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Coahoma County School District
Audited Financial Statements
For the Year Ended June 30, 2013

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

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INDEPENDENT AUDITOR'S REPORT



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

**Superintendent and School Board
Coahoma County School District**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Coahoma County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District, as of June 30, 2013, 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 beginning on page 6 and the budgetary comparison information beginning on page 42 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 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 Coahoma County School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required 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 of 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 of 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 October 23, 2014, on our consideration of the Coahoma County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma County School District's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

October 23, 2014

COAHOMA COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

The following discussion and analysis of Coahoma County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2013 increased \$897,403, which represents a 12% increase from the 2012 fiscal year.
Total net position for 2012 increased \$899,776, including a prior period adjustment of (\$7,679), which represents a 13% increase from the 2011 fiscal year.
- General revenues amounted to \$12,148,226 and \$12,281,236, or 74% and 72% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services accounted for \$4,274,421, or 26% of total revenues for 2013, and \$4,750,389, or 28% of total revenues for 2012.
- The District had \$15,525,244 and \$16,124,170 in expenses for fiscal years 2013 and 2012; only \$4,274,421 for 2013 and \$4,750,389 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$12,148,226 for 2013 and \$12,281,236 for 2012 were adequate to provide for these programs.
- Among major funds, the General Fund had \$10,803,017 in revenues and \$11,439,801 in expenditures for 2013, and \$10,612,731 in revenues and \$10,706,649 in expenditures in 2012. The General Fund's fund balance increased by \$119,022 from 2012 to 2013 and increased by \$72,276 from 2011 to 2012.
- Capital assets, net of accumulated depreciation, increased by \$2,437 for 2013 and decreased by \$331,413 for 2012. The increase for 2013 was due to the net effect of a \$352,498 addition of assets less the increase in accumulated depreciation of \$350,061.
- Long-term debt decreased by \$491,881 for 2013 and decreased by \$553,754 for 2012. The decrease for 2013 was due primarily to the net effect of a capital lease issuance and principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased by \$32,508 for 2013 and decreased by \$9,105 for the fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve 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, and other information.

Government-wide Financial Statements

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

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

cash is received or paid.

The Statement of Net Position presents information on all the District's non-fiduciary assets and liabilities with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's Balance Sheet is reconciled to the Statement of Net Position, and the governmental fund's 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 fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other 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

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

statements because resources of those funds are not available to support the District's own programs. The accrual basis of accounting is used for fiduciary funds. 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 fund financial statements (modified actual 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 governmental funds 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

Additionally, 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.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$8,693,069 as of June 30, 2013.

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 for the fiscal years ended June 30, 2013 and June 30, 2012.

Table 1
Condensed Statement of Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 6,646,024	6,163,390	7.83%
Restricted assets	436,102	561,674	-22.36%
Capital assets, net	5,025,529	5,023,092	0.05%
Total assets	12,107,655	11,748,156	3.06%
Current liabilities	395,975	409,490	-3.30%
Long-term debt outstanding	3,018,611	3,543,000	-14.80%
Total liabilities	3,414,586	3,952,490	-13.61%
Net position:			
Net investment in capital assets	2,292,509	1,841,343	24.50%
Restricted	4,638,811	4,384,222	5.81%
Unrestricted	1,761,749	1,570,101	12.21%
Total net position	\$ 8,693,069	7,795,666	11.51%

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

- Increase in net capital assets in the amount of \$2,437.
- The principal retirement of \$630,881 of long-term debt.
- Issuing \$139,000 in capital leases.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$16,422,647 and \$17,031,625, respectively. The total cost of all programs and services was \$15,525,244 for 2013 and \$16,124,170 for 2012.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

Table 2
Changes in Net Position

	Year Ended	Year Ended	Percentage
	June 30, 2013	June 30, 2012	Change
Revenues:			
Program revenues			
Charges for services	\$ 158,998	176,703	-10.02%
Operating grants and contributions	4,115,423	4,573,686	-10.02%
General revenues:			
Property taxes	4,876,215	4,532,209	7.59%
Grants and contributions not restricted	6,108,761	6,788,988	-10.02%
Investment earnings	50,270	50,318	-0.10%
Sixteenth section sources	1,009,049	817,603	23.42%
Other	103,931	92,118	12.82%
Total revenues	16,422,647	17,031,625	-3.58%
Expenses:			
Instruction	7,496,048	7,303,207	2.64%
Support services	6,471,395	7,423,038	-12.82%
Non-instructional	1,289,135	1,168,859	10.29%
Sixteenth section	154,382	82,109	88.02%
Interest on long-term liabilities	114,284	146,957	-22.23%
Total expenses	15,525,244	16,124,170	-3.71%
Increase in net position	897,403	907,455	-1.11%
Net Position, July 1, as previously reported	7,795,666	6,895,890	13.05%
Prior Period Adjustment	0	(7,679)	
Net Position, July 1, as restated	7,795,666	6,888,211	13.17%
Net Position, June 30	\$ 8,693,069	7,795,666	11.51%

