JACKSON PUBLIC SCHOOL DISTRICT

Audited Financial Statements
For Year Ended June 30, 2015

WATKINS, WARD AND STAFFORD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

WWS

WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Staggers, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA
Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA

INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
Jackson Public School District

Report on the Financial Statements

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 Jackson Public 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Jackson Public School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. 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 financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Total net position for 2015 decreased $301,080,010, including a prior period adjustment of ($313,568,898) due primarily to the recording of the net pension liability, which represents an 806% decrease from fiscal year 2014. Total net position for 2014 increased $10,795,288, including a prior period adjustment of ($366,058), which represents a 41% increase from fiscal year 2013.

General revenues amounted to $224,550,863 and $210,139,667, or 80% and 79% of all revenues for fiscal years 2015 and 2014, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $56,625,661, or 20% of total revenues for 2015, and $57,065,635, or 21% of total revenues for 2014. The District also had extraordinary items related to insurance recoveries for hailstorm damages totaling $9,258,944 in 2014.

The District had $268,687,636 and $265,302,900 in expenses for fiscal years 2015 and 2014; only $56,625,661 for 2015 and $57,065,635 for 2014 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $224,550,863 for 2015 and general revenues and extraordinary items totaling $219,398,611 for 2014 were adequate to provide for these programs.

Among major funds, the General Fund had $203,060,481 in revenues and $197,857,666 in

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 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 financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund as required by the Governmental Accounting Standards Board. Additionally, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District's Contributions are

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2015 and June 30, 2014 were $281,176,524 and $267,205,302, r

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2015	2014	
Instruction	$ 126,149,693	$ 137,273,855	(8.10) %
Support services	99,160,848	100,144,007	(0.98) %
Non-instructional	18,842,243	19,317,910	(2.46) %
Sixteenth section	94,271	118,949	(20.75) %
Pension Expense	14,768,514	-	N/A %
Interest on long-term liabilities	9,672,067	8,448,179	14.49 %
Total expenses	**$ 268,687,636**	**$ 265,302,900**	**1.28 %**

	Net (Expense) Revenue		Percentage Change
	2015	2014	
Instruction	$ (108,130,105)	$ (118,076,901)	(8.42) %
Support services	(81,688,422)	(82,621,828)	(1.13) %
Non-instructional	2,291,404	1,028,592	122.77 %
Sixteenth section	(94,271)	(118,949)	(20.75) %
Pension Expense	(14,768,514)	-	N/A %
Interest on long-term liabilities	(9,672,067)	(8,448,179)	14.49 %
Total net (expense) revenue	**$ (212,061,975)**	**$ (208,237,265)**	**1.84 %**

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was $1,159,857, which includes a fund reclassification of $324,223, a prior period adjustment of ($969), and an increase in inventory of $11,077. The fund balance of Other Governmental Funds showed a decrease in the amount of $6,379,724, which includes a fund reclassification of ($324,223), a prior period adjustment of ($64,451), and a decrease in inventory of $4,427.

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 Jackson Public School District. Budget revisions during the year were routine in nature and insignificant when compared to total revenues and expenditures of the Jackson Public School District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2015, the District's total capital assets were $318,026,959, including land, construction in progress, school buildings, improvements other than buildings, buses, other school vehicles, furniture and equipment, and leased property under capital leases. This amount represents a gross increase of $2,169,432 from 2014, due primarily to the ongoing construction of school facilities and the purchase of various items of furniture and equipment. Total accumulated depreciation as of June 30, 2015, was $125,583,175, and total depreciation expense for the year was $5,970,293, resulting in total net capital assets of $192,443,784.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2015	June 30, 2014	Percentage Change
Land	$ 6,780,059	$ 6,780,059	0.00 %
Construction in Progress	2,146,271	-	N/A %
Buildings	160,672,038	164,842,990	(2.53) %
Improvements other than buildings	17,369,835	18,118,719	(4.13) %
Mobile equipment	865,956	960,506	(9.84) %
Furniture and equipment	878,986	781,669	12.45 %
Leased property under capital leases	3,730,639	4,327,867	(13.80) %
Total	**$ 192,443,784**	**$ 195,811,810**	**(1.72) %**

