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Greenville Public School District

**Audited Financial Statements
For the Year Ended June 30, 2013**

Fortenberry & Ballard, PC
Certified Public Accountants

**Greenville Public School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Greenville Public 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 Greenville Public School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Greenville Public 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 District'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.

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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 Greenville Public 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 and budgetary comparison information on pages 8 to 18 and 52 to 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived

from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of the Greenville Public 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 Greenville Public School District's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 10, 2014

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

The following discussion and analysis of Greenville Public 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 \$992,888, including a prior period adjustment of (\$262,577), which represents a 6% increase from fiscal year 2012. Total net position for 2012 increased \$3,832,633, including a prior period adjustment of (\$42,480), which represents a 27 % increase from fiscal year 2011.
- General revenues amounted to \$36,961,398 and \$38,111,150, or 70% and 73% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,212,478, or 30% of total revenues for 2012, and \$14,426,927, or 27% of total revenues for 2012.
- The District had \$51,918,411 and \$48,662,964 in expenses for fiscal years 2013 and 2012; only \$16,212,478 for 2013 and \$14,426,927 for 2012 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$36,961,398 for 2013 and \$38,111,150 for 2012 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$35,446,127 in revenues and \$35,241,340 in expenditures for 2013, and \$36,859,161 in revenues and \$32,851,792 in expenditures for 2011. The General Fund's fund balance increased by \$345,666, including a decrease in inventory of \$6,280, from 2012 to 2013, and increased by \$2,268,432, from 2011 to 2012.
- Capital assets, net of accumulated depreciation, decreased by \$204,113 for 2013 and decreased by \$56,027 for 2012. The decrease for 2013 was due primarily to recording the accumulated depreciation coupled with the retirement of mobile equipment and furniture and equipment as well as the adjustments to properly present capital assets.
- Long-term debt decreased by \$790,000 for 2013 and increased by \$3,265,710 for 2012. This decrease for 2013 was due primarily to principal payments on outstanding long-term debt. In addition, the liability for compensated absences decreased by \$6,080 in 2013, and decreased by \$9,423 in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

supplementary information, and other information.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

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 a budgetary comparison schedule as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$18,963,800 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 at June 30, 2013 and June 30, 2012.

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

Table 1
Condensed Statement of Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 16,656,333	17,279,113	(4)%
Restricted assets	6,205,582	5,715,736	9%
Capital assets, net	<u>5,912,566</u>	<u>6,116,679</u>	(3)%
Total assets	<u>28,774,481</u>	<u>29,111,528</u>	(1)%
Current liabilities	420,150	935,155	(55)%
Long-term debt outstanding	<u>9,390,531</u>	<u>10,205,461</u>	(8)%
Total liabilities	<u>9,810,681</u>	<u>11,140,616</u>	(12)%
Net position:			
Net investment in capital assets	1,923,031	1,695,046	13%
Restricted	4,152,087	3,788,898	10%
Unrestricted	<u>12,888,682</u>	<u>12,486,968</u>	3%
Total net position	<u>\$ 18,963,800</u>	<u>17,970,912</u>	6%

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

- Decrease in net capital assets in the amount of \$204,113.
- The principal retirement of \$790,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$53,173,876 and \$52,538,077, respectively. The total cost of all programs and services was \$51,918,411 for 2013 and \$48,662,964 for 2012.

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

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

Table 1
Condensed Statement of Net Position

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
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Capital assets, net	<u>5,912,566</u>	<u>6,116,679</u>	(3)%
Total assets	<u>28,774,481</u>	<u>29,111,528</u>	(1)%
Current liabilities	420,150	935,155	(55)%
Long-term debt outstanding	<u>9,390,531</u>	<u>10,205,461</u>	(8)%
Total liabilities	<u>9,810,681</u>	<u>11,140,616</u>	(12)%
Net position:			
Net investment in capital assets	(3,237,832)	1,695,046	(291)%
Restricted	9,312,950	3,788,898	146%
Unrestricted	<u>12,888,682</u>	<u>12,486,968</u>	3%
Total net position	<u>\$ 18,963,800</u>	<u>17,970,912</u>	6%

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

- Decrease in net capital assets in the amount of \$204,113.
- The principal retirement of \$790,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$53,173,876 and \$52,538,077, respectively. The total cost of all programs and services was \$51,918,411 for 2013 and \$48,662,964 for 2012.

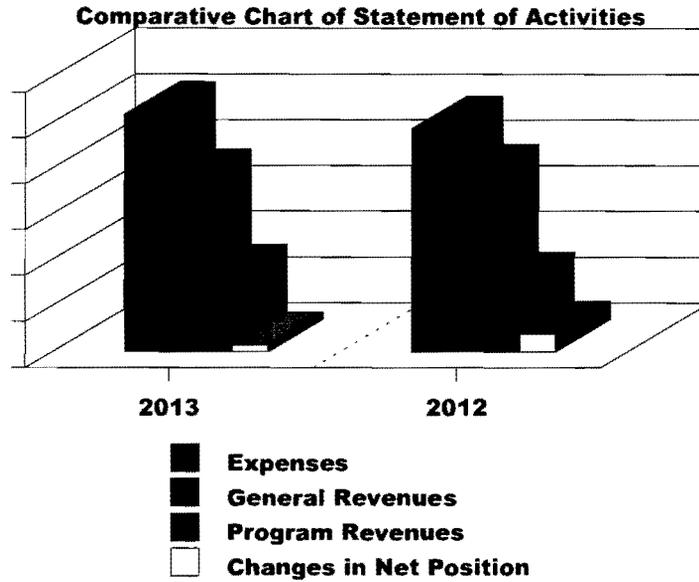
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

**Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013**

**Table 2
Changes in Net Position**

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2012</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 927,056	404,892	129%
Operating grants and contributions	15,029,794	14,022,035	7%
Capital grants and contributions	255,628		
General revenues:			
Property taxes	9,478,253	10,008,025	(5)%
Grants and contributions not restricted	26,286,245	27,173,564	(3)%
Unrestricted investment earnings	155,500	169,659	(8)%
Sixteenth section sources	78,214	94,714	(17)%
Other	963,186	665,188	45%
Total revenues	<u>53,173,876</u>	<u>52,538,077</u>	1%
Expenses:			
Instruction	25,533,748	26,639,785	(4)%
Support services	22,820,045	18,655,922	22%
Non-instructional	3,252,440	3,198,871	2%
Sixteenth section	2,000	7,000	(71)%
Interest on long-term liabilities	310,178	161,386	92%
Total expenses	<u>51,918,411</u>	<u>48,662,964</u>	7%
Increase (Decrease) in net position	<u>1,255,465</u>	<u>3,875,113</u>	(68)%
Net Position - Beginning, as previously reported	17,970,912	14,138,279	27%
Prior Period Adjustment	(262,577)	(42,480)	518%
Net Position - Beginning, as restated	<u>17,708,335</u>	<u>14,095,799</u>	26%
Net Position - Ending	<u>\$ 18,963,800</u>	<u>17,970,912</u>	6%

**Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013**



Governmental activities

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

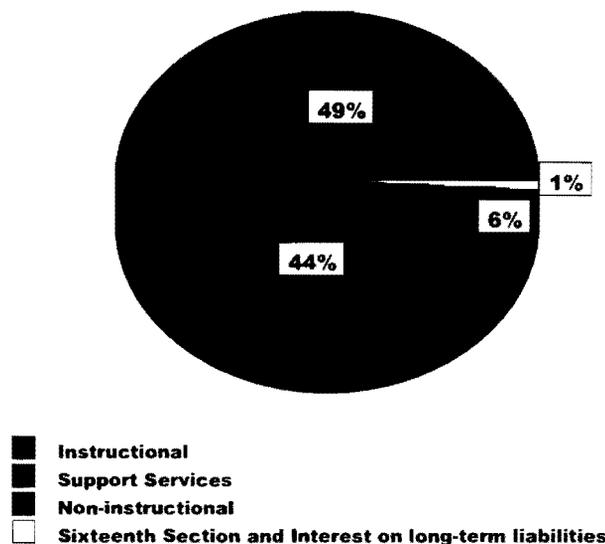
**Table 3
Net Cost of Governmental Activities**

	Total Expenses		Percentage Change
	2013	2012	
Instruction	\$ 25,533,748	26,639,785	(4)%
Support services	22,820,045	18,655,922	22%
Non-instructional	3,252,440	3,198,871	2%
Sixteenth section	2,000	7,000	(71)%
Interest on long-term liabilities	310,178	161,386	92%
Total expenses	\$ 51,918,411	48,662,964	7%

**Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013**

	<u>Net (Expense) Revenue</u>		
	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
Instruction	\$ (20,673,639)	(20,954,982)	(1)%
Support services	(15,364,316)	(13,497,332)	14%
Non-instructional	644,200	384,663	67%
Sixteenth section	(2,000)	(7,000)	(71)%
Interest on long-term liabilities	(310,178)	(161,386)	92%
Total net (expense) revenue	\$ (35,705,933)	(34,236,037)	4%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$35,705,933 for 2013 and \$34,236,037 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$9,478,253 for 2013 and \$10,008,025 for 2012) and state and federal revenues (\$26,286,245 for 2013 and \$27,173,564 for 2012). In addition, there was \$78,214 and \$94,714 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$155,500 for 2013 and \$169,659 for 2012.

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$22,479,479, an increase of \$372,728, which includes an increase in inventory of \$14,243. \$13,006,607, or 58% 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, or assigned to specific purposes within the general fund. The remaining fund balance of \$9,472,872, or 42% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted 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 \$345,666, which includes a decrease in inventory of \$6,280. The fund balance of Other Governmental Funds showed an increase in the amount of \$403,814, which includes an increase in inventory of \$20,523. The increase (decrease) in the fund balances for the other major fund was as follows:

Major Fund	Increase (Decrease)
Title I - A Basic Fund	no increase or decrease
QSCB 2011 Project Fund	\$ (376,752)

BUDGETARY HIGHLIGHTS

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

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

Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were \$20,764,210, including construction in progress, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$318,408 from 2012. Total accumulated depreciation as of June 30, 2013, was \$14,851,644, and total depreciation expense for the year was \$505,953, resulting in total net capital assets of \$5,912,566.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Construction in progress	\$ 417,951		
Buildings	4,476,544	4,569,971	(2)%
Building improvements	84,846	89,836	(6)%
Improvements other than buildings	39,057	39,057	0%
Mobile equipment	748,024	887,877	(16)%
Furniture and equipment	146,144	529,938	(72)%
Total	\$ <u>5,912,566</u>	<u>6,116,679</u>	(3)%

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

Debt Administration. At June 30, 2013, the District had \$9,390,531 in outstanding long-term debt, of which \$825,000 is due within one year. The liability for compensated absences decreased \$6,080 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	\$ 980,000	1,190,000	(18)%
Limited obligation bonds payable	2,570,000	3,150,000	(18)%
Premiums	75,398	94,248	(20)%
Qualified school construction bonds payable	5,525,000	5,525,000	0%
Compensated absences payable	240,133	246,213	(2)%
Total	\$ <u>9,390,531</u>	<u>10,205,461</u>	(8)%

**Greenville Public School District
Management's Discussion and Analysis
For The Year Ended June 30, 2013**

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

CURRENT ISSUES AND OTHER INFORMATION

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

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

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

The District's enrollment for the 2012-2013 year decreased by 1% to 5,687 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Greenville Public School District, PO Box 1619, Greenville, MS 38702-1619.