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 debt. 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 shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage
	2013	2012	Change
Instruction	\$ 7,496,048	7,303,207	2.64%
Support services	6,471,395	7,423,038	-12.82%
Non-instructional	1,289,135	1,168,859	10.29%
Sixteenth section	154,382	82,109	88.02%
Interest on long-term liabilities	114,284	146,957	-22.23%
Total expenses	\$ 15,525,244	\$16,124,170	-3.71%
	<u>Net (Expense) Revenue</u>		
	2013	2012	Change
Instruction	\$ (6,123,278)	(5,778,725)	5.96%
Support services	(4,701,763)	(5,456,353)	-13.83%
Non-instructional	(157,116)	90,363	-273.87%
Sixteenth section	(154,382)	(82,109)	88.02%
Interest on long-term liabilities	(114,284)	(146,957)	-22.23%
Total net (expense) revenue	\$ (11,250,823)	(11,373,781)	-1.08%

- Net cost of governmental activities, \$11,250,823 for 2013 and \$11,373,781 for 2012 was financed by general revenue, which is made up of primarily property taxes of \$4,876,215 for 2013 and \$4,532,209 for 2012 and state and federal revenues of \$6,108,761 for 2013 and \$6,788,988 for 2012. In addition, there was \$1,009,049 and \$817,603 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$50,270 for 2013 and \$50,318 for 2012.

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 \$6,685,555, an increase of \$360,137, which includes a decrease in inventory of \$65. \$1,979,467 or 30% 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 \$458,642 or 7% is non-spendable, \$861,639 or 12% is restricted, \$24,900 or 1% is committed and \$3,360,907 or 50% is assigned to indicate

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$119,022. The fund balance of Other Governmental Funds showed an increase in the amount of \$138,772 which includes a decrease in reserve for inventory of \$65. The other increases (decreases) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I A Fund	\$3,529
EHA Part B Fund	\$3,095
16 th Section Interest Fund	\$95,719

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. Beginning fund balance was adjusted to actual between the original and final budgets.

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, 2013, the District's total capital assets were \$12,588,700, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$352,498 from 2012. Total accumulated depreciation as of June 30, 2013, was \$7,563,171, and total depreciation expense for the year was \$350,061, resulting in total net capital assets of \$5,025,529.

Table 4
Capital Assets, Net of Depreciation

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Land	\$ 27,423	27,423	0.00%
Construction in progress	101,142	0	N/A
Buildings	2,528,706	2,599,947	-2.74%
Building improvements	1,603,274	1,659,092	-3.36%
Mobile equipment	456,059	536,804	-15.04%
Furniture and equipment	92,415	95,216	-2.94%
Leased property under capital leases	216,510	104,610	106.97%
Total	<u>\$ 5,025,529</u>	<u>5,023,092</u>	0.05%

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

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Debt Administration

At June 30, 2013, the District had \$3,018,611 in outstanding long-term debt, of which \$666,514 is due within one year. The liability for compensated absences at June 30, 2013 was \$87,675, a decrease of \$32,508 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
General obligation bonds payable	1,100,000	1,350,000	-18.52%
Limited obligation bonds payable	755,000	898,000	-15.92%
Three mill notes payable	685,000	840,000	-18.45%
Obligations under capital leases	390,936	334,817	16.76%
Compensated absences payable	87,675	120,183	-27.05%
Total	\$ <u>3,018,611</u>	<u>3,543,000</u>	-14.80%

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

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal 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 local, state and federal revenues.

The District is developing and maintaining a comprehensive facility study and plan to use it as a guide for future improvements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Coahoma County School District, P. O. Box 820, Clarksdale, MS 38614.

FINANCIAL STATEMENTS

Coahoma County School District
Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,401,158
Due from other governments	1,092,242
Other receivables, net	110,911
Inventories	26,542
Deferred debt issuance cost	15,171
Restricted assets	436,102
Capital assets, non-depreciable:	
Land	27,423
Construction in progress	101,142
Capital assets, net of accumulated depreciation:	
Buildings	2,528,706
Building improvements	1,603,274
Mobile equipment	456,059
Furniture and equipment	92,415
Leased property under capital lease	216,510
Total Assets	12,107,655
Liabilities	
Accounts payable and accrued liabilities	181,842
Other payables	28,250
Unearned revenue	171,308
Interest payable on long-term liabilities	14,575
Long-term liabilities, due within one year:	
Capital related liabilities	620,991
Non-capital related liabilities	45,523
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,112,029
Non-capital related liabilities	240,068
Total Liabilities	3,414,586
Net Position	
Net investment in capital assets	2,292,509
Restricted for:	
Expendable:	
School based activities	3,359,647
Debt service	782,204
Forestry improvements	25,543
Unemployment benefits	39,317
Non-expendable:	
Sixteenth section	432,100
Unrestricted	1,761,749
Total Net Position	\$ 8,693,069

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

Coahoma County School District
Statement of Activities
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Exhibit B
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Net (Expense)
					Revenue and Changes in Net Position
<u>Governmental Activities:</u>					Governmental Activities
					<u>Total</u>
Instruction	\$ 7,496,048	96,989	1,275,781		(6,123,278)
Support services	6,471,395		1,769,632		(4,701,763)
Noninstructional services	1,289,135	62,009	1,070,010		(157,116)
Sixteenth section	154,382				(154,382)
Interest on long-term liabilities	114,284				(114,284)
Total governmental activities	\$ 15,525,244	158,998	4,115,423		(11,250,823)
General Revenues:					
Taxes:					
Property taxes - general purposes levies				\$ 4,323,242	
Debt purpose levies				552,973	
Unrestricted grants and contributions:					
State				6,080,455	
Federal				28,306	
Unrestricted investment earnings				50,270	
Sixteenth section sources				1,009,049	
Other				103,931	
Total General Revenues				12,148,226	
Change in Net Position					897,403
Net Position - Beginning					7,795,666
Net Position - Ending				\$	8,693,069