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Table 5
Outstanding Long-Term Debt

	June 30, 2015	June 30, 2014	Percentage Change
General obligation bonds payable	$ 138,295,000	$ 145,850,000	(5.18) %
Limited obligation bonds payable	8,855,000	11,215,000	(21.04) %
Three mill notes payable	30,940,000	33,105,000	(6.54) %
Obligations under capital leases	4,508,033	5,482,937	(17.78) %
Compensated absences payable	2,208,077	2,029,957	8.77 %
Total	**$ 184,806,110**	**$ 197,682,894**	**(6.51) %**

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Jackson Public School District, P.O. Box 2338, Jackson, MS 39225-2338.

JACKSON PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Net Position **Exhibit A**
June 30, 2015

		Governmental Activities
Assets		
Cash and cash equivalents	$	25,486,416
Due from other governments		17,306,851
Other receivables, net		121,351
Inventories		1,437,876
Restricted assets		3,735,349
Capital assets, non-depreciable:		
Land		6,780,059
Construction in progress		2,146,271
Capital assets, net of accumulated depreciation:		
Buildings		160,672,038
Improvements other than buildings		17,369,835
Mobile equipment		865,956
Furniture and equipment		878,986
Leased property under capital leases		3,730,639
Total Assets		240,531,627
Deferred Outflows of Resources		
Deferred outflow from advance refunding of debt		9,820,690J

The accompanying notes to financial statements are an integral part of these financial statements.

JACKSON PUBLIC SCHOOL DISTRICT

Statement of Activities **Exhibit B**
For Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:					
Instruction	$ 126,149,693	$ 1,315,301	$ 16,704,287	$ -	$ (108,130,105)
Support services	99,160,848	768,724	16,453,702	250,000	(81,688,422)
Non-instructional	18,842,243	1,003,614	20,130,033	-	2,291,404
Sixteenth section	94,271	-	-	-	(94,271)
Pension expense	14,768,514	-	-	-	(14,768,514)
Interest on long-term liabilities	9,672,067	-	-	-	(9,672,067)
Total Governmental Activities	$ 268,687,636	$ 3,087,639	$ 53,288,022	$ 250,000	$ (212,061,975)

JACKSON PUBLIC SCHOOL DISTRICT

Balance Sheet **Exhibit C**
June 30, 2015

	Major Funds		
	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 9,660,381	$ 18,076,187	$ 27,736,568
Cash with fiscal agents	-	1,298,379	1,298,379
Investments	-	186,818	186,818
Due from other governments	5,820,422	9,138,426	14,958,848
Other receivables, net	121,351	-	121,351
Due from other funds	10,305,289	1,066,945	11,372,234
Inventories	1,005,877	431,999	1,437,876
Total assets	$ 26,913,320	$ 30,198,754	$ 57,112,074
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 11,208,980	$ 3,028,702	$ 14,237,682
Due to other funds	512,551	8,511,680	9,024,231
Deferred revenue	-	13,826	13,826
Total Liabilities	11,721,531	11,554,208	23,275,739
Fund Balances:			
Nonspendable:			
Inventory	1,005,877	431,999	1,437,876
Permanent fund principal	-	297,920	297,920
Restricted:			
Debt service	-	5,563,271	5,563,271
Capital projects	-	1,480,942	1,480,942
Forestry improvement purposes	-	39,830	39,830
Grant activities	-	6,902,501	6,902,501
Unemployment benefits	-	1,156,932	1,156,932
Assigned:			
Activity funds/athletics	605,017	-	605,017
Facility repairs and improvements	7,342,400	2,771,151	10,113,551
Unassigned	6,238,495	-	6,238,495
Total Fund Balances			

JACKSON PUBLIC SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position **Exhibit C-1**
June 30, 2015

Total fund balances for governmental funds	$	33,836,335

1.