FINANCIAL STATEMENTS

GREENVILLE PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 14,716,750
Due from other governments	1,850,639
Inventories	88,944
Restricted assets	6,205,582
Capital assets, non-depreciable:	
Construction in progress	417,951
Capital assets, net of accumulated depreciation:	
Buildings	4,476,544
Building improvements	84,846
Improvements other than buildings	39,057
Mobile equipment	748,024
Furniture and equipment	146,144
Total Assets	<u>28,774,481</u>
Liabilities	
Accounts payable and accrued liabilities	348,936
Other Payables	33,500
Interest payable on long-term liabilities	37,714
Long-term liabilities (due within one year):	
Capital related liabilities	825,000
Long-term liabilities (due beyond one year):	
Capital related liabilities	8,250,000
Bond premium, capital related	75,398
Non-capital related liabilities	240,133
Total Liabilities	<u>9,810,681</u>
Net Position	
Net Investment in Capital Assets	1,923,031
Restricted For:	
Expendable:	
School Based Activities	2,546,696
Debt Service	1,336,513
Capital Projects	17,484
Unemployment Benefits	210,645
Nonexpendable:	
Sixteenth Section	40,749
Unrestricted	12,888,682
Total Net Position	<u>\$ 18,963,800</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	25,533,748	771,869	4,088,240	--	(20,673,639)
Support services	22,820,045	--	7,455,729	--	(15,364,316)
Noninstructional services	3,252,440	155,187	3,485,825	255,628	644,200
Sixteenth section	2,000	--	--	--	(2,000)
Interest on long-term liabilities	310,178	--	--	--	(310,178)
Total Governmental Activities	\$ 51,918,411	\$ 927,056	\$ 15,029,794	\$ 255,628	(35,705,933)
General Revenues:					
Taxes:					
General purpose levies					8,844,675
Debt purpose levies					489,135
Gaming					144,443
Unrestricted grants and contributions:					
State					26,253,379
Federal					32,866
Unrestricted investment earnings					155,500
Sixteenth section sources					78,214
Other					963,186
Total General Revenues					36,961,398
Change in Net Position					1,255,465
Net Position - Beginning, as previously reported					17,970,912
Prior Period Adjustment					(262,577)
Net Position - Beginning, as restated					17,708,335
Net Position - Ending					\$ 18,963,800

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

GREENVILLE PUBLIC SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General Fund</u>	<u>Title I - A Basic Fund</u>
Assets:		
Cash and cash equivalents	\$ 11,996,700	\$ --
Cash with fiscal agents	--	--
Investments	--	--
Due from other governments	359,118	776,065
Due from other funds	965,297	--
Inventories	43,688	--
Total Assets	\$ 13,364,803	\$ 776,065
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 202,488	\$ 23,728
Due to other funds	--	752,337
Other Payables	33,500	--
Total Liabilities	235,988	776,065
Fund Balances:		
Nonspendable:		
Permanent fund purposes	--	--
Inventory	43,688	--
Restricted:		
Unemployment benefits	--	--
Capital improvements	--	--
Debt service	--	--
Grant activities	--	--
Food service	--	--
Sixteenth section	--	--
Assigned:		
Alternative school	1,038	--
Activity school	77,482	--
Unassigned	13,006,607	--
Total Fund Balances	13,128,815	--
Total Liabilities and Fund Balances	\$ 13,364,803	\$ 776,065

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

EXHIBIT C

QSCB 2011 Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,160,863	\$ 2,832,070	\$ 19,989,633
--	607,726	607,726
--	324,973	324,973
--	715,456	1,850,639
--	--	965,297
--	45,256	88,944
<u>\$ 5,160,863</u>	<u>\$ 4,525,481</u>	<u>\$ 23,827,212</u>
\$ --	\$ 122,720	\$ 348,936
--	212,960	965,297
--	--	33,500
<u>--</u>	<u>335,680</u>	<u>1,347,733</u>
--	40,749	40,749
--	45,256	88,944
--	210,645	210,645
5,160,863	17,484	5,178,347
--	1,374,227	1,374,227
--	368,675	368,675
--	1,711,672	1,711,672
--	421,093	421,093
--	--	1,038
--	--	77,482
--	--	13,006,607
<u>5,160,863</u>	<u>4,189,801</u>	<u>22,479,479</u>
<u>\$ 5,160,863</u>	<u>\$ 4,525,481</u>	<u>\$ 23,827,212</u>