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

Coahoma County School District
 Balance Sheet - Governmental Funds
 June 30, 2013

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Title IA Fund	EHA Part B Fund	16th Section Interest Fund	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	1,346,420			2,954,829	1,532,009	5,833,258
Investments					4,002	4,002
Due from other governments	288,952	254,043	228,315		320,932	1,092,242
Due from other funds	398,717					398,717
Other receivables	67,412	24,354			19,145	110,911
Inventories					26,542	26,542
Total Assets	2,101,501	278,397	228,315	2,954,829	1,902,630	7,465,672
LIABILITIES & FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	69,332	18,389	15,166	47	78,908	181,842
Due to other funds		147,150	192,775		58,792	398,717
Unearned revenue		112,858	5,891		52,559	171,308
Other payables			14,483		13,767	28,250
Total Liabilities	69,332	278,397	228,315	47	204,026	780,117
Fund Balances:						
Nonspendable:						
Inventory					26,542	26,542
Permanent fund principal					432,100	432,100
Restricted:						
Debt service					796,779	796,779
Forestry improvement purposes					25,543	25,543
Unemployment benefits					39,317	39,317
Committed:						
Other commitments - program operations					24,900	24,900
Assigned:						
Other purposes - special projects				2,954,782		2,954,782
Other purposes - program operations	52,702				353,423	406,125
Unassigned	1,979,467					1,979,467
Total Fund Balances	2,032,169	0	0	2,954,782	1,698,604	6,685,555
Total Liabilities and Fund Balance	2,101,501	278,397	228,315	2,954,829	1,902,630	7,465,672

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

Coahoma County School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2013

Exhibit C-1

	<u>Amount</u>	
Total fund balances - governmental funds	\$ 6,685,555	
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	\$ 27,423	
Construction in progress	101,142	
Buildings	5,359,618	
Building improvements	4,134,712	
Mobile equipment	1,878,698	
Furniture and equipment	757,907	
Leases under capital lease	329,200	
Accumulated depreciation	<u>(7,563,171)</u>	5,025,529
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore not reported in the funds:		
General obligation bonds	\$ (1,100,000)	
Limited obligation bonds	(755,000)	
Capital leases	(390,936)	
Notes payable	(685,000)	
Compensated absences	(87,675)	
Accrued interest payable	<u>(14,575)</u>	(3,033,186)
3. Other adjustment:		
Deferred bond issuance cost		<u>15,171</u>
Net Position of Governmental Activities	\$	<u><u>8,693,069</u></u>

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

Coahoma County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2013

Exhibit D

	Major Funds					Total Governmental Funds
	General Fund	Title 1A Fund	EHA Part B Fund	16th Section Interest Fund	Other Governmental Funds	
REVENUES						
Local sources	\$ 4,372,494				654,532	5,027,026
State sources	6,407,738				501,608	6,909,346
Federal sources	22,785	1,328,474	584,032		1,538,545	3,473,886
Sixteenth section sources				993,705	15,344	1,009,049
Total Revenues	10,803,017	1,328,474	584,032	993,705	2,710,029	16,419,257
EXPENDITURES						
Instruction	6,403,278	300,057	245,428		554,887	7,503,650
Support services	4,656,430	861,519	322,176		311,290	6,151,415
Noninstructional services	71,755	133,789			1,183,058	1,388,602
Facilities acquisition and construction	206,498					206,498
Sixteenth section				147,986	6,396	154,382
Debt Service:						
Principal	82,881				548,000	630,881
Interest	18,959				104,799	123,758
Other					4,000	4,000
Total Expenditures	11,439,801	1,295,365	567,604	147,986	2,712,430	16,163,186
Excess (Deficiency) of Revenues over (Under) Expenditures	(636,784)	33,109	16,428	845,719	(2,401)	256,071
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases					139,000	139,000
Insurance loss recoveries	3,455					3,455
Transfers in	814,923				24,248	839,171
Transfers out	(24,248)	(29,580)	(13,333)	(750,000)	(22,010)	(839,171)
Other uses	(38,324)					(38,324)
Total Other Financing Sources (Uses)	755,806	(29,580)	(13,333)	(750,000)	141,238	104,131
Net Change in Fund Balances	119,022	3,529	3,095	95,719	138,837	360,202
Fund Balances						
July 1, 2012	1,913,147	(3,529)	(3,095)	2,859,063	1,559,832	6,325,418
Increase (decrease) in reserve for inventory					(65)	(65)
June 30, 2013	\$ 2,032,169	0	0	2,954,782	1,698,604	6,685,555

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

Coahoma County School District
**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, 2013**

Exhibit D-1

	<u>Amount</u>
Net change in fund balances - governmental funds	\$ 360,202

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

1. Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 352,498	.
Depreciation expense	<u>(350,061)</u>	2,437

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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:

