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BOONEVILLE SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2014**

BOONEVILLE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT



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

James L. Stafford, CPA
Harry W. Stevens, CPA
S. Keith Winfield, CPA
William B. Stagers, CPA
Michael W. McCully, CPA
Mort Stroud, CPA
R. Steve Sinclair, CPA
Marsha L. McDonald, CPA
Wanda S. Holley, CPA
Robin Y. McCormick, CPA/PFS
J. Randy Scrivner, CPA

Kimberly S. Caskey, CPA
Susan M. Lummus, CPA
Thomas J. Browder, CPA
Stephen D. Flake, CPA
John N. Russell, CPA
Thomas A. Davis, CPA
Anita L. Goodrum, CPA
Ricky D. Allen, CPA
Jason D. Brooks, CPA
Robert E. Cordle, Jr., CPA
Perry C. Rackley, Jr., CPA

INDEPENDENT AUDITORS' REPORT

Superintendent and School Board
Booneville 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 Booneville School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Booneville 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 from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 38-42 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 Booneville 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 September 27, 2015, on our consideration of the Booneville 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 Booneville School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC
Okolona, Mississippi
September 27, 2015

Watkins Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

The following discussion and analysis of Booneville School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2014 increased \$90,060, which represents a 1% increase from fiscal year 2013. Total net position for 2013 decreased \$755,475, which represents an 8% decrease from fiscal year 2012.
- General revenues amounted to \$8,190,805 and \$7,874,902, or 73% and 81% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,056,851, or 27% of total revenues for 2014, and \$1,790,044, or 19% of total revenues for 2013.
- The District had \$11,157,596 and \$10,420,421 in expenses for fiscal years 2014 and 2013; only \$3,056,851 for 2014 and \$1,790,044 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$8,190,805 for 2014 were adequate to provide for these programs and general revenues of \$7,874,902 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$8,381,999 in revenues and \$8,440,311 in expenditures for 2014, and \$8,095,659 in revenues and \$8,594,781 in expenditures in 2013. The General Fund's fund balance decreased by \$60,590, including a prior period adjustment of (\$152,000), from 2013 to 2014, and decreased by \$520,157 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$274,857 for 2014 and increased by \$686,864 for 2013. The decrease for 2014 was due to the increase in accumulated depreciation.
- Long-term debt decreased by \$32,550 for 2014 and decreased by \$287,228 for 2013. This decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$24,902 for 2014 and increased by \$6,291 for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$8,393,145 as of June 30, 2014.

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

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

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

Table 1
Condensed Statement of Net Position

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	\$ 2,358,476	\$ 2,063,394	14.30 %
Capital assets, net	11,027,938	11,302,795	(2.43) %
Total assets	13,386,414	13,366,189	0.15 %
Current liabilities	474,481	419,467	13.12 %
Long-term debt outstanding	4,518,788	4,643,637	(2.69) %
Total liabilities	4,993,269	5,063,104	(1.38) %
Net position:			
Net investment in capital assets	6,334,335	6,462,930	(1.99) %
Restricted	1,068,615	812,538	31.52 %
Unrestricted	990,195	1,027,617	(3.64) %
Total net position	\$ 8,393,145	\$ 8,303,085	1.08 %

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 \$274,857.
- The principal retirement of \$303,339 of long-term debt coupled with the issuance of \$295,691 of new long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$11,247,656 and \$9,664,946, respectively. The total cost of all programs and services was \$11,157,596 for 2014 and \$10,420,421 for 2013.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 666,129	\$ 645,003	3.28 %
Operating grants and contributions	2,390,722	1,145,041	108.79 %

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

General revenues:			
Property taxes	1,957,156	1,724,821	13.47 %
Grants and contributions not restricted	6,148,045	6,046,587	1.68 %
Investment earnings	6,851	8,014	(14.51) %
Other	78,753	95,480	(17.52) %
Total revenues	<u>11,247,656</u>	<u>9,664,946</u>	16.38 %
Expenses:			
Instruction	6,033,521	6,635,488	(9.07) %
Support services	4,415,557	3,171,713	39.22 %
Non-instructional	565,079	522,969	8.05 %
Interest on long-term liabilities	143,439	90,251	58.93 %
Total expenses	<u>11,157,596</u>	<u>10,420,421</u>	7.07 %
Increase (Decrease) in net position	<u>90,060</u>	<u>(755,475)</u>	111.92 %
Net Position, July 1	<u>8,303,085</u>	<u>9,058,560</u>	(8.34) %
Net Position, June 30	<u>\$ 8,393,145</u>	<u>\$ 8,303,085</u>	1.08 %

