there was $479,610 and $595,543 in Sixteenth Section sources for 2014 and 2013, respectively.

- Investment earnings amounted to $54,457 for 2014 and $50,790 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 $14,342,475, a decrease of $452,349, which includes a decrease in reserve for inventory of $8,361. $2,447,090 or 17% 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 $11,895,385 or 83% 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. Restricted fund balances consist of unemployment benefits, forestry improvements, sixteenth section, debt service and grant activities.

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 $729,409. The fund balance of Other Governmental Funds showed a decrease in the amount of $148,736, which includes a decrease in reserve for inventory of $8,361. The increase in Sixteenth Section Interest Funds is a result of leases, timber sales and interest income. The decrease in Capital Projects Funds is from the purchase of facilities acquisition and construction. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
Title I-A Funds		no increase or decrease
Sixteenth Section Interest Funds	$	465,120
Capital Projects Funds	$	(39,324)

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.

Schedules showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and the major special revenue funds are 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 $21,242,212, including land, construction in progress, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a decrease of $302,108 from 2013. Total accumulated depreciation as of June 30, 2014, was $7,696,747, and total depreciation expense for the year was $658,283, resulting in total net capital assets of $13,545,465.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	$ 298,945	$ 298,945	0.00 %
Construction in Progress	61,754	140,875	(56.16) %
Buildings	6,199,476	6,379,106	(2.82) %
Building improvements	5,587,778	5,764,870	(3.07) %
Improvements other than buildings	599,414	632,631	(5.25) %
Mobile equipment	602,606	618,026	(2.50) %
Furniture and equipment	195,492	225,571	(13.33) %
Total	**$ 13,545,465**	**$ 14,060,024**	**(3.66) %**

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 $3,609,301 in outstanding long-term debt, of which $150,000 is due within one year. The liability for compensated absences decreased $1,409 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
Three mill notes payable	$ 454,000	$ 600,000	(24.33) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	155,301	156,710	(0.90) %
Total	**$ 3,609,301**	**$ 3,756,710**	**(3.92) %**

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

CURRENT ISSUES

The Poplarville Special Municipal Separate School District is financially stable. The District is proud of its community support of the public school.

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

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

Enrollment for the 2013 - 2014 school year decreased by 2.25% to 1,868 students.

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 Poplarville Special Municipal Separate School District, 302 South Julia Street, Poplarville, Mississippi 39470.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

STATEMENT OF NET POSITION **EXHIBIT A**

JUNE 30, 2014

		Governmental Activities
Assets		
Cash and cash equivalents	$	12,956,653
Due from other governments		426,565
Other receivables, net		4,179
Inventories		32,732
Restricted assets		1,133,441
Capital assets not being depreciated		
Land		298,945
Construction in progress		61,754
Capital assets, net of accumulated depreciation		
Buildings		6,199,476
Building improvements		5,587,778
Improvements other than buildings		599,414
Mobile equipment		602,606
Furniture and equipment		195,492
Total Assets		28,099,035
Liabilities		
Accounts payable and accrued liabilities		207,313
Interest payable on long-term liabilities		7,317
Long-term liabilities (due within one year)		
Capital-related liabilities		150,000
Long-term liabilities (due beyond one year)		
Capital-related liabilities		3,304,000
Non-capital related liabilities		155,301
Total Liabilities		3,823,931
Deferred Inflows of Resources		
Unearned revenues - student accounts		3,782
Total deferred Inflows of Resources		3,782
Net Position		
Net investment in capital assets		10,091,465
Restricted for:		
Expendable:		
School-based activities		4,838,465
Debt service		814,947
Capital improvements		3,402,791
Forestry improvements		8,346
Unemployment benefits		105,699
Non-expendable:		
Sixteenth section		377,964
Unrestricted		4,631,645
Total Net Position	$	24,271,322

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES **EXHIBIT B**

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction	$ 9,992,150	$ 323,208	$ 1,061,499	$ (8,607,443)
Support services	6,929,741	-	877,816	(6,051,925)
Non-instructional	1,112,205	217,261	770,100	(124,844)
Sixteenth section	94,856	70,308	-	(24,548)
Interest on long-term liabilities	30,995	-	-	(30,995)
Total Governmental Activities	$ 18,159,947	$ 610,777	$ 2,709,415	$ (14,839,755)