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For Year Ended June 30, 2015 **Exhibit D**

	Major Funds		
	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Local sources	$ 76,391,404	$ 19,017,393	$ 95,408,797
State sources	123,805,217	9,202,304	133,007,521
Federal sources	1,519,916	49,127,622	50,647,538
Sixteenth section sources	1,343,944	-	1,343,944
Total Revenues	203,060,481	77,347,319	280,407,800
Expenditures:			
Instruction	116,123,384	20,340,971	136,464,355
Support services	81,069,230	24,709,888	105,779,118
Noninstructional services	82	19,430,882	19,430,964
Sixteenth section	94,271	-	94,271
Facilities acquisition and construction	-	1,966,884	1,966,884
Debt service:			
Principal	492,458	12,562,446	13,054,904
Interest	78,241	9,463,724	9,541,965
Other	-	13,760	13,760
Total Expenditures	197,857,666	88,488,555	286,346,221
Excess (Deficiency) of Revenues over (under) Expenditures	5,202,815	(11,141,236)	(5,938,421)
Other Financing Sources (Uses):			
Insurance recovery	162,542	606,182	768,724
Sale of other property	8,600	-	8,600
Operating transfers in	687,134	5,339,012	6,026,146
Operating transfers out	(5,235,565)	(790,581)	(6,026,146)
Total Other Financing Sources (Uses)	(4,377,289)	5,154,613	777,324
Net Change in Fund Balances	825,526	(5,986,623)	(5,161,097)
Fund Balances:			
July 1, 2014, as previously reported	14,031,932	25,024,270	39,056,202
Fund reclassification	324,223	(324,223)	-
Prior period adjustments	(969)	(64,451)	(65,420)
July 1, 2014, as restated	14,355,186	24,635,596	38,990,782
Increase (Decrease) in inventory	11,077	(4,427)	6,650
June 30, 2015	$ 15,191,789	$ 18,644,546	$ 33,836,335

The accompanying notes to financial statements are an integral part of these financial statements.

JACKSON PUBLIC SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities For Year Ended June 30, 2015 — **Exhibit D-1**

Net change in fund balances - total governmental funds			$ (5,161,097)
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital outlay	$	2,454,252	
Depreciation expense		(5,970,293)	(3,516,041)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.			(31,372)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of premiums, discounts and the			

JACKSON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Net Position **Exhibit E**

June 30, 2015

JACKSON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Changes in Fiduciary Net Position **Exhibit F**

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 Jackson 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, Jackson Public 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.

JACKSON PUBLIC SCHOOL DISTRICT

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, the nonexpendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

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

are presented as a deferred outflow from advance refunding of debt and a deferred outflow related to pensions. See Note 15 for further details.

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. The school district has incurred a deferred inflow which is presented as a deferred inflow related to pensions. 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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) of Mississippi and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. 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, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board. Currently there are no committed fund balances.

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

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

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

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

F. New Pronouncements

In June 2012, the GASB issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions.* This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, note disclosure and required supplementary information requirements about pensions also are addressed. Also issued in conjunction to GASB 68 is GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to Measurement Date*. Tron

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

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

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

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

Cash and Cash Equivalents

governmental funds and fiduciaw 120eay funds was $27,736,565, $186,988, respectively.

name of the Mississippi State Treasurer. Deposits of a financial institution, the district will not be able to recover the excess over Mississippi State Treasurer. The District's deposits with financial institutions in excess of FDIC coverage are collateralized by the pledging financ

Investments

As of June 30, 2015, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common Trust Funds 2012-A		less than1 year	$ 186,818
Total			$ 186,818

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

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The distairic

B. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	5,235,565
Other governmental funds	General Fund		687,134
	Other governmental funds		103,447
Total		$	6,026,146

Construction in progress is composed of:

	Spent to June 30, 2015	Remaining Commitment
Governmental Activities:		
Northwest Middle School	$ 2,146,271	$ 14,633,729
Total construction in progress	$ 2,146,271	$ 14,633,729

The Construction project included in governmental activities is funded with the remaining proceeds of bonds and General Funds.