Governmental activities

The following table presents the cost of four major District functional activities: instruction, support services, non-instructional, 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

	<u>Total Expenses</u>		Percentage Change
	2014	2013	
Instruction	\$ 6,033,521	\$ 6,635,488	(9.07) %
Support services	4,415,557	3,171,713	39.22 %
Non-instructional	565,079	522,969	8.05 %
Interest on long-term liabilities	143,439	90,251	58.93 %
Total expenses	<u>\$ 11,157,596</u>	<u>\$ 10,420,421</u>	7.07 %

	<u>Net (Expense) Revenue</u>		Percentage Change
	2014	2013	
Instruction	\$ (5,039,369)	\$ (5,580,877)	(9.70) %
Support services	(2,830,980)	(2,931,818)	(3.44) %
Non-instructional	(86,957)	(27,431)	217.00 %
Interest on long-term liabilities	(143,439)	(90,251)	58.93 %
Total net (expense) revenue	<u>\$ (8,100,745)</u>	<u>\$ (8,630,377)</u>	(6.14) %

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

- Net cost of governmental activities (\$8,100,745 for 2014 and \$8,630,377 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$1,957,156 for 2014 and \$1,724,821 for 2013) and state and federal revenues (\$6,148,045 for 2014 and \$6,046,587 for 2013).
- Investment earnings amounted to \$6,851 for 2014 and \$8,014 for 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,325,764, an increase of \$380,420, including a decrease in inventory of \$4,102. \$1,185,497 or 51% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$1,140,267 or 49% 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, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$60,590, including a prior period adjustment of (\$152,000). The fund balance of Other Governmental Funds showed a decrease in the amount of \$41,948, which includes a decrease in reserve for inventory of \$4,102. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	\$ no increase or decrease
IDEA Part B Fund	no increase or decrease
Digital Technology Money Fund	178,812
QSCB Debt Retirement Fund	304,146

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. Budget revisions made during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the 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.

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were \$17,794,567, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$126,768 from 2013. Total accumulated depreciation as of June 30, 2014, was \$6,766,629, and total depreciation expense for the year was \$401,625, resulting in total net capital assets of \$11,027,938.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2014	June 30, 2013	Percentage Change
Land	\$ 352,736	\$ 352,736	0.00 %
Buildings	7,955,128	8,173,986	(2.68) %
Building improvements	2,058,934	2,148,453	(4.17) %
Improvements other than buildings	331,110	351,873	(5.90) %
Mobile equipment	280,890	222,771	26.09 %
Furniture and equipment	49,140	52,976	(7.24) %
Total	\$ 11,027,938	\$ 11,302,795	(2.43) %

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

Debt Administration. At June 30, 2014, the District had \$4,914,337 in outstanding long-term debt, of which \$414,126 is due within one year. The liability for compensated absences decreased \$24,902 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2014	June 30, 2013	Percentage Change
General obligation bonds payable	\$ 1,910,000	\$ 2,120,000	(9.91) %
Three mill notes payable	274,762	334,092	(17.76) %
Transportation equipment loans payable	71,764	105,773	(32.15) %
Shortfall notes payable	157,191	-	N/A %
Qualified school construction bonds payable	2,280,000	2,280,000	0.00 %
Other loans payable	138,500	-	N/A %
Compensated absences payable	82,120	107,022	(23.27) %
Total	\$ 4,914,337	\$ 4,946,887	(0.66) %

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

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

CURRENT ISSUES

The Booneville 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 control is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Booneville School District, 201 N. First St, Booneville, MS 38829.