General Revenues:	
Taxes:	
General purpose levies	4,373,743
Debt purpose levies	238,747
Unrestricted grants and contributions:	
State	8,743,300
Federal	84,646
Unrestricted investment earnings	54,457
Sixteenth section sources	479,610
Gain on sales of assets	36,728
Other	50,915
Total General Revenues	14,062,146
Change in Net Position	(777,609)
Net Position - Beginning, as previously reported	25,106,593
Prior Period Adjustment	(57,662)
Net Position - Beginning, as restated	25,048,931
Net Position - Ending	$ 24,271,322

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Governmental Funds

BALANCE SHEET **EXHIBIT C**

JUNE 30, 2014

	Major Funds					
	General Fund	Title I-A Funds	Sixteenth Section Interest Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 4,579,679	$ -	$ 4,326,720	$ 3,402,791	$ 969,337	$ 13,278,527
Cash with fiscal agents	-	-	-	-	811,567	811,567
Due from other governments	231,329	108,193	-	-	87,043	426,565
Due from other funds	163,337	-	3,890	-	1,118	168,345
Advances to other funds	-	-	-	-	56,090	56,090
Inventories	-	-	-	-	32,732	32,732
Total Assets	$ 4,974,345	$ 108,193	$ 4,330,610	$ 3,402,791	$ 1,957,887	$ 14,773,826
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	$ 131,309	$ 9,717	$ 44,375	$ -	$ 21,912	$ 207,313
Due to other funds	-	98,476	-	-	65,690	164,166
Advances from other funds	56,090	-	-	-	-	56,090
Total Liabilities	187,399	108,193	44,375	-	87,602	427,569
Deferred Inflows of Resources						
Student child nutrition accounts	-	-	-	-	3,782	3,782
Total Deferred Inflows of Resources	-	-	-	-	3,782	3,782
Fund balances:						
Nonspendable:						
Inventory	-	-	-	-	32,732	32,732
Permanent fund principal	-	-	-	-	321,874	321,874
Advances	-	-	-	-	56,090	56,090
Restricted:						
Debt service	-	-	-	-	822,264	822,264
Forestry improvement purposes	-	-	-	-	8,346	8,346
Grant activities	-	-	-	-	519,498	519,498
Unemployment benefits	-	-	-	-	105,699	105,699
Sixteenth section	-	-	4,286,235	-	-	4,286,235
Committed:						
Special education	168,222	-	-	-	-	168,222
Alternative school	207,616	-	-	-	-	207,616
Insurance escrow	790,460	-	-	-	-	790,460
Budget escrow	504,169	-	-	-	-	504,169
Capital improvements	-			56,676		56,676
Assigned:						
Student activities	371,976	-	-	-	-	371,976
Capital improvements	182,983	-	-	3,346,115	-	3,529,098
Grant activities	114,430	-	-	-	-	114,430
Unassigned	2,447,090	-	-	-	-	2,447,090
Total Fund Balances	4,786,946	-	4,286,235	3,402,791	1,866,503	14,342,475
Total Liabilities & Fund Balances	$ 4,974,345	$ 108,193	$ 4,330,610	$ 3,402,791	$ 1,957,887	$ 14,773,826

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

POPLARVILLE SEPARATE MUNICIPAL SPECIAL SCHOOL DISTRICT

Governmental Funds

Reconciliation of the Governmental Funds Balance Sheet to the Statements of Net Position **EXHIBIT C-1**

JUNE 30, 2014

Total fund balances for governmental funds		$	14,342,475
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	$ 298,945		
Construction in progress	61,754		
Buildings	10,277,139		
Building improvements	6,891,162		
Improvements other than buildings	830,426		
Mobile equipment	1,982,164		
Furniture and equipment	900,622		
Accumulated depreciation	(7,696,747)		13,545,465
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:			
Three mill note	$ (454,000)		
Qualified school construction bonds	(3,000,000)		
Compensated absences	(155,301)		
Accrued interest payable	(7,317)		(3,616,618)
Net position of governmental activities		$	24,271,322