GREENVILLE PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances for governmental funds	\$ 22,479,479
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	5,912,566
Liabilities due in one year are not recognized in the funds.	(825,000)
Payables for bond principal which are not due in the current period are not reported in the funds.	(8,250,000)
Payables for bond interest not due in the current period are not reported in the funds.	(37,714)
Payables for compensated absences not due in the current period are not reported in the funds.	(240,133)
Bond premiums are recognized in the SNP and amortized over the life of the bond.	(75,398)
Net position of governmental activities	<u>\$ 18,963,800</u>

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

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GREENVILLE PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Title I - A Basic Fund
Revenues:		
Local sources	\$ 9,626,740	\$ --
State sources	25,730,134	--
Federal sources	89,253	7,126,016
Sixteenth section sources	--	--
Total Revenues	<u>35,446,127</u>	<u>7,126,016</u>
Expenditures:		
Instruction	19,667,590	1,462,594
Support services	15,573,750	5,277,058
Noninstructional services	--	94,730
Sixteenth section	--	--
Facilities acquisition and construction	--	--
Debt service:		
Principal	--	--
Interest	--	--
Other	--	--
Total Expenditures	<u>35,241,340</u>	<u>6,834,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>204,787</u>	<u>291,634</u>
Other Financing Sources (Uses):		
Insurance recovery	680,463	--
Transfers in	389,593	--
Transfers out	(915,091)	(291,634)
Payment to QSCB debt escrow agent	--	--
Other financing uses	(7,806)	--
Total Other Financing Sources (Uses)	<u>147,159</u>	<u>(291,634)</u>
Net Change in Fund Balances	<u>351,946</u>	<u>--</u>
Fund Balances:		
July 1, 2012	12,783,149	--
Increase (decrease) in inventory	(6,280)	--
June 30, 2013	<u>\$ 13,128,815</u>	<u>\$ --</u>

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

EXHIBIT D

QSCB 2011 Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 41,199	\$ 1,175,592	\$ 10,843,531
--	1,736,868	27,467,002
--	6,889,396	14,104,665
--	78,214	78,214
<u>41,199</u>	<u>9,880,070</u>	<u>52,493,412</u>
--	3,588,878	24,719,062
--	2,014,511	22,865,319
--	3,127,638	3,222,368
--	2,000	2,000
417,951	--	417,951
--	790,000	790,000
--	317,521	317,521
--	2,000	2,000
<u>417,951</u>	<u>9,842,548</u>	<u>52,336,221</u>
<u>(376,752)</u>	<u>37,522</u>	<u>157,191</u>
--	--	680,463
--	959,417	1,349,010
--	(142,285)	(1,349,010)
--	(471,363)	(471,363)
--	--	(7,806)
--	345,769	201,294
<u>(376,752)</u>	<u>383,291</u>	<u>358,485</u>
5,537,615	3,785,987	22,106,751
--	20,523	14,243
<u>\$ 5,160,863</u>	<u>\$ 4,189,001</u>	<u>\$ 22,479,479</u>

GREENVILLE PUBLIC SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$ 358,485
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	641,598
The depreciation of capital assets used in governmental activities is not reported in the funds.	(505,953)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(77,181)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	790,000
Bond premiums are reported in the funds but not in the SOA.	18,850
(Increase) decrease in accrued interest from beginning of period to end of period	9,343
Change in inventory affects fund balance in the fund but affects expenses in the SOA.	14,243
Compensated absences are reported as amount earned in SOA but as amount paid in the funds.	6,080
Change in net position of governmental activities	<u>\$ 1,255,465</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
Assets	
Cash and cash equivalents	\$ 2,077,533
Total Assets	<u>\$ 2,077,533</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 2,009,956
Due to student clubs	67,318
Other payables	259
Total Liabilities	<u>\$ 2,077,533</u>

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

Greenville Public School District

Notes to the Financial Statements
June 30, 2013

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

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

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.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Title I - A Basic Fund - This special revenue fund is the school district's federally funded program to supplement classroom teaching efforts.

QSCB 2011 Project Fund - This is a capital projects fund that accounts for proceeds received from the issuance of qualified school construction bonds to be used for the acquisition, construction or renovation of major capital facilities.

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing fund for payroll type transactions.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

Student Club Funds - These various funds account for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund - This fund is used as a clearing fund for non-payroll type transactions.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

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

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

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

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

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

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

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

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

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

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

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

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

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

D. Encumbrances

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

E. Assets, liabilities, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

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 and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

8. Long-term Liabilities, 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.

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

9. Fund Balances

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

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

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for

Greenville Public School District

Notes to the Financial Statements For the Year Ended June 30, 2013

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. Currently there is no committed fund balance for this school district.

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

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

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

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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 excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$19,989,633 and \$2,077,533, respectively.

Greenville Public School District

**Notes to the Financial Statements
For the Year Ended June 30, 2013**

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 \$24,402,392 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$607,726. This amount is reflected as restricted assets on Exhibit A.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Treasury Securities Money Market Fund	N/A	less than 1	<u>\$ 324,973</u>

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

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.

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

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

Note 3 - Interfund Receivables, Payables, and Transfers

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I - A Basic Fund	\$ 752,337
	Other Governmental Funds	212,960
Total		<u>\$ 965,297</u>

The amounts due to or due from other funds primarily represent amounts loaned between funds for timing differences between revenues and expenditures and cash balances.

B. Interfund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Title I - A Basic Fund	\$ 291,634
	Other Governmental Funds	97,959
Other Governmental Funds	General Fund	915,091
	Other Governmental Funds	44,326
Total		<u>\$ 1,349,010</u>

The transfers were in part for indirect cost transfers. All transfers were consistent with the activities of the fund making the transfer.