FINANCIAL STATEMENTS

**Booneville School District
Statement of Net Position
June 30, 2014**

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,846,387
Due from other governments	192,440
Other receivables, net	67
Inventories	15,436
Restricted assets	304,146
Capital assets, non-depreciable:	
Land	352,736
Capital assets, net of accumulated depreciation:	
Buildings	7,955,128
Building improvements	2,058,934
Improvements other than buildings	331,110
Mobile equipment	280,890
Furniture and equipment	49,140
Total Assets	<u>13,386,414</u>
Liabilities	
Accounts payable and accrued liabilities	28,939
Unearned revenue	3,773
Interest payable on long-term liabilities	27,643
Long-term liabilities, due within one year:	
Capital related liabilities	361,790
Non-capital related liabilities	52,336
Long-term liabilities, due beyond one year:	
Capital related liabilities	4,313,236
Capital related bond premiums	18,577
Non-capital related liabilities	186,975
Total Liabilities	<u>4,993,269</u>
Net Position	
Net investment in capital assets	6,334,335
Restricted for:	
Expendable:	
School-based activities	414,716
Debt service	630,635
Unemployment benefits	23,264
Unrestricted	990,195
Total Net Position	<u>\$ 8,393,145</u>

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

Booneville School District
Statement of Activities
For The Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 6,033,521	545,559	448,593	-	\$ (5,039,369)
Support services	4,415,557	7,480	1,577,097	-	(2,830,980)
Non-instructional	565,079	113,090	365,032	-	(86,957)
Interest on long-term liabilities	143,439	-	-	-	(143,439)
Total Governmental Activities	\$ 11,157,596	666,129	2,390,722	-	(8,100,745)
General Revenues:					
Taxes:					
General purpose levies					1,573,659
Debt purpose levies					383,497
Unrestricted grants and contributions:					
State					6,118,493
Federal					29,552
Unrestricted investment earnings					6,851
Other					78,753
Total General Revenues					8,190,805
Change in Net Position					90,060
Net Position - Beginning					8,303,085
Net Position - Ending					\$ 8,393,145

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

Booneville School District
 Governmental Funds
 Balance Sheet
 June 30, 2014

Exhibit C

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	IDEA Part B Fund	Digital Technology Money Fund	QSCB Debt Retirement Fund	Other Governmental Funds	
Assets							
Cash and cash equivalents	\$ 1,072,474	-	-	186,652	-	587,261	\$ 1,846,387
Cash with fiscal agents	-	-	-	-	304,146	-	304,146
Due from other governments	99,038	27,109	38,289	-	-	28,004	192,440
Due from other funds	76,215	-	-	-	-	-	76,215
Inventories	-	-	-	-	-	15,436	15,436
Total assets	\$ 1,247,727	27,109	38,289	186,652	304,146	630,701	\$ 2,434,624
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 18,221	-	1,800	7,840	-	1,078	\$ 28,939
Due to other funds	-	27,109	36,489	-	-	12,550	76,148
Unearned revenue	-	-	-	-	-	3,773	3,773
Total Liabilities	18,221	27,109	38,289	7,840	-	17,401	108,860
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	15,436	15,436
Restricted:							
Debt service	-	-	-	-	304,146	354,132	658,278
Grant activities	-	-	-	178,812	-	220,468	399,280
Unemployment benefits	-	-	-	-	-	23,264	23,264
Assigned:							
Capital improvements	-	-	-	-	-	-	-
Activity funds	44,009	-	-	-	-	-	44,009
Unassigned	1,185,497	-	-	-	-	-	1,185,497
Total Fund Balances	1,229,506	-	-	178,812	304,146	613,300	2,325,764
Total Liabilities and Fund Balances	\$ 1,247,727	27,109	38,289	186,652	304,146	630,701	\$ 2,434,624

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

Booneville School District
 Governmental Funds

Exhibit C-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2014

Total fund balances for governmental funds \$ 2,325,764

Amounts reported for governmental activities in the statement of net position are different because:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$ 352,736	
Buildings	13,383,048	
Building improvements	2,237,972	
Improvements other than buildings	519,069	
Mobile equipment	806,665	
Furniture and equipment	495,077	
Accumulated depreciation	<u>(6,766,629)</u>	11,027,938

- Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	\$ (1,910,000)	
Limited obligation bonds	(2,554,762)	
Notes payable	(367,455)	
Compensated absences	(82,120)	
Unamortized premiums	(18,577)	
Accrued interest payable	<u>(27,643)</u>	(4,960,557)