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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 1-A Funds	Sixteenth Section Interest Funds	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local sources	$ 4,766,321	$ -	$ -	$ 11,827	$ 463,178	$ 5,241,326
State sources	8,653,220	-	-	-	704,748	9,357,968
Federal sources	84,646	610,416	-	-	1,484,331	2,179,393
Sixteenth section sources	-	-	492,649	-	74,275	566,924
Total Revenues	13,504,187	610,416	492,649	11,827	2,726,532	17,345,611
Expenditures:						
Instruction	8,241,324	393,608	-	-	949,200	9,584,132
Support services	5,792,962	178,183	-	-	886,286	6,857,431
Non-instructional services	19,070	22,636	-	-	1,006,200	1,047,906
Sixteenth section	-	-	31,419	-	63,437	94,856
Facilities acquisition and construction	16,461	-	-	51,151	-	67,612
Debt Service:						
Principal	-	-	-	-	146,000	146,000
Interest	2,752	-	-	-	27,900	30,652
Other	-	-	-	-	2,500	2,500
Total Expenditures	14,072,569	594,427	31,419	51,151	3,081,523	17,831,089
Excess (Deficiency) of Revenues over (under) Expenditures	(568,382)	15,989	461,230	(39,324)	(354,991)	(485,478)
Other Financing Sources (Uses)						
Sale of other property	41,490	-	-	-	-	41,490
Operating transfers in	15,989	-	3,890	-	282,639	302,518
Operating transfers out	(218,506)	(15,989)	-	-	(68,023)	(302,518)
Total Other Financing Sources (Uses)	(161,027)	(15,989)	3,890	-	214,616	41,490
Net change in fund balances	(729,409)	-	465,120	(39,324)	(140,375)	(443,988)
Fund Balances:						
July 1, 2013	5,516,355	-	3,821,115	3,442,115	2,015,239	14,794,824
Decrease in reserve for inventory	-	-	-	-	(8,361)	(8,361)
June 30, 2014	$ 4,786,946	$ -	$ 4,286,235	$ 3,402,791	# $ 1,866,503	# $ 14,342,475

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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		$ (443,988)
Amounts reported for governmental activities in the Statement of Activities are different because:		
1. Governmental funds report capital outlays 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	$ 286,158	
Depreciation expense	(658,283)	(372,125)
2. In the statement of activities, only gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.		(102,701)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	146,000	
Accrued interest payable	2,157	148,157
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	1,409	
Change in inventory reserve	(8,361)	(6,952)
Change in net position of governmental activities		$ (777,609)

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Fiduciary Funds

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

June 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	$ 753,226
Total Assets	$ 753,226
Liabilities	
Accounts payable and accrued liabilities	$ 733,678
Due to student clubs	15,369
Due to other funds	4,179
Total Liabilities	$ 753,226

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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 an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Poplarville since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Poplarville Special Municipal Separate 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. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. The general operating expenditures, including instructional, support, and other costs are paid from this fund.

Title I-A Funds – This is a special revenue fund used to account for the school district's revenues earned and expenditures incurred through the Title I-A federal grant funds.

Sixteenth Section Interest Funds – This is a special revenue fund used to account for the school district's earnings and expenditures from sixteenth section property and investments. These funds may be used for purposes that support the school district.

Capital Projects Funds – This is a capital project fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

The school district also reports fiduciary funds which focus on assets and liabilities.

The District's fiduciary funds include the following:

Payroll Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for payroll related liabilities.

Accounts Payable Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for related liabilities.

Student Club Fund – This agency fund is used to report resources held by the District on behalf of students.

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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/Qualified School Construction Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

See Note 15 for further details.

8. Compensated Absences

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

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

9. Long-term Liabilities and Bond Discounts/Premiums

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

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

10. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board of Trustees, the District's highest level of decision-making authority. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board.

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 Director of Finance pursuant to authorization established by the School Board of Trustees as approved by the fund balance reporting policy.