Capital lease issued	-139,000	
Deferred issuance cost	(3,034)	
Payments of debt principal	630,881	
Accrued interest payable	<u>13,474</u>	502,321

3. Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/ expenditures in governmental funds, These activities include:

Change in compensated absences	32,508	
Change in inventory reserve	<u>(65)</u>	32,443

Change in net position of governmental activities	\$ <u>897,403</u>
--	--------------------------

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

Coahoma County School District
Statement of Fiduciary Net Position
June 30, 2013

Exhibit E

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ <u>1,000</u>	\$ <u>755,688</u>
Total Assets	<u>1,000</u>	<u>755,688</u>
Liabilities		
Accounts payable and accrued liabilities	<u> </u>	<u>755,688</u>
Total Liabilities	<u> </u>	\$ <u>755,688</u>
Net Position		
Reserved for endowments	<u>1,000</u>	
Total Net Position	\$ <u>1,000</u>	

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

Coahoma County School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2013

Exhibit F

Private-Purpose
Trust Funds

Additions

Investment Income	\$	--
Net (Decrease) in Fair Value of investments		--
Employer Contributions		--
Plan Member Contributions		--
Total Additions		<u>--</u>

Deductions

Scholarship Awards		--
Benefits		--
Refunds of Contributions		--
Administrative Expenses		--
Total Deductions		<u>--</u>

Change in Net Position

--

Net Position

July 1, 2012		<u>1,000</u>
June 30, 2013	\$	<u><u>1,000</u></u>

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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

NOTE 1 Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

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

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

The school district reports the following major governmental funds:

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

Title 1A Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to assist in the instruction of students from families that live in poverty.

EHA Part B Fund - This fund accounts for federal sources received and expenditures incurred under the Special Education grants to states programs to assist the district in providing a free appropriate education to all children with disabilities.

16th Section Interest Fund - This fund is a special revenue fund used to account for the expendable revenues associated with earnings on sixteenth section lands and the expenditures incurred for maintaining and improving sixteenth section lands.

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 net position and changes in net position:

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

The District's fiduciary funds include one (1) private purpose trust fund which reports trust arrangements. The fiduciary funds also include one (1) agency fund which is used to report resources held by the district in a purely custodial capacity.

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.

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

Permanent Funds - Permanent Funds are used to account for 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

Private-purpose Trust Funds - Private-purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

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 and 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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

(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 are both restricted and unrestricted net assets 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.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

D. Encumbrances

An encumbrance system is not maintained to account for commitments 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 reported within committed or assigned fund balances.

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

1. Cash and 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

Activity 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.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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 account.

6. Capital Assets

Capital assets include 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 governmental column 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.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

The following schedule details the capitalization thresholds:

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

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

7. **Compensated Absences**

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

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

8. **Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, 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.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

9. Fund Balances

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

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

Non-spendable 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 receivables, 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.

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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

NOTE 2 Cash and Cash Equivalents and 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 districts' 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 surplus 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 deposits and 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, the principal and interest of which are fully guaranteed by the government or enumerated agency of the United States; (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 interest in, and open-end or closed-end any management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration. 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. Amounts less than \$100 can be credited to the General Fund.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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 \$5,833,258 and \$756,688, respectively. A portion of this amount, \$432,100, is presented as restricted assets on Exhibit A. The carrying amount of deposits reported in government-wide statements was \$5,401,158.

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, 2013, none of the district's bank balance of \$7,058,751 was exposed to custodial credit risk.

Investments

As of June 30, 2013, the district had the following investments with fiscal agents.

Investment	Rating	Maturity	Fair Value
Hancock Horizon Treasury Securities Money Market Mutual Funds	AAA	Less than one year	\$4,002
Total Investments			\$4,002

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 district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments: Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title 1A	\$ 147,150
General Fund	EHA Part B	192,775
General Fund	Other governmental funds	58,792
		<u>\$ 398,717</u>

The inter-fund loans were made mainly to cover the initial payments of reimbursable expenditures of federal and state programs. All interfund receivables and payables are expected to be repaid within one year.

B. Inter-fund Transfers

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 24,248
Title 1A	General Fund	29,580
EHA Part B	General Fund	13,333
16th Interest	General Fund	750,000
Other governmental funds	General Fund	22,010
Total		<u>\$ 839,171</u>

Inter-fund transfers were to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

NOTE 4 Restricted Assets

The restricted assets represent the cash balance totaling \$432,100 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 include the investment balance in the amount of \$4,002 of the MAEP Limited Obligation Bond/Note Fund.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

NOTE 5 Capital Assets

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

	Balance				Balance
Governmental Activities:	7-01-2012	Increases	Decreases	Adjustments	6-30-2013
<u>Non-depreciable capital assets:</u>					
Land	27,423				27,423
Construction in progress		101,142			101,142
	27,423	101,142	0	0	128,565
 <u>Depreciable Capital Assets</u>					
Buildings	5,359,618				5,359,618
Building improvements	4,029,356	105,356			4,134,712
Mobile equipment	1,878,698				1,878,698
Furniture and equipment	750,907	7,000			757,907
Leased property under capital lease	190,200	139,000			329,200
Total depreciable capital Assets	12,208,779	251,356	0	0	12,460,135
 <u>Less accumulated depreciation:</u>					
Buildings	2,759,671	71,241			2,830,912
Building improvements	2,370,264	161,174			2,531,438
Mobile equipment	1,341,894	80,745			1,422,639
Furniture & equipment	655,691	9,801			665,492
Leased property under capital lease	85,590	27,100			112,690
Total accumulated depreciation	7,213,110	350,061	0	0	7,563,171
Total depreciable capital assets, net	4,995,669	-98,705	0	0	4,896,964
Governmental activities capital assets, net	5,023,092	2,437	0	0	5,025,529