Note 4 - Restricted Assets

The restricted assets represents the cash balance, totaling \$40,749, of the Sixteenth Section Principal (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance, totaling \$5,160,863, of the 2011 QSCB Bond Projects Fund.

In addition, the restricted assets represent the cash and cash with fiscal agents balance, totaling \$71,271 and \$607,726, respectively, of the Tax Levy Debt Service Fund. This amount is disclosed as the sinking fund balance in Note 10.

In addition, the restricted assets represent the investment balance, totaling \$324,973, of the MAEP Limited Obligation Bond/Note Fund.

Greenville Public 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 7-1-2012	Additions	Retirements	Adjustments	Balance 6-30-2013
Non-depreciable capital assets:					
Construction in progress	\$	417,951			417,951
Total non-depreciable capital assets	0	417,951	0	0	417,951
Depreciable capital assets:					
Buildings	15,062,978				15,062,978
Building improvements	124,772				124,772
Improvements other than buildings	195,284				195,284
Mobile equipment	3,399,659	190,967	751,415		2,839,211
Furniture and equipment	2,299,925	32,680	130,831	(77,760)	2,124,014
Total depreciable capital assets	21,082,618	223,647	882,246	(77,760)	20,346,259
Less accumulated depreciation for:					
Buildings	10,493,007	93,427			10,586,434
Building improvements	34,936	4,990			39,926
Improvements other than buildings	156,227				156,227
Mobile equipment	2,511,782	195,537	675,542	59,410	2,091,187
Furniture and equipment	1,769,987	211,999	129,523	125,407	1,977,870
Total accumulated depreciation	14,965,939	505,953	805,065	184,817	14,851,644
Total depreciable capital assets, net	6,116,679	(282,306)	77,181	(262,577)	5,494,615
Governmental activities capital assets, net	\$ 6,116,679	135,645	77,181	(262,577)	5,912,566

Adjustments were made to properly present capital assets.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 354,167
Support services	101,191
Non-instructional	50,595
Total depreciation expense	\$ 505,953

Construction in progress is composed of:

	Spent to June 30, 2013	Remaining Commitment
Greenville Weston High School Additions & Renovations	\$ 417,951	4,794,317

Construction projects included in governmental activities are funded with QSCB 2011 Projects Fund.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

Note 6 - Long-Term Liabilities

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

	Balance 7-1-2012	Reductions	Balance 6-30-2013	Amounts due in one year
A. General obligation bonds payable	\$ 1,190,000	210,000	980,000	220,000
B. Limited obligation bonds payable	3,150,000	580,000	2,570,000	605,000
C. Qualified school construction bonds payable	5,525,000		5,525,000	
D. Compensated absences payable	246,213	6,080	240,133	
Total	\$ 10,111,213	796,080	9,315,133	825,000

	Balance 7-1-2012	Reductions	Balance 6-30-2013	Amounts due in one year
Bond premium	\$ 94,248	18,850	75,398	18,850

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, Series 2010	2.5 - 3.9%	12-01-04	12-01-17	\$ 2,375,000	980,000

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 220,000	31,645	251,645
2015	225,000	23,911	248,911
2016	235,000	15,629	250,629
2017	240,000	6,840	246,840
2018	60,000	1,170	61,170
Total	\$ 980,000	79,195	1,059,195

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

This debt will be retired from the EEF Building and Buses Fund. The EEF Building and Buses Fund accounts for 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 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 1% 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 refunding bonds, Series 2009	3.45%	09-14-09	08-01-16	\$ 4,800,000	2,570,000

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 605,000	88,665	693,665
2015	630,000	67,792	697,792
2016	660,000	46,058	706,058
2017	675,000	23,288	698,288
Total	\$ 2,570,000	225,803	2,795,803

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

This debt will be retired from the Bond Issues Retirement Fund (4035).

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

C. Qualified school construction bonds payable

As more fully explained in Note 10, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Qualified school construction bond	5.60%	06-08-11	12-01-21	\$ 1,500,000	1,500,000
Qualified school construction bond	5.14%	01-12-12	08-01-23	4,025,000	4,025,000
				<u>\$ 5,525,000</u>	<u>5,525,000</u>

D. Compensated absences payable

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

Note 7 - Other Commitments

Commitments under construction contracts are described in Note 5.

Note 8 - Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 ending June 30, 2013, 2012, and 2011 were \$4,008,747, \$3,437,948, and \$2,998,297, respectively, which equaled the required contributions for each year.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

Note 9 - Risk Management

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

Note 10 - Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subjected to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2013 was \$678,997. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

Year Ending <u>June 30</u>	<u>Principal</u>
2014	\$ 471,363
2015	472,363
2016	471,364
2017	472,364
2018	471,364
2019 - 2023	2,222,456
2024	336,000
Total	\$ <u>4,917,274</u>

Note 11 - Sixteenth Section Lands

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

Year Ending <u>June 30</u>	<u>Principal</u>
2014	\$ 81,519
2015	78,319
2016	38,055
2017	28,357
2018	28,357
2019 - 2023	108,181
2024 - 2028	99,780
2029 - 2033	99,780
2034 - 2038	81,280
2039	7,456
Total	\$ <u>651,084</u>

Greenville Public School District

Notes to the Financial Statements
For the Year Ended June 30, 2013

Note 12 - Insurance Loss Recoveries

The Greenville Public School District received \$680,463 in insurance loss recoveries related to storm damage during the 2012-2013 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other revenues.