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

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

Minimum unassigned fund balance goal in the general fund at fiscal year end is 15% of annual general fund operating revenues. If the unassigned fund balance at fiscal year end falls below the goal, a restoration plan shall be developed 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 $13,278,527 and $753,226, respectively. The carrying amount of deposits reported in the government-wide financial statements was: cash and cash equivalents of $12,956,653 and restricted assets of $321,874 (which represents the cash balance of the Sixteenth Section Principal Fund). The bank balance was $14,183,460.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of $14,183,460 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was $811,567. This amount is included as restricted assets on Exhibit A.

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	$	61,252
	Title I-A Funds		98,476
	Fiduciary Funds		3,609
Sixteenth Section Interest Funds	Other Governmental Funds		3,890
Other Governmental Funds	Other Governmental Funds		548
	Fiduciary Funds		570
Total		$	168,345

The primary purpose of the inter-fund loans was to cover federal funds not received prior to year end and to properly allocate sixteenth section revenue.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	General Fund	$ 56,090
Total		$ 56,090

Sixteenth section principal loans payable

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

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

Year Ending June 30	Principal	Interest	Total
2015	$ 13,209	$ 2,243	$ 15,452
2016	13,737	1,715	15,452
2017	14,286	1,166	15,452
2018	14,858	594	15,452
Total	$ 56,090	$ 5,718	$ 61,808

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	$ 218,506
Title I-A Funds	General Fund	15,989
Other Governmental Funds	Sixteenth Section Interest Funds	3,890
	Other Governmental Funds	64,133
Total		$ 302,518

Transfers are used primarily to move unrestricted general fund monies to finance various programs and projects accounted for in other funds.

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling $321,874, 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 balance with fiscal agents, totaling $811,567 of the Qualified School Construction Bond Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2013	Additions	Retirements	Adjustments	Balance 6/30/2014
Non-depreciable capital assets:					
Land	$ 298,945	$ -	$ -		$ 298,945
Construction in progress	140,875	57,850	97,238	(39,733)	61,754
Total non-depreciable capital assets	$ 439,820	$ 57,850	$ 97,238	$ (39,733)	$ 360,699
Depreciable capital assets:					
Buildings	$ 10,277,139	$ -	$ -	$ -	$ 10,277,139
Building improvements	6,792,608	98,554	-	-	6,891,162
Improvements other than buildings	830,426	-	-	-	830,426
Mobile equipment	1,907,885	84,836	10,557	-	1,982,164
Furniture and equipment	1,296,442	44,918	440,737	-	900,623
Total depreciable capital assets	$ 21,104,500	$ 228,308	$ 451,294	$ -	$ 20,881,514
Less accumulated depreciation:					
Buildings	$ 3,898,033	$ 179,630	$ -	$ -	$ 4,077,663
Building improvements	1,027,738	275,646	-	-	1,303,384
Improvements other than buildings	197,795	33,217	-	-	231,012
Mobile equipment	1,289,859	99,201	9,502	-	1,379,558
Furniture and equipment	1,070,871	70,589	436,329	-	705,131
Total accumulated depreciation	$ 7,484,296	$ 658,283	$ 445,831	$ -	$ 7,696,748
Total depreciable capital assets, net	$ 13,620,204	$ (429,975)	$ 5,463	$ -	$ 13,184,766
Governmental activities capital assets, net	$ 14,060,024	$ (372,125)	$ 102,701	$ (39,733)	$ 13,545,465

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 415,138
Support services	187,122
Non-instructional	56,023
Total depreciation expense - Governmental activities	$ 658,283

Construction in progress is composed of:

	Spent to June 30,	Remaining Commitment
Governmental activities:		
Baseball Fieldhouse	$ 53,737	$ 59,255
Window Renovations	4,311	163,361
Cafeteria Freezer/Building	3,706	151,822
Total governmental activities	$ 61,754	$ 374,438

Construction projects included in governmental activities are funded with general purpose property tax levies.