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	\$ 9,660
Support services	329,439
Non-instructional services	10,962
Total depreciation expense - Governmental activities	\$ 350,061

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

Construction in progress is composed of:

	Spent to June 30, 2013	Remaining Commitment
Governmental activities:		
Auditorium project	\$ 101,142	40,518

NOTE 6 Long-term Liabilities

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

	Balance 07-01-2012	Additions	Reductions	Balance 06-30-2013	Amount due within one Year
A. General obligation bonds payable	\$ 1,350,000		250,000	1,100,000	260,000
B. Limited obligation bonds payable	898,000		143,000	755,000	138,000
C. Three mill notes payable	840,000		155,000	685,000	160,000
D. Obligations under capital leases	334,817	139,000	82,881	390,936	108,514
E. Compensated absences payable	120,183		32,508	87,675	0
Total	\$ 3,543,000	139,000	663,389	3,018,611	666,514

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligations bonds, Refunding Series 2004	1.2-4.2%	02/01/04	11/10/16	3,160,000	1,100,000
Total				\$ 3,160,000	1,100,000

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

Year ending June 30	Principal	Interest	Total
2014	\$ 260,000	38,925	298,925
2015	270,000	38,925	308,925
2016	280,000	17,850	297,850
2017	290,000	6,090	296,090
Total	\$ 1,100,000	101,790	1,201,790

This debt will be retired from the Bond Issue Retirement Fund (Debt Service Fund).

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, 2013, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2012.

B. Limited obligation bonds payable

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district.

Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Refunding 2012	2.37%	02/01/12	03/01/18	1,045,000	755,000
Total				\$ 1,045,000	755,000

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

Year ending June 30	Principal	Interest	Total
2014	\$ 138,000	17,894	155,894
2015	146,000	14,623	160,623
2016	154,000	11,163	165,163
2017	155,000	7,513	162,513
2018	162,000	3,839	165,839
Total	\$ 755,000	55,032	810,032

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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

C. Three mill notes payable.

Debt Currently outstanding as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2006 Limited Tax School Note	3.96%	11/17/06	11/17/16	1,500,000	685,000
Total				\$ 1,500,000	685,000

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

Year ending June 30	Principal	Interest	Total
2014	\$ 160,000	27,126	187,126
2015	170,000	20,790	190,790
2016	175,000	14,058	189,058
2017	180,000	7,128	187,128
Total	\$ 685,000	69,102	754,102

This debt will be retired from the Three Mill Notes Retirement Fund (Debt Service Fund).

D. Obligations under capital lease

The school district has entered into a lease agreement as a lessee for financing the acquisition of three buses, an HVAC unit, a telephone system and cabling, two (2) portable storage buildings and a lighting project at a cost of \$600,000.

In addition, the school district has entered into a lease agreement as a lessee for the financing of cafeteria equipment.

These leases qualify as capital leases for accounting purposes. Since some components are not capital related, the school district has decided to show a portion of the lease as a capital and the remainder as non-capital. Of the \$390,936 balance outstanding as of June 30, 2013, \$193,020 (28%) is capital related debt and \$197,916 (72%) is non-capital related debt.

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Master Lease - 2007	5.49%	10/10/07	04/10/17	739,000	390,936
Total				\$ 739,000	390,936

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

Year ending June 30	Principal	Interest	Total
2014	\$ 108,514	17,662	126,176
2015	113,567	12,650	126,217
2016	94,449	7,392	101,841
2017	74,406	3,077	77,483
Total	\$ 390,936	40,781	431,717

The school district uses the straight-line method of amortization for the lease payments which is not in accordance with accounting principles generally accepted in the United States of America. However, the difference between the effective interest method and the straight-line method is not considered material.

This debt will be retired from the District Maintenance Fund.

E. Compensated absences payable

As more fully explained in Note 1 (E) (7), compensated absences payables 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 Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2013 was 14.26% 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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

ending June 30, 2013, 2012 and 2011 were \$1,274,279, \$1,008,303 and \$934,630, respectively, which equaled the required contributions for each year.

NOTE 8 Sixteenth Section Lands

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

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 690,382
2015	647,943
2016	479,174
2017	455,549
2018	336,706
Thereafter	<u>47,944</u>
Total	<u>\$ 2,657,698</u>

NOTE 9 Contingencies

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

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

NOTE 10 Risk Management

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

**Coahoma County School District
Notes to the Financial Statements
For the Year Ended June 30, 2013**

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. This district has not had an additional assessment for excess losses incurred by the pool.