Note 13 - 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 ultimately liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 14 - Prior Period Adjustments

A summary of the Net Position adjustment is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
Adjustments were made to properly present capital assets.	\$ <u>(262,577)</u>

Note 15 - 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 Greenville Public School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2013

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 9,906,652	9,626,738	9,626,740	(279,914)	2
State sources	25,444,840	25,765,882	25,730,134	321,042	(35,748)
Federal sources	413,624	89,253	89,253	(324,371)	0
Total Revenues	<u>35,765,116</u>	<u>35,481,873</u>	<u>35,446,127</u>	<u>(283,243)</u>	<u>(35,746)</u>
Expenditures:					
Instruction	21,846,172	19,673,870	19,667,590	2,172,302	6,280
Support services	15,766,091	15,573,749	15,573,750	192,342	(1)
Total Expenditures	<u>37,612,263</u>	<u>35,247,619</u>	<u>35,241,340</u>	<u>2,364,644</u>	<u>6,279</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(1,847,147)</u>	<u>234,254</u>	<u>204,787</u>	<u>2,081,401</u>	<u>(29,467)</u>
Other Financing Sources (Uses):					
Refunding bonds issued	30,000	0	0	(30,000)	0
Insurance loss recoveries	0	680,463	680,463	680,463	0
Transfers in	4,746,958	4,372,970	389,593	(373,988)	(3,983,377)
Transfers out	(5,923,848)	(4,934,216)	(915,091)	989,632	4,019,125
Other financing uses	0	(7,806)	(7,806)	(7,806)	0
Total Other Financing Sources (Uses)	<u>(1,146,890)</u>	<u>111,411</u>	<u>147,159</u>	<u>1,258,301</u>	<u>35,748</u>
Net Change in Fund Balances	<u>(2,994,037)</u>	<u>345,665</u>	<u>351,946</u>	<u>3,339,702</u>	<u>6,281</u>
Fund Balances:					
July 1, 2012	13,721,680	12,783,149	12,783,149	(938,531)	0
Increase (decrease) in inventory	0	0	(6,280)	0	(6,280)
June 30, 2013	<u>\$ 10,727,643</u>	<u>13,128,814</u>	<u>13,128,815</u>	<u>2,401,171</u>	<u>1</u>

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

GREENVILLE PUBLIC SCHOOL DISTRICT
Budgetary Comparison Schedule
Title I - A Basic Fund
For the Year Ended June 30, 2013

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal Sources	\$ 4,437,101	7,126,016	7,126,016	2,688,915	0
Total Revenues	<u>4,437,101</u>	<u>7,126,016</u>	<u>7,126,016</u>	<u>2,688,915</u>	<u>0</u>
Expenditures:					
Instruction	1,758,566	1,462,594	1,462,594	295,972	0
Support services	2,610,642	5,277,058	5,277,058	(2,666,416)	0
Noninstructional services	67,893	94,730	94,730	(26,837)	0
Total Expenditures	<u>4,437,101</u>	<u>6,834,382</u>	<u>6,834,382</u>	<u>(2,397,281)</u>	<u>0</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>0</u>	<u>291,634</u>	<u>291,634</u>	<u>291,634</u>	<u>0</u>
Other Financing Sources (Uses):					
Transfer out	<u>0</u>	<u>(291,634)</u>	<u>(291,634)</u>	<u>(291,634)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(291,634)</u>	<u>(291,634)</u>	<u>(291,634)</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2013	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Greenville Public 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 Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) **Budget Amendments and Revisions**

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

SUPPLEMENTARY INFORMATION

Greenville Public School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 811,262
National School Lunch Program	10.555	2,530,417
Summer Food Service Program for Children	10.559	115,883
Total Child Nutrition Cluster		<u>3,457,562</u>
Fresh Fruit and Vegetable Program	10.582	85,333
Total passed-through the Mississippi Department of Education		<u>3,542,895</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE		<u>3,542,895</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	55,961
TOTAL U. S. DEPARTMENT OF DEFENSE		<u>55,961</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	7,173,364
Career and Technical Education - Basic Grants to States	84.048	139,209
Twenty-First Century Community Learning Centers	84.287	337,006
Improving Teacher Quality - State Grants	84.367	729,869
Sub-total		<u>8,379,448</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	2,035,376
Special Education - Preschool Grants	84.173	67,355
Total Special Education Cluster		<u>2,102,731</u>
Total passed-through the Mississippi Department of Education		<u>10,482,179</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>10,482,179</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Administered through the Centers for Disease Control and Prevention		
Passed through the Mississippi Department of Education:		
Medical Assistance Program	93.778	30,080
Total passed-through the Mississippi Department of Education		<u>30,080</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>30,080</u>
TOTAL FOR ALL FEDERAL AWARDS		<u>\$ 14,111,115</u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and 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.