Net position of governmental activities \$ 8,393,145

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

Booneville School District
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For The Year Ended June 30, 2014

Exhibit D

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	IDEA Part B Fund	Digital Technology Money Fund	QSCB Debt Retirement Fund	Other Governmental Funds	
Revenues:							
Local sources	\$ 2,200,234	-	-	-	149	508,506	\$ 2,708,889
State sources	6,152,213	-	-	1,320,000	-	141,937	7,614,150
Federal sources	29,552	170,374	241,202	-	-	483,489	924,617
Total Revenues	8,381,999	170,374	241,202	1,320,000	149	1,133,932	11,247,656
Expenditures:							
Instruction	5,411,733	136,932	124,798	810	-	165,547	5,839,820
Support services	2,925,749	33,442	110,326	1,140,378	-	171,405	4,381,300
Noninstructional services	79,070	-	470	-	-	459,440	538,980
Debt service:							
Principal	-	-	-	-	-	303,339	303,339
Interest	21,711	-	-	-	-	69,613	91,324
Other	2,048	-	-	-	-	2,014	4,062
Total Expenditures	8,440,311	170,374	235,594	1,141,188	-	1,171,358	11,158,825
Excess (Deficiency) of Revenues over (under) Expenditures	(58,312)	-	5,608	178,812	149	(37,426)	88,831
Other Financing Sources (Uses):							
Bonds and notes issued	295,691	-	-	-	-	-	295,691
Payment held by QSCB escrow agent	-	-	-	-	151,997	-	151,997
Payment to QSCB bond escrow agent	(151,997)	-	-	-	-	-	(151,997)
Operating transfers in	6,028	-	-	-	-	-	6,028
Operating transfers out	-	-	(5,608)	-	-	(420)	(6,028)
Total Other Financing Sources (Uses)	149,722	-	(5,608)	-	151,997	(420)	295,691
Net Change in Fund Balances	91,410	-	-	178,812	152,146	(37,846)	384,522
Fund Balances:							
July 1, 2013, as previously reported	1,290,096	-	-	-	-	655,248	1,945,344
Prior period adjustments	(152,000)	-	-	-	152,000	-	-
July 1, 2013, as restated	1,138,096	-	-	-	152,000	655,248	1,945,344
Increase (Decrease) in reserve for inventory	-	-	-	-	-	(4,102)	(4,102)
June 30, 2014	\$ 1,229,506	-	-	178,812	304,146	613,300	\$ 2,325,764

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

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ 384,522

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

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

Capital outlay	\$ 126,768	
Depreciation expense	(401,625)	(274,857)

2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Bonds and notes issued	(295,691)	
Payments of debt principal	303,339	
Accrued interest payable	715	8,363

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

Change in compensated absences	24,902	
Change in inventory reserve	(4,102)	
Payment of deferred debt issuance accounts payable	30,000	
Amortization of deferred charges, premiums, and discounts	(78,768)	(27,968)

Change in net position of governmental activities \$ 90,060

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

Booneville School District
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2014

Exhibit E

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 351,496
Total Assets	<u>\$ 351,496</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 290,167
Due to other funds	67
Due to student clubs	61,262
Total Liabilities	<u>\$ 351,496</u>

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Booneville 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, Booneville 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. The effect of inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

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 Fund – This is a special revenue fund that accounts for the revenue and expenditures of the federal Title I program.

IDEA Part B – This is a special revenue fund that accounts for the revenue and expenditures of the special education program.

Digital Technology Money Fund – This is a special revenue fund that accounts for the revenue and expenditures of the state program to promote technology in school districts.

QSCB Debt Retirement Fund – This is a debt service fund that accounts for the cash with fiscal agent accounts and annual debt service payments for the Qualified School Construction Bonds of the District.

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

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Activity/Agency Funds – These various funds account for the monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Payroll Clearing Fund – This fund serves as a clearing fund for payroll type transactions.

Accounts Payable Clearing Fund – This fund serves as a clearing fund for accounts payable 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.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

FIDUCIARY FUNDS

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the 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.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, unspent proceeds from the issuance of long-term debt are also classified as restricted assets.

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 activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

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.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

7. Compensated Absences

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

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

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

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

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

9. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is a resolution approved by the School Board. Currently there 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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

fund balance policy.