NOTE 11 Subsequent Events

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the Coahoma County School District evaluated the activity of the district through October 23, 2014, and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

COAHOMA COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Coahoma County School District
 Budgetary Comparison Schedule for the General Fund
 For the Year Ended June 30, 2013

	Budget		Actual GAAP Basis	Variances	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Local sources	\$ 3,883,974	4,372,494	4,372,494	488,520	0
State sources	6,224,497	6,407,738	6,407,738	183,241	0
Federal sources	75,000	22,785	22,785	(52,215)	0
Total revenues	<u>10,183,471</u>	<u>10,803,017</u>	<u>10,803,017</u>	<u>619,546</u>	<u>0</u>
EXPENDITURES					
Instruction	5,570,759	6,403,278	6,403,278	(832,519)	0
Support services	4,684,383	4,656,430	4,656,430	27,953	0
Noninstructional services	40,901	71,755	71,755	(30,854)	0
Facilities acquisition and construction	0	206,498	206,498	(206,498)	0
Debt service					
Principal	50,928	82,881	82,881	(31,953)	0
Interest	27,922	18,959	18,959	8,963	0
Total expenditures	<u>10,374,893</u>	<u>11,439,801</u>	<u>11,439,801</u>	<u>(1,064,908)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>(191,422)</u>	<u>(636,784)</u>	<u>(636,784)</u>	<u>(445,362)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)					
Insurance loss recoveries	6,800	3,455	3,455	(3,345)	0
Operating transfers in	620,000	814,923	814,923	194,923	0
Operating transfers out	(467,999)	(24,248)	(24,248)	443,751	0
Miscellaneous other sources (uses)	34,023	(38,324)	(38,324)	(72,347)	0
Total other financing sources and uses	<u>192,824</u>	<u>755,806</u>	<u>755,806</u>	<u>562,982</u>	<u>0</u>
Net change in fund balances	<u>1,402</u>	<u>119,022</u>	<u>119,022</u>	<u>117,620</u>	<u>0</u>
Fund balances:					
July 1, 2012	<u>1,908,269</u>	<u>1,913,147</u>	<u>1,913,147</u>	<u>4,878</u>	<u>0</u>
June 30, 2013	<u>\$ 1,909,671</u>	<u>2,032,169</u>	<u>2,032,169</u>	<u>122,498</u>	<u>0</u>

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

Coahoma County School District
 Budgetary Comparison Schedule for the Title 1A Fund
 For the Year Ended June 30, 2013

	Budget		Actual GAAP Basis	Variances Positive (Negative)	
	Original	Amounts Final		Original to Final	Final to Actual
REVENUES					
Federal sources	\$ 1,968,003	1,328,474	1,328,474	(639,529)	0
Total revenues	1,968,003	1,328,474	1,328,474	(639,529)	0
EXPENDITURES					
Instructional services	771,377	300,057	300,057	471,320	0
Support services	1,036,646	861,519	861,519	175,127	0
Noninstructional services	148,697	133,789	133,789	14,908	0
Total expenditures	1,956,720	1,295,365	1,295,365	661,355	0
Excess (deficiency) of revenues over expenditures	11,283	33,109	33,109	21,826	0
OTHER FINANCING SOURCES (USES)					
Transfer out	(50,751)	(29,580)	(29,580)	21,171	0
Total financing sources (uses)	(50,751)	(29,580)	(29,580)	21,171	0
Net change in fund balances	(39,468)	3,529	3,529	42,997	0
Fund balances:					
July 1, 2012	0	(3,529)	(3,529)	(3,529)	0
June 30, 2013	\$ (39,468)	0	0	39,468	0

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

Coahoma County School District
 Budgetary Comparison Schedule for the EHA PART B Fund
 For the Year Ended June 30, 2013

	Budget		Actual GAAP Basis	Variances	
	Amounts			Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Federal sources	\$ 542,220	584,032	584,032	41,812	0
Total revenues	542,220	584,032	584,032	41,812	0
EXPENDITURES					
Instructional services	196,892	245,428	245,428	(48,536)	0
Support services	341,728	322,176	322,176	19,552	0
Total expenditures	538,620	567,604	567,604	(28,984)	0
Excess (deficiency) of revenues over expenditures	3,600	16,428	16,428	12,828	0
OTHER FINANCING SOURCES (USES)					
Transfer out		(13,333)	(13,333)	(13,333)	0
Total financing sources (uses)	0	(13,333)	(13,333)	(13,333)	0
Net change in fund balances	3,600	3,095	3,095	(505)	0
Fund balances:					
July 1, 2012	(3,095)	(3,095)	(3,095)	0	0
June 30, 2013	\$ 505	0	0	(505)	0

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

Coahoma County School District
 Budgetary Comparison Schedule for the 16th Section Interest Fund
 For the Year Ended June 30, 2013

	Budget Original	Amounts Final	Actual GAAP Basis	Variances Positive (Negative)	
				Original to Final	Final to Actual
REVENUES					
Sixteenth section sources	598,000	993,705	993,705	395,705	0
Total revenues	598,000	993,705	993,705	395,705	0
EXPENDITURES					
Sixteenth section	61,000	147,986	147,986	(86,986)	0
Total expenditures	61,000	147,986	147,986	(86,986)	0
Excess (deficiency) of revenues over expenditures	537,000	845,719	845,719	308,719	0
OTHER FINANCING SOURCES (USES)					
Operating transfer out	(242,500)	(750,000)	(750,000)	(507,500)	0
Total financing sources (uses)	(242,500)	(750,000)	(750,000)	(507,500)	0
Net change in fund balances	294,500	95,719	95,719	(198,781)	0
Fund balances:					
July 1, 2012	2,703,997	2,859,063	2,859,063	155,066	0
June 30, 2013	\$ 2,998,497	2,954,782	2,954,782	(43,715)	0