Greenville Public 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	\$ 38,172,764	27,643,733	1,587,119	2,745,241	6,196,671
Other	14,163,457	4,486,713	1,562,958	65,458	8,048,328
Total	\$ 52,336,221	32,130,446	3,150,077	2,810,699	14,244,999
Total number of students *	5,687				
Cost per student	\$ 9,203	5,650	554	494	2,505

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

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

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

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

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

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

OTHER INFORMATION

GREENVILLE PUBLIC SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund
Last Four Years

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 9,626,740	10,102,835	9,504,634	9,770,728
State sources	25,730,134	26,467,963	26,408,017	27,525,221
Federal sources	89,253	288,363	488,845	348,351
Total Revenues	35,446,127	36,859,161	36,401,496	37,644,300
Expenditures:				
Instruction	19,667,590	19,621,638	16,405,121	19,036,795
Support services	15,573,750	13,208,163	11,340,092	13,861,465
Noninstructional		17,701		
Debt service:				
Principal		4,290	34,142	585,271
Interest				32,356
Total Expenditures	35,241,340	32,851,792	27,779,355	33,515,887
Excess (Deficiency) of Revenues over Expenditures	204,787	4,007,369	8,622,141	4,128,413
Other Financing Sources (Uses):				
Refunding bonds issues				4,080,000
Premiums on refunding bonds issued				131,948
Insurance recovery	680,463	24,094		2,215
Operating transfers in	389,593	80,292	441,484	1,066,432
Other financing sources		46,494	221,921	
Operating transfers out	(915,091)	(1,889,817)	(1,654,539)	(3,200,403)
Payment to refunded bond escrow agent				(2,865,462)
Other financing uses	(7,806)			
Total Other Financing Sources (Uses)	147,159	(1,738,937)	(991,134)	(785,270)
Net Change in Fund Balances	351,946	2,268,432	7,631,007	3,343,143
Fund Balances:				
July 1, as previously reported	12,783,149	10,514,717	2,743,489	(864,244)
Prior period adjustments			158,195	246,759
July 1, as restated	12,783,149	10,514,717	2,901,684	(617,485)
Increase (Decrease) in inventory	(6,280)		(17,974)	17,831
June 30,	\$ 13,128,815	12,783,149	10,514,717	2,743,489

*SOURCE - PRIOR YEAR AUDIT REPORTS

GREENVILLE PUBLIC SCHOOL DISTRICT

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

"UNAUDITED"

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 10,843,531	11,177,177	10,174,820	10,762,162
State sources	27,467,002	28,212,457	28,046,399	29,318,038
Federal sources	14,104,665	12,983,141	17,429,015	15,493,778
Sixteenth section sources	78,214	94,714	124,303	16,793
Total Revenues	<u>52,493,412</u>	<u>52,467,489</u>	<u>55,774,537</u>	<u>55,590,771</u>
Expenditures:				
Instruction	24,719,062	26,336,706	26,891,754	28,671,644
Support services	22,865,319	18,729,483	16,968,698	18,088,656
Noninstructional services	3,222,368	3,155,332	2,935,781	3,591,899
Sixteenth section	2,000	7,000	14,636	4,971
Facilities acquisition and construction	417,951			
Debt service:				
Principal	790,000	759,290	3,589,142	704,142
Interest	317,521	165,446	193,993	222,528
Other	2,000	2,129	1,266	95,800
Total Expenditures	<u>52,336,221</u>	<u>49,155,386</u>	<u>50,595,270</u>	<u>51,379,640</u>
Excess (Deficiency) of Revenues over Expenditures	<u>157,191</u>	<u>3,312,103</u>	<u>5,179,267</u>	<u>4,211,131</u>
Other Financing Sources (Uses):				
Bonds and notes issued		4,025,000	1,500,000	475,000
Refunding bonds issued				4,080,000
Insurance recovery	680,463	24,094		2,215
Premiums on refunding bonds issued				131,948
Payment to refunded bond escrow agent		136,363		(4,111,984)
Payment to QSCB debt escrow agent	(471,363)			
Sale of other transportation equipment		(136,363)		
Operating transfers in	1,349,010	1,992,349	2,096,023	4,266,835
Other financing sources		46,494	221,921	
Operating transfers out	(1,349,010)	(1,992,349)	(2,096,023)	(4,266,835)
Other financing uses	(7,806)	(224,923)	(222,921)	(283,832)
Total Other Financing Sources (Uses)	<u>201,294</u>	<u>3,870,665</u>	<u>1,499,000</u>	<u>293,347</u>
Net Change in Fund Balances	<u>358,485</u>	<u>7,182,768</u>	<u>6,678,267</u>	<u>4,504,478</u>
Fund Balances:				
July 1, as previously reported	22,106,751	14,967,993	8,184,403	3,340,445
Prior period adjustments			158,195	296,485
July 1, as restated	<u>22,106,751</u>	<u>14,967,993</u>	<u>8,342,598</u>	<u>3,636,930</u>
Increase (Decrease) in inventory	14,243	(44,010)	(52,872)	42,995
June 30,	<u>\$ 22,479,479</u>	<u>22,106,751</u>	<u>14,967,993</u>	<u>8,184,403</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public 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 Greenville Public School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Greenville Public School District's basic financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [Findings 2013-1 and 2013-2]

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greenville Public 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*.

Greenville Public School District's Responses to Findings

Greenville Public School District's responses to the findings identified in our audit are described in the accompanying auditee's corrective action plan. Greenville Public School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 10, 2014

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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
Greenville Public School District

Report on Compliance for Each Major Federal Program

We have audited Greenville Public School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greenville Public School District's major federal programs for the year ended June 30, 2013. The Greenville Public School District's major federal programs are identified in the summary of the 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 Greenville Public School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2013-3 that we consider to be a significant deficiency.