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. Three mill notes payable	$ 600,000	$ -	$ 146,000	$ 454,000	$ 150,000
B. Qualified school construction bonds payable	3,000,000	-	-	3,000,000	-
C. Compensated absences payable	156,710	-	1,409	155,301	-
Total	$ 3,756,710	$ -	$ 147,409	$ 3,609,301	$ 150,000

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited - Tax School Note	4.65%	4/4/2002	4/1/2017	$ 2,000,000	$ 454,000

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

Year Ending June 30	Principal	Interest	Total
2015	$ 150,000	$ 21,111	$ 171,111
2016	150,000	14,136	164,136
2017	154,000	7,161	161,161
Total	$ 454,000	$ 42,408	$ 496,408

This debt will be retired from Fund 4021 Three Mill Note Retirement Fund.

The limited-tax school note is secured by an irrevocable pledge of a direct, continuing, special tax, not to exceed three mills, upon all of the taxable property of the District levied by the Board of Supervisors, Pearl River County, Mississippi, pursuant to Section 37-59-107 of the Miss. Code Ann. (1972) for the payment of the principal and interest on the notes as the same shall respectively mature and accrue.

The District also irrevocably pledges to the payment of the notes the Education Enhancement Funds (EEF) to be received from the State of Mississippi pursuant to Section 37-61-33 of the Miss. Code Ann. (1972) during the years 2002 through 2017 in the approximate amount of $63,592 per year. Provided, however, any EEF not required to pay the principal and interest on the notes in any year in which the EEF are pledged to repay the notes may be used by the District for any other authorized purpose.

B. Qualified school construction bonds payable

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

Description	Tax Credit Rate	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified School Construction Bonds	6.14%	0.00%	1/14/2010	6/15/2022	$ 3,000,000	$ 3,000,000

This debt will be retired from Fund 4031 Qualified School Construction Bond Retirement Fund.

The bonds are secured by an irrevocable pledge of a direct, continuing, special tax, not to exceed three mills, upon all of the taxable property of the District levied by the Board of Supervisors, Pearl River County, Mississippi, pursuant to Section 37-59-107 of the Miss. Code Ann. (1972) for the payment of the principal and interest on the notes as the same shall respectively mature and accrue.

The District also irrevocably pledges to the payment of the notes the Education Enhancement Funds (EEF) to be received from the State of Mississippi pursuant to Section 37-61-33 of the Miss. Code Ann. (1972) during the years 2010 through 2022 in the approximate amount of $63,592 per year. Provided, however, any EEF not required to pay the principal and interest on the notes in any year in which the EEF are pledged to repay the notes may be used by the District for any other authorized purpose.

C. Compensated absences payable

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

Note 7 – Other Commitments

Commitments under construction contracts are described in Note 5.

Note 8 – Defined Benefit Pension Plan

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

Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were $1,597,815, $1,449,220, and $1,269,267, respectively, which equaled the required contributions for each year.

Note 9 – Prior Period Adjustments

A summary of significant Net Position adjustments is as follows:

Exhibit B - Statement of Activities

Explanation		Amount
Prior year construction in progress not capitalized	$	(39,733)
Debt issuance costs due to implementation of GASB 65		(17,929)
Total	$	(57,662)

Note 10 – 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	$	51,608
2016		50,138
2017		21,094
2018		17,894
2019		2,000
2020 – 2024		4,000
Total	$	146,734

Note 11 – 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 – A civil and criminal proceeding has been concluded regarding sixteenth section timber theft. The Mississippi Secretary of State's Office had estimated the amount to be in excess of $200,000 beginning approximately February 2009 and ending approximately April 2010. On January 22, 2014, the Poplarville School District received a check in the amount of $98,162.78 for the settlement of the civil suit. The Pearl River County Circuit Court has also ordered the defendant to pay the school district restitution in the amount of $25,540 as a result of the criminal proceedings. All restitution and fines are to be paid at a rate of at least $500 per month commencing April 2014. The school district has not received any payments towards this restitution as of fiscal year ending June 30, 2014 or as of the date of Independent Auditor's Report for fiscal year ending June 30, 2014.

Note 12 – Risk Management

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

Note 13 – Qualified School Construction Bonds

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

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

The school district makes annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was $811,567. The amount accumulated in the sinking fund at the end of a twelve and one half-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30		Amount
2015		154,294
2016		163,454
2017		168,742
2018		332,105
209		336,755
2020-2022		1,037,933
Total	$	2,193,283

Note 14 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated June 14, 2010 creating the Pearl River Central Center for Alternative Education. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the Pearl River County School District and the Poplarville Special Municipal Separate School District.