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

**Coahoma County School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2013**

Budgetary Comparison Schedules

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

COAHOMA COUNTY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**Coahoma County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Schedule 1

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education		
Child Nutrition Cluster:		
National School Breakfast Program	10.553	\$ 337,352 *
National School Lunch Program	10.555	690,649 *
Summer Food Service Program for Children	10.559	116,129 *
Total child nutrition cluster		<u>1,144,130</u>
Fresh Fruit and Vegetable Program	10.582	54,991
Total U.S. Department of Agriculture Pass-Through Programs		<u>1,199,121</u>
<u>Federal Communications Commission</u>		
Direct Program:		
Communications information and assistance and investigation of complaints	32.xxx	1,333
Total Federal Communications Commission		<u>1,333</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I, Part A Cluster		
Title I - Grants to Local Educational Agencies	84.010	1,333,199
Total Title I, Part A Cluster		<u>1,333,199</u>
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	602,401 *
Special Education Preschool Grants	84.173	35,439 *
Total Special Education Cluster (IDEA)		<u>637,840</u>
Department of Education - Other Programs		
Rural Education	84.358	47,429
Improving Teacher Quality State Grants	84.367	219,972 *
Total Other Programs		<u>267,401</u>
Total Department of Education Pass-Through Programs		<u>2,238,440</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medicaid	99.MIS	25,794
Total U.S. Department of Health and Human Services		<u>25,794</u>
Total Expenditures of Federal Awards		\$ <u>3,464,688</u>

* - Major Programs

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. * Denotes major program

Coahoma County School District
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2013

Schedule 2

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 10,391,312	8,155,944	707,947	24,245	1,503,176
Other	5,771,874	1,218,704	261,844	783,914	3,507,412
Total	\$ <u>16,163,186</u>	<u>9,374,648</u>	<u>969,791</u>	<u>808,159</u>	<u>5,010,588</u>
Total number of students	1,470				
Cost per student	\$ <u>10,995</u>	<u>6,377</u>	<u>660</u>	<u>550</u>	<u>3,408</u>

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

Instruction and Other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type (all the 1000, 2100, 2200 function codes)

General Administration - includes expenditures for the following functions: Support Services - General Administration (2300's and Support Services - Business (2500's).

School Administration - includes expenditures for the following functions: Support Services - School Administration (2400's).

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.

COAHOMA COUNTY SCHOOL DISTRICT

OTHER INFORMATION

Coahoma County School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund - Last Four Years

	Unaudited			
	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 4,372,494	4,158,886	3,923,615	3,648,812
State sources	6,407,738	6,448,181	6,215,357	6,399,263
Federal sources	22,785	5,664	126,488	133,152
Total Revenue	10,803,017	10,612,731	10,265,460	10,181,227
Expenditures:				
Instruction	6,403,278	5,993,898	5,238,338	5,604,704
Support services	4,656,430	4,619,042	4,581,465	4,592,234
Noninstructional services	71,755	16,226	25,157	20,609
Facilities acquisition and construction	206,498			
Sixteenth section			1,019	
Debt service:				
Principal	82,881	56,754	53,762	50,928
Interest	18,959	20,729	24,196	28,742
Total Expenditures	11,439,801	10,706,649	9,923,937	10,297,217
Excess (deficiency) of revenues over expenditures	(636,784)	(93,918)	341,523	(115,990)
Other Financing Sources (Uses)				
Inception of capital leases				111,791
Insurance loss recoveries	3,455		8,459	
Operating transfers in	814,923	299,824	355,965	367,457
Other financing sources			4,326	
Operating transfers out	(24,248)	(122,843)	(159,261)	(182,588)
Other financing uses	(38,324)		(41,272)	(27,355)
Total Other Financing Sources (Uses)	755,806	176,981	168,217	269,305
Net Change in Fund Balances	119,022	83,063	509,740	153,315
Fund Balance:				
Beginning of period, as previously stated	1,913,147	1,840,871	1,331,131	1,177,816
Prior period adjustments		(10,787)		
Beginning of period, as restated	1,913,147	1,830,084	1,331,131	1,177,816
End of period	\$ 2,032,169	1,913,147	1,840,871	1,331,131

* SOURCE - PRIOR YEAR AUDIT REPORTS

Coahoma County School District
Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Funds - Last Four Years