The Greenville Public School District's response to the internal control over compliance findings identified in our audit is described in the accompanying auditee's corrective action plan. The Greenville Public School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 10, 2014

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Greenville Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Public School District as of and for the year ended June 30, 2013, which collectively comprise Greenville Public School District's basic financial statements and have issued our report thereon dated December 10, 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 ensure 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 \$28,418 of 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 ensure 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 disclosed the following instance of

1929 SPILLWAY ROAD, SUITE B
BRANDON, MISSISSIPPI 39047
TELEPHONE 601-992-5292 FAX 601-992-2033

noncompliance with other state laws and regulations.

Finding 1:

Criteria:

Section 29-3-119, Miss. Code Ann. (1972), requires the shared revenues to be divided according to applicable percentages derived from the appropriate list of children. Section 29-3-121, Miss. Code Ann. (1972), states the superintendent should complete a list of children and file it by December 31 of each year. The school district was not able to provide any evidence that the list of children was filed as required by this section.

Condition:

The District did not file the appropriate lists of educable children.

Cause:

The cause of the above condition is primarily due to management not prioritizing timeliness and failure to comply with state compliance.

Effect:

This causes the district to be in noncompliance with Section 29-3-121, Miss. Code Ann. (1972).

Recommendation:

The Superintendent should complete a list of educable children and file it by December 31 of each year.

Response:

The District will comply with Section 29-3-121, Miss. Code Ann. (1972), by ensuring a complete list of educable children is prepared by the Superintendent and filed by December 31 of each year.

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

The Greenville Public School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
December 10, 2014

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Greenville Public 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? Yes.
 - 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? Yes.
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? Yes.
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.027 & 84.173	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality - State Grants

8. Dollar threshold used to distinguish between type A and type B programs: \$423,333.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statements Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Material Weaknesses:

Finding 2013-1:

Criteria:

Management is responsible for ensuring that all transactions are properly documented in the financial records of the district. Journal entries are used to correct mistakes in the accounting records, or to post closing entries to the financials. Management is responsible for ensuring that staff with accounting duties are adequately trained in generally accepted accounting principles.

Condition:

Throughout the audit, we noted several journal entries that were duplicated and/or recorded incorrectly to the wrong account or for the incorrect amount.

Cause:

Controls were not in place to ensure that all transactions are properly documented in the financial records of the district.

Effect:

Inadequate internal controls related to journal entries can result in the misappropriation of assets in addition to the financial statements of the district to be materially misstated.

Recommendation:

We recommend that the district implement policies and procedures to ensure that adequate documentation is maintained for each journal entry made to the accounting system. This documentation should also include approval of the journal entries. We also recommend that the district ensure that all staff with accounting duties are adequately trained in generally accepted accounting principles.

Finding 2013-2:

Criteria:

The control cycle surrounding capital assets and related expenditures should provide the district with assurances that capital assets and related expenditures are properly recorded, that capital assets are safeguarded, and that accurate and timely financial information is available for district reporting requirements and for use in preparing the annual financial statements.

Condition:

During our testing of capital assets and related depreciation, we noted that controls were not in place to ensure that the various components necessary for the depreciation calculation, such as salvage values and years of expected asset life remaining for each item, were properly reflected in the software system in a manner which facilitated a complete and accurate figure for the accumulated depreciation amount which should be reflected in the financial statements. Audit adjustments were made to properly reflect the accumulated depreciation amounts.

Cause:

The failure to have capital assets recorded and reconciled could potentially result in overstatement or understatement of capital assets and depreciation expense.

Effect:

Audit adjustments were proposed and made to correct these issues.

Recommendation:

Controls should be established to ensure an accurate and timely calculation of depreciation expense for the year and the resulting accumulated depreciation to be reflected in the financial statements.

Section III: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following findings related to the federal awards.

Significant Deficiency:

Finding 2013-3:

Title I Grants to Local Educational Agencies: CFDA # 84.010

Compliance requirement: Allowable Costs/Cost Principles

Criteria:

Management is responsible for establishing an internal control system that ensures strong financial accountability. Management is responsible for ensuring the maximum amount to be charged to indirect costs does not exceed the amount transferred.

Condition:

The maximum amount to be charged to indirect costs exceeded the amount transferred. It was subsequently corrected in January 2014.

Cause:

Journal entry to transfer indirect cost from federal programs to District Maintenance Fund was actually recorded twice.

Effect:

Inadequate internal controls related to journal entries can result in the financial statements to be misstated.

Recommendation:

We recommend that the district implement policies and procedures to ensure that adequate documentation is maintained for each journal entry made to the accounting system. This documentation should also include approval of the journal entries.

AUDITEE'S CORRECTIVE ACTION PLAN



*Cynthia B. Cannon
Business Manager*

*412 South Main Street
PO Box 1619
Greenville, MS 38702-1619
Phone 662.334.7010 Fax 662.334.3480
Email: ccannon@gville.k12.ms.us*

CORRECTIVE ACTION PLAN(GREENVILLE PUBLIC SCHOOL DISTRICT)

Corrective Action Plan for Finding 2013-1

The District will provide supporting documentation , such as invoices, signed Purchase Orders, check registers along with any supporting journal entries. The documents will be submitted to the Business Manager for review all approval and placed in a binder on a monthly basis.

Corrective Action Plan for Finding 2013-2

The District will reconcile capital assets on a monthly basis and monitor and evaluate fixed assets with additional assistance to ensure all assets are reconciled correctly. The information will be submitted to the Business Manager or designee for review and approval and placed in binders by location or site.

Corrective Action Plan 2013-3

The District will implement procedures to ensure that all journal entries contain the adequate documentation in order to ensure that the entries reflect the entries in accounting system.