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

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

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

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

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

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

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 \$1,846,387 and \$351,496, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$2,820,910 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$304,146.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 27,109
General Fund	IDEA Part B Fund	36,489
General Fund	Other Governmental Funds	12,550
General Fund	Fiduciary Funds	67
		<u>\$ 76,215</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. Inter-fund Transfers

Transfers Out	Transfers In	Amount
IDEA Part B Fund	General Fund	\$ 5,608
Other governmental funds	General Fund	420
		<u>\$ 6,028</u>

The transfers represent board approved operating transfers for school operations and planning purposes.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent balance totaling \$304,146 of the QSCB Bond Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 352,736	\$ -	\$ -	\$ 352,736
Total non-depreciable capital assets	<u>352,736</u>	<u>-</u>	<u>-</u>	<u>352,736</u>
<u>Depreciable capital assets:</u>				
Buildings	13,383,048			13,383,048
Building improvements	2,237,972			2,237,972
Improvements other than buildings	519,069			519,069
Mobile equipment	691,742	114,923		806,665
Furniture and equipment	483,232	11,845		495,077
Total depreciable capital assets	<u>17,315,063</u>	<u>126,768</u>	<u>-</u>	<u>17,441,831</u>
<u>Less accumulated depreciation for:</u>				
Buildings	5,209,062	218,858		5,427,920
Building improvements	89,519	89,519		179,038
Improvements other than buildings	167,196	20,763		187,959
Mobile equipment	468,971	56,804		525,775
Furniture and equipment	430,256	15,681		445,937
Total accumulated depreciation	<u>6,365,004</u>	<u>401,625</u>	<u>-</u>	<u>6,766,629</u>
Total depreciable capital assets, net	<u>10,950,059</u>	<u>(274,857)</u>	<u>-</u>	<u>10,675,202</u>
Governmental activities capital assets, net	<u>\$ 11,302,795</u>	<u>\$ (274,857)</u>	<u>\$ -</u>	<u>\$ 11,027,938</u>

Depreciation expense was charged to the following governmental functions:

Governmental activities:	<u>Amount</u>
Instruction	\$ 222,977
Support services	155,406
Non-instructional	<u>23,242</u>
Total depreciation expense-governmental activities	<u>\$ 401,625</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 – Long-term Liabilities

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

Description	Balance			Amounts due	
	7/1/2013	Additions	Reductions	6/30/2014	within one year
A. General obligation bonds payable	\$ 2,120,000	\$	\$ 210,000	\$ 1,910,000	\$ 215,000
B. Three mill notes payable	334,092		59,330	274,762	62,861
C. Transportation equipment loans payable	105,773		34,009	71,764	35,267
D. Shortfall notes payable	0	157,191		157,191	52,336
E. Qualified school construction bonds	2,280,000			2,280,000	
F. Other loans payable	0	138,500		138,500	48,662
G. Compensated absences payable	107,022		24,902	82,120	
Total	4,946,887	295,691	328,241	4,914,337	414,126
Premiums	20,924		2,347	18,577	
Total	4,967,811	295,691	330,588	4,932,914	414,126

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
1. General obligation bonds, Series 2012	2.0-2.5%	5/10/2012	7/1/2022	\$ 2,345,000	1,910,000
Total				\$ 2,345,000	1,910,000

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

1. General obligation bonds, Series 2011

Year Ending	Principal	Interest	Total
June 30			
2015	\$ 215,000	41,425	256,425
2016	220,000	37,125	257,125
2017	230,000	32,725	262,725
2018	235,000	28,125	263,125
2019	240,000	23,425	263,425
2020-2023	770,000	38,250	808,250
Total	\$ 1,910,000	201,075	2,111,075

This debt will be retired from the Bond Retirement Fund.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

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, 2014, the amount of outstanding bonded indebtedness was equal to 5% of property assessments as of October 1, 2013.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill limited tax note, Series 2008	5.95%	2/19/2008	9/01/2017	\$ 600,000	274,762
Total				\$ 600,000	274,762

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

1. Three mill limited tax note, Series 2008

Year Ending June 30	Principal	Interest	Total
2015	\$ 62,861	16,348	79,209
2016	66,601	12,608	79,209
2017	70,540	8,669	79,209
2018	74,760	4,448	79,208
Total	\$ 274,762	42,073	316,835

This debt will be retired from the Three Mill Debt Retirement Fund.