	Unaudited			
	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 5,027,026	4,856,421	4,573,931	4,327,983
Intermediate sources		0	65,951	47,031
State sources	6,909,346	6,948,712	6,718,450	6,953,185
Federal sources	3,473,836	4,413,963	5,301,742	5,889,101
Sixteenth section sources	1,009,049	817,603	721,107	716,954
Total Revenue	16,419,257	17,036,699	17,381,181	17,934,254
Expenditures:				
Instruction	7,503,650	7,296,091	7,529,898	8,023,304
Support services	6,151,415	7,055,123	6,881,172	7,515,526
Noninstructional services	1,388,602	1,209,962	1,170,782	1,190,681
Facilities acquisition and construction	206,498			
Sixteenth section	154,382	82,109	113,077	71,673
Debt service:				
Principal	630,881	1,598,754	570,762	614,928
Interest	123,758	157,395	185,232	210,588
Other	4,000	22,018	585	2,125
Total Expenditures	16,163,186	17,421,452	16,451,508	17,628,825
Excess (deficiency) of revenues over expenditures	256,071	(384,753)	929,673	305,429
Other Financing Sources (Uses)				
Proceeds of long-term debt		1,045,000		
Inception of capital leases	139,000			111,791
Insurance loss recoveries	3,455		8,459	
Operating transfers in	839,171	422,667	519,596	550,045
Other financing sources			4,326	
Operating transfers out	(839,171)	(422,667)	(519,596)	(550,045)
Other financing uses	(38,324)	(11,620)	(49,103)	(27,355)
Total Other Financing Sources (Uses)	104,131	1,033,380	(36,318)	84,436
Net Change in Fund Balances	360,202	648,627	893,355	389,865
Fund Balance:				
Beginning of period, as previously stated	6,325,418	5,689,544	4,782,258	4,410,003
Prior period adjustments		(7,679)		(7,000)
Beginning of period, as restated	6,325,418	5,681,865	4,782,258	4,403,003
Increase (decrease) in reserve for inventory	(65)	(5,074)	13,931	(10,610)
End of period	\$ 6,685,555	6,325,418	5,689,544	4,782,258

* SOURCE - PRIOR YEAR AUDIT REPORTS

COAHOMA COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board
Coahoma County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Coahoma County School District's basic financial statements, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 23, 2014



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board
Coahoma County School District

Report on Compliance for Each Major Federal Program

We have audited Coahoma County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coahoma County School District's major federal programs for the year ended June 30, 2013. Coahoma County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Coahoma County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 23, 2014

COAHOMA COUNTY SCHOOL DISTRICT

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



DAVID I. BRIDGERS, JR., CPA
L. KARL GOODMAN, CPA, MBA

MEMBERS OF
MISSISSIPPI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2013, which collectively comprise Coahoma County School District's basic financial statements and have issued our report thereon dated October 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 \$14,418 classroom supply funds carried over from previous years.

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

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

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

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

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

Bridgers & Goodman, PLLC
Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi
October 23, 2014

COAHOMA COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Coahoma County School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit 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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	National school breakfast program
10.555	National school lunch program
10.559	Summer food service program for children
	Special Education 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? No

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2013

Bridgers & Goodman, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

Gentlemen:

The Coahoma County School District respectfully submits the following summary schedule of prior audit findings related to federal awards:

Finding 2012-1

Programs: Child Nutrition Cluster- CFDA# 10.553 School Breakfast Program, CFDA# 10.555 National School Lunch Program, CFDA# 10.559 Summer Food Service Program for Children

Compliance Requirement: Allowable Cost

Management is responsible for complying with the requirements of the State of Mississippi, Department of Education, Policies and Procedures as set forth in the Financial Accounting Manual for Public School Districts, Section D: Purchasing with reference to "Public Purchasing Laws: Titles 31 and 37" which requires that school districts establish a purchasing system to meet the objectives of "buying materials, supplies, commodities, and services that are of the right quality, quantity, price, and from the right source with delivery being at the right place". A well designed purchasing system should include these forms: A) Purchase Requisitions B) Purchase Orders C) Receiving Reports and these forms must follow the logical sequence of issue date to insure proper authorization of purchases.

During our dual-purpose test work pertaining to allowable cost, we examined twenty-five items and noted six exception items totaling \$5,384. These items failed to meet criteria which tests for conformity to applicable state or local laws or regulations. Dollar value of the items tested was not a factor for inclusion or exclusion in the sampling process. In particular, the six items tested failed to meet the logical sequence of issue dates. These items had invoice dates that preceded the purchase order date. The lack of adequate internal controls concerning the purchasing system could result in goods and services being acquired and charged incorrectly to District as well as federal programs.

Recommendation:

District management must adhere to the Financial Accounting Manual for Public School Districts - Section D: Purchasing to insure goods and services acquired include all three forms of a well-designed purchasing system that adheres to the logical sequence of issue date to insure proper authorization occurs. This internal control system enhances the ability of management to prevent, detect and deter activities that could have an adverse effect on the financial statements of the district.

Current Status:

"Corrective action was taken."

Finding 2012-2

Programs: Child Nutrition Cluster- CFDA# 10.553 School Breakfast Program, CFDA# 10.555 National School Lunch Program, CFDA# 10.559 Summer Food Service Program for Children

Improving Teacher Quality State Grants- CFDA#84.367

Compliance Requirement: Suspension and Debarment

Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. 'Covered transactions' include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide non-procurement debarment and suspension guidance contains those additional limited circumstances.

During our dual-purpose test work pertaining to suspension and debarment, we examined thirty items and noted no verification of vendor suspension or debarment.

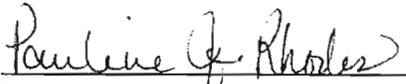
Recommendation:

When a non-federal entity enters into a covered transaction with an entity, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed at epls.arnet.gov.

Current Status:

"Corrective action was taken."

Sincerely yours,


Pauline J. Rhodes, Superintendent


Kellia Washington, Business Manager