Note 6 – Long-term Liabilities

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

A. General obligation bonds payable

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

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

1. General obligation bonds issued on October 2, 2007:

Year Ending June 30	Principal	Interest	Total
2016	$ 1,560,000	$ 1,059,100	$ 2,619,100
2017	1,630,000	981,100	2,611,100
2018	1,700,000	899,600	2,599,600
2019	1,770,000	818,850	2,588,850
2020	1,860,000	748,050	2,608,050
2021 – 2025	10,780,000	2,514,013	13,294,013
2026 – 2027	5,040,000	332,062	5,372,062
Total	$ 24,340,000	$ 7,352,775	$ 31,692,775

31,692,352,775

This debt will be retired from the General Obligation Series 2012A Refunding Debt Service Fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2016	$ 7,940,000	$ 6,926,662	$ 14,866,662
2017	8,320,000	6,555,988	14,875,988
2018	7,985,000	6,126,225	14,111,225
2019	9,235,000	5,716,737	14,951,737
2020	9,650,000	5,326,019	14,976,019
2021 – 2025	56,495,000	18,621,588	75,116,588
2026 – 2028	38,670,000	3,797,937	42,467,937
Total	$ 138,295,000	$ 53,071,156	$ 191,366,156

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2015, the amount of outstanding bonded indebtedness was equal to 12% of property assessments as of October 1, 2014.

B. Limited obligation bonds payable

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

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act,T.4(du)6.1(c)ialnt bonds ar 9(c)-2(o)6.1(unt)3.6(abi)1.5(l)1.4

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2016	$ 2,440,000	$ 1,383,561	$ 3,823,561
2017	3,025,000	1,251,473	4,276,473
2018	3,170,000	1,102,542	4,272,542
2019	3,325,000	944,104	4,269,104
2020	3,495,000	779,076	4,274,076
2021 – 2024	15,485,000	1,395,140	16,880,140
Total	$ 30,940,000	$ 6,855,896	$ 37,795,896

D. Obligations under capital leases

that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership servioredi p wbim3.5(he)0.7(B)3.3()1.7(em)1.7(be).2(ar)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	4.25 – 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
U.S. Broad	34	%	5.20	%
International Equity	19		5.00	
Emerging Markets Equity	8		5.45	
Fixed Income	20		0.25	
Real Assets	10		4.00	
Private Equity	8		6.15	
Cash	1		(0.50)	
Total	100	%		

Discount rate. The discount rate used to measure the total pension liability was 8.00 percent. The

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share			

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 Jackson Public School District evaluated the activity of the district through March 26, 2016, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 74,309,276	$ 75,166,466	$ 76,391,404	$ 857,190	$ 1,224,938
State sources	123,576,880	123,576,880	123,805,217	-	228,337
Federal sources	1,110,000	1,110,000	1,519,916	-	409,916
Sixteenth section sources	1,346,100	1,346,100	1,343,944	-	(2,156)
Total Revenues	200,342,256	201,199,446	203,060,481	857,190	1,861,035
Expenditures:					
Instruction	115,272,759	114,502,158	116,123,384	770,601	(1,621,226)
Support services	79,257,614	80,523,536	81,069,230	(1,265,922)	(545,694)
Noninstructional services	65,000	65,000	82	-	64,918
Sixteenth section	146,100	146,100		1,346,100	77(

JACKSON PUBLIC SCHOOL DISTRICT
Required Supplementary Information
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERS
Last 10 Fiscal Years*

	2015
District's proportion of the net pension liability (asset)	2.310335%
District's proportionate share of the net pension liability (asset)	$ 280,432,367
District's covered-employee payroll	141,109,054
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.73%
Plan fiduciary net position as a percentage of the total pension liability	67%

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
PERS
Last 10 Fiscal Years*

		2015
Contractually required contribution	$	23,198,820

OTHER INFORMATION

	2015	2014*	2013*	2012*
Revenues:				
Local sources	$ 76,391,404	$ 74,210,965	$ 73,583,689	$ 73,515,639
State sources	123,805,217	122,121,581	120,344,422	120,931,885
Federal sources	1,519,916	314,018	1,122,646	1,297,012
Sixteenth section sources	1,343,944			
Total Revenues	203,060,481	196,646,564	195,050,757	195,744,536
Expenditures:				
Instruction	116,123,384	111,756,722	114,685,673	111,114,918
Support services	81,069,230	78,379,931	76,255,908	80,622,526
Noninstructional services	82	26,208		122,345
Sixteenth section	94,271			
Debt service:				
Principal	492,458	80,66I6 4586 [(492,71.2(458)-37(907[(81,)-43		
	Total7.1(t)1557.1(r)-4 FinciSrc s.1()1UsSinn5.7(i)2(ng of(94,)-48peu			
	Pir745.7(i)2(od adj7(al)1u.7(s)6.4(t)1m)41ebts			