Section 37-13-92 (6), Miss. Code Ann. (1972), allows two or more adjacent school districts to enter into a contract to operate an alternative school program. The school board of the school district designated by the agreement as the lead district will serve as the governing board of the alternative school program. Transportation for students attending the alternative school program will be the responsibility of the individual school district sending the students.

The Pearl River County School District has been designated as the lead school district for the Pearl River Central for Alternative Education, and the operations of the consortium are included in its financial statements.

Note 15 – Effect of Deferred Amounts on Net Position

The unrestricted net position amount of $3,782 includes the effect of deferring the recognition of revenue from up-front student payments for participation in the child nutrition program for breakfast and lunch in the school cafeterias. The $3,782 balance of the deferred inflow of resources at June 30, 2014 will be recognized as revenue and increase unrestricted net position as the students participate in the child nutrition program for breakfast and lunch in the following year.

Note 16 – 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 Poplarville Special Municipal Separate School District evaluated the activity of the district through December 23, 2014, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

On December 8, 2014, the district board of trustees has authorized the board attorney to settle an appeal of a personnel non-renewal in the amount of $12,124.22 and a contract to return to work for the remainder of the fiscal year ending June 30, 2015. As part of this settlement, the individual is required to release the district from all claims.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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	$ 4,643,757	$ 4,741,500	$ 4,766,321	$ 97,743	$ 24,821
State sources	8,500,263	8,565,763	8,653,220	65,500	87,457
Federal sources	140,439	123,939	84,646	(16,500)	(39,293)
Total Revenues	13,284,459	13,431,202	13,504,187	146,743	72,985
Expenditures:					
Instruction	8,251,763	8,293,779	8,241,324	(42,016)	52,455
Support services	5,892,055	5,923,260	5,792,962	(31,205)	130,298
Non-instructional services	23,925	24,600	19,070	(675)	5,530
Facilities acquisition and construction	-	17,500	16,461	(17,500)	1,039
Debt Service:					
Interest	2,752	2,752	2,752	-	-
Total Expenditures	14,170,495	14,261,891	14,072,569	(91,396)	189,322
Excess (deficiency) of Revenues over (under) Expenditures	(886,036)	(830,689)	(568,382)	55,347	262,307
Other Financing Sources (Uses):					
Sale of other property	-	41,135	41,490	41,135	355
Operating transfers in	1,179,436	843,567	15,989	(335,869)	(827,578)
Operating transfers out	(1,350,677)	(1,054,602)	(218,506)	296,075	836,096
Total Other Financing Sources (Uses)	(171,241)	(169,900)	(161,027)	1,341	8,873
Net change in fund balances	(1,057,277)	(1,000,589)	(729,409)	56,688	271,180
Fund Balances:					
July 1, 2013	5,516,355	5,516,355	5,516,355	-	-
June 30, 2014	$ 4,459,078	$ 4,515,766	$ 4,786,946	$ 56,688	$ 271,180

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

Budgetary Comparison Schedule
Title I-A Funds
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	$ 685,462	$ 809,336	$ 610,416	$ 123,874	$ (198,920)
Total Revenues	685,462	809,336	610,416	123,874	(198,920)
Expenditures:					
Instruction	421,964	493,046	393,608	(71,082)	99,438
Support services	201,762	269,284	178,183	(67,522)	91,101
Noninstructional services	46,736	31,017	22,636	15,719	8,381
Total Expenditures	670,462	793,347	594,427	(122,885)	198,920
Excess (deficiency) of Revenues over (under) Expenditures	15,000	15,989	15,989	989	-
Other Financing Sources (Uses):					
Operating transfers out	(15,000)	(15,989)	(15,989)	(989)	-
Total Other Financing Sources (Uses)	(15,000)	(15,989)	(15,989)	(989)	-
Net change in fund balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	$ -	$ -	$ -	$ -	$ -

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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
Sixteenth Section Interest Funds
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	$ 297,355	$ 487,080	$ 492,649	$ 189,725	$ 5,569
Total Revenues	297,355	487,080	492,649	189,725	5,569
Expenditures					
Sixteen section	13,800	66,990	31,419	(53,190)	35,571
Total Expenditures	13,800	66,990	31,419	(53,190)	35,571
Excess (deficiency) of Revenues over (under) Expenditures	283,555	420,090	461,230	136,535	41,140
Other Financing Sources (Uses)					
Operating transfers in	11,655	17,390	3,890	5,735	(13,500)
Operating transfers out	(307,155)	(13,490)	-	293,665	13,490
Total Other Financing Sources (Uses)	(295,500)	3,900	3,890	299,400	(10)
Net change in fund balances	(11,945)	423,990	465,120	435,935	41,130
Fund Balances:					
July 1, 2013	3,821,115	3,821,115	3,821,115	-	-
June 30, 2014	$ 3,809,170	$ 4,245,105	$ 4,286,235	$ 435,935	$ 41,130

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

Budgetary Comparison Schedules

(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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awareds

For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	$ 172,211
National school lunch program	10.555	650,639
Summer food service program for children	10.559	4,564
Total child nutrition cluster		827,414
Total U.S Department of Agriculture		827,414
Federal Communications Commission		
Administered through Universal Service Administrative Company:		
Schools and libraries program of the universal service fund	32.XXX	80,820
Total Federal Communications Commission		80,820
U. S. Department of Education		
Passed-through Mississippi Department of Education:		
Career and technical education - basic grants to states	84.048	30,030
Rural education achievement program	84.358	45,787
Improving teacher quality - state grants	84.367	137,993
Subtotal		213,810
Title I cluster:		
Title I grants to local educational agencies	84.010	610,416
Title I - school improvement	84.010A	3,038
Total Title I cluster		613,454
Special education cluster:		
Special education - grants to states	84.027	409,452
Special education - preschool grants	84.173	13,683
Total special education cluster		423,135
Total passed-through Mississippi Department of Education		1,250,399
Total U.S. Department of Education		1,250,399
U.S. Department of Health Services		
Passed-through Mississippi Department of Health Services:		
Medical assistance program	93.778	19,376
Total passed-through Mississippi Department of Health Services		19,376
Passed-through Mississippi Department of Education:		
Medical assistance program	93.778	3,826
Total passed-through Mississippi Department of Education		3,826
Total U.S. Department of Health Services		23,202
Total for All Federal Awards		$ 2,181,835

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.

POPLARVILLE SPECIAL MUNICIPAL SEPARATE DISTRICT

Supplementary Information

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 13,722,914	$ 10,363,442	$ 648,212	$ 1,057,512	$ 1,653,748
Other	4,108,175	1,536,284	137,999	22,794	2,411,098
Total	$ 17,831,089	$ 11,899,726	$ 786,211	$ 1,080,306	$ 4,064,846
Total number of students *	1,714				
Cost per student	$ 10,403	$ 6,942	$ 459	$ 630	$ 2,372

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

Instruction and other student instructional expenses - 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

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

OTHER INFORMATION

POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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	$ 4,766,321	$ 4,859,782	$ 4,741,853	$ 4,767,825
State sources	8,653,220	8,999,200	9,028,338	8,507,814
Federal sources	84,646	117,790	280,203	81,158
Total Revenues	13,504,187	13,976,772	14,050,394	13,356,797
Expenditures:				
Instruction	8,241,324	8,209,004	7,766,073	6,569,978
Support services	5,792,962	5,342,974	5,047,578	5,038,002
Noninstructional services	19,070	24,680	38,637	50,018
Facilities acquisition and construction	16,461	48,000	-	-
Debt service:				
Interest	2,752	3,240	3,710	4,161
Total Expenditures	14,072,569	13,627,898	12,855,998	11,662,159
Excess (Deficiency) of Revenues over Expenditures	(568,382)	348,874	1,194,396	1,694,638
Other Financing Sources (Uses):				
Sale of transportation equipment	-	4,591	-	8,692
Sale of other property	41,490	-	-	-
Operating transfers in	15,989	14,417	14,575	11,776
Operating transfers out	(218,506)	(479,506)	(641,316)	(674,953)
Total Other Financing Sources (Uses)	(161,027)	(460,498)	(626,741)	(654,485)
Net Change in Fund Balances	(729,409)	(111,624)	567,655	1,040,153
Fund Balances:				
Beginning of period	5,516,355	5,627,979	5,060,324	4,020,171
End of Period	$ 4,786,946	# $ 5,516,355	$ 5,627,979	$ 5,060,324

*SOURCE - PRIOR YEAR AUDIT REPORTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE 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	$ 5,241,326	$ 5,321,208	$ 5,216,692	$ 5,262,026
State sources	9,357,968	9,695,722	9,840,147	9,250,376
Federal sources	2,179,393	2,322,580	2,668,458	3,835,487
Sixteenth section sources	566,924	700,639	572,423	327,020
Total Revenues	17,345,611	18,040,149	18,297,720	18,674,909
Expenditures:				
Instruction	9,584,132	9,567,277	9,414,137	9,353,395
Support services	6,857,431	6,499,046	6,180,858	6,332,096
Noninstructional services	1,047,906	1,043,704	1,134,255	1,079,840
Sixteenth section	94,856	120,724	131,296	51,570
Facilities acquisition and construction	67,612	216,321	1,446,586	2,343,100
Debt service:				
Principal	146,000	140,000	136,000	130,000
Interest	30,652	37,650	44,444	50,940
Other	2,500	2,500	3,500	-
Total Expenditures	17,831,089	17,627,222	18,491,076	19,340,941
Excess (Deficiency) of Revenues over Expenditures	(485,478)	412,927	(193,356)	(666,032)
Other Financing Sources (Uses):				
Sale of transportation equipment	-	4,591	-	8,692
Sale of other property	41,490	-	-	-
Operating transfers in	302,518	564,265	664,864	699,654
Operating transfers out	(302,518)	(564,265)	(664,864)	(699,654)
Total Other Financing Sources (Uses)	41,490	4,591	-	8,692
Net Change in Fund Balances	(443,988)	417,518	(193,356)	(657,340)
Fund Balances:				
Beginning of period, as orginally reported	14,794,824	14,392,854	14,577,402	15,235,078
Prior period adjustment	-	(16,635)	-	-
Beginning of period, as restated	14,794,824	14,376,219	14,577,402	15,235,078
Increase (Decrease) in reserve for inventory	(8,361)	1,087	8,808	(336)
End of Period	$ 14,342,475	# $ 14,794,824	$ 14,392,854	$ 14,577,402

*SOURCE - PRIOR YEAR AUDIT REPORTS

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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

Superintendent and School Board
Poplarville Special Municipal Separate School District

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated December 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 the school district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 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.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 23, 2014

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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
Poplarville Special Municipal Separate School District

Report on Compliance for Each Major Federal Program

We have audited Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate School District's major federal programs for the year ended June 30, 2014. Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate 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 the school district's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Poplarville Special Municipal Separate 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 Poplarville Special Municipal Separate 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 the 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

A *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 a 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and 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.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 23, 2014

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT

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

American Institute of
Certified Public Accountants

King CPA, PLLC

206 E Central Ave P.O. Box 1182
Petal, MS 39465
Telephone 601-544-9795....Fax 601-544-9793

Mississippi Society of
Certified Public Accountants

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

Superintendent and School Board
Poplarville Special Municipal Separate School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poplarville Special Municipal Separate School District as of and for the year ended June 30, 2014, which collectively comprise Poplarville Special Municipal Separate School District's basic financial statements and have issued our report thereon dated December 23, 2014. 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 **$2,598** 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 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.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 23, 2014

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2014

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting	
a. Material weakness identified?	No
b. Significant deficiency identified?	None Reported
3. Noncompliance material to financial statements noted?	No

Federal Awards:

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

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027	Special education - grants to states
84.173	Special education - preschool grants
84.367	Improving teacher quality - state grants

8. Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
9. Auditee qualified as low-risk auditee?	yes

POPLARVILLE SPECIAL MUNICIPAL SEPARATE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2014

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Cost

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