C. Transportation equipment loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Transportation equipment loan payable	3.97%	11/12/2009	11/07/2015	\$ 200,000	71,764
Total				\$ 200,000	71,764

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

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

1. Transportation equipment loan payable

Year Ending June 30	Principal	Interest	Total
2015	\$ 35,267	2,851	38,118
2016	36,497	1,506	38,003
Total	\$ <u>71,764</u>	<u>4,357</u>	<u>76,121</u>

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

The EEF Building and Buses revenue has been pledged for this debt. On October 13, 2009, the Booneville School District pledged EEF Building and Buses revenue of \$38,118 annually for the payment of the Transportation Equipment loans payable to First American National Bank.

This debt was issued for the purpose of purchasing and paying for transportation equipment, establishing, erecting, and equipping school bus shops and garages and purchasing the land and building for the school district. The commitment began with the 2009-2010 school year and ends with the 2015-2016 school year. The revenue from the state varies from year to year. For the year 2013-14, the revenue was \$39,021, of which \$39,021 was used for payment of debt.

D. Shortfall notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Shortfall Note - 2013	2.74%	10/3/2013	10/3/2016	\$ 157,191	157,191
Total				\$ <u>157,191</u>	<u>157,191</u>

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

1. Shortfall Note - 2013

Year Ending June 30	Principal	Interest	Total
2015	\$ 52,336	4,307	56,643
2016	52,336	2,373	54,709
2017	52,519	1,437	53,956
Total	\$ <u>157,191</u>	<u>8,117</u>	<u>165,308</u>

This debt will be retired from the District Maintenance Fund.

E. 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:

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds payable, Series 2010	5.75%	6/30/2011	12/1/2026	\$ 2,280,000	\$ 2,280,000
Total				<u>\$ 2,280,000</u>	<u>\$ 2,280,000</u>

F. Other loans notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Note Payable - Real Estate Purchase	2.64%	6/24/2014	6/24/2017	\$ 138,500	138,500
Total				<u>\$ 138,500</u>	<u>138,500</u>

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

1. Note Payable - Real Estate Purchase

Year Ending June 30	Principal	Interest	Total
2015	\$ 48,662	3,656	52,318
2016	48,662	2,372	51,034
2017	41,176	1,140	42,316
Total	<u>\$ 138,500</u>	<u>7,168</u>	<u>145,668</u>

This debt will be retired from the District Maintenance Fund.

G. 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 – 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.

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013, and 2012 were \$908,273, \$857,898, and \$757,183, respectively, which equaled the required contributions for each year.

Note 8 – Prior Period Adjustments

A summary of significant Fund Balance adjustments is as follows:

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

Fund	Explanation	Amount
General Fund	Reclassification to new fund of QSCB	
	Cash with fiscal agent	\$ (152,000)
QSCB Debt	Reclassification to new fund of QSCB	
Retirement Fund	Cash with fiscal agent	152,000
Net Change in Fund Balance		\$ -

This prior period adjustment was due to reclassification between funds for the same amount of prior year Cash with fiscal agent balance of QSCB account. The net effect on total fund balance for the district was zero. On Exhibit C–Balance Sheet, prior year Cash with fiscal agent balance of \$152,000 in General Fund was reclassified to the QSCB Debt Retirement Fund.

Note 9 – Contingencies

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

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

Note 10 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Worker's Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

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

Note 11 – 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 subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was \$304,146. 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.

Year Ending June 30	Amount
2015	\$ 152,000
2016	152,000
2017	152,000
2018	152,000
2019	152,000
2020-2024	760,000
2025-2027	456,000
Total	<u>\$ 1,976,000</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 – Alternative School Consortium

The school district entered into an Alternative School Agreement dated July 1, 1995, creating the Northeast Mississippi Alternative Education Cooperative (NEMRAEC). This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Booneville School District, Baldwin School District, and Prentiss County School District.

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

The Booneville School District has been designated as the lead school district for the NEMRAEC, and the operations of the consortium are included in its financial statements.

The following Statement of Revenues, Expenditures, and Changes