	2015	2014	2013*	2012*

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

WWS

WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

James L. Stafford, CPA | **Kimberly S. Caskey, CPA**
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Robin Y. McCormick, CPA/PFS | **Robert E. Cordle, Jr., CPA**
J. Randy Scrivner, CPA | **Perry C. Rackley, Jr., CPA**

Independent Auditors' Report

On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Superintendent and School Board
Jackson Public School District

We have audited, in accordance with the auditing standards generally accepted in the United States of

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*.

Jackson Public School District's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. We did not audit Jackson Public School District's responses and, accordingly, we express no opinion on them.

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

Watkins, Ward, and Stafford, PLLC
Jackson, Mississippi
March 26, 2016

WWS

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

Superintendent and School Board
Jackson Public School District

Report on Compliance for Each Major Federal Program

We have audited Jackson Public 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

Report on Internal Control Over Compliance

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

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

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

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

Watkins, Ward, and Stafford, PLLC
Jackson, Mississippi
March 26, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

WWS

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INDEPENDENT AUDITOR'S REPORT

ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Jackson Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson Public School District as of and for the year ended June 30, 2015, which collectively comprise Jackson Public School District's basic financial statements and have issued our report thereon dated March 26, 2016. 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Jackson Public School District
Schedule of Findings and Questioned Costs
For Year Ended June 30, 2015

Section I: Summary of Auditors' Results

Financial Statements:

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	Yes
	b. Significant deficiency identified?	Yes
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 auditors' 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
10.553;10.555;10.559 & 10.582	Child Nutrition Cluster
84.010; 84.369	Title I Cluster
84.027;84.173	Special Education Cluster
32.XXX	The Schools and Libraries program of the universal service fund

8.	Dollar threshold used to distinguish between type A and type B programs:	$1,502,791
9.	Auditee qualified as low-risk auditee?	No

Section II: Financial Statement Findings

Material Weakness:

2015-01 Finding

Transportation Department's Internal Controls Related to Personnel time entry and overtime should be strengthened.

Management is responsible for establishing a proper internal control sy FiPertbl nengtel e ial 1.5(a6(or)- Tw 12.928 3

AUDITEE'S CORRECTIVE ACTION PLAN

AND

SUMMARY OF PRIOR FEDERAL AUDIT FINDINGS

Jackson Public School District
Post Office Box 2338
Jackson, MS 39225-2338
Dr. Cedrick Gray - Superintendent
Sharolyn Miller, Chief Financial Officer

AUDITEE'S CORRECTIVE ACTION PLAN

Jackson Public School District has prepared and hereby submits the following corrective action plan for the finding included in the Schedule of Findings and Questioned Costs for the Year ended June 30, 2015:

Finding Corrective Action Plan Details

2015-01 Transportation Department's Internal Controls Related to Personnel time entry and overtime should be strengthened.

A. Name of contact person responsible for Corrective Action:
Name: Joseph Sargent
Title: Executive Director of Transportation

B. Corrective Action Planned:

The district has implemented a biometric timeclock system to properly monitor and track overtime of hourly employees.

C. June 30, 2015

2015-02 Capital Asset Process and Depreciation

A. Name of contact person responsible for Corrective Action:
Name: W( )6..5( )]TJTc 0 Tw 22( )Tj EMC ve r

Jackson Public School District
Post Office Box 2338
Jackson, MS 39225-2338
Dr. Cedrick Gray - Superintendent
Sharolyn Miller, Chief Financial Officer

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

As required by Section ___.315(b) of OMB Circular A-133, the Jackson Public School District has prepared and hereby submits the following summary of prior year audit findings as of June 30, 2015:

Findings	Status
2014-01	Repeated
2014-02	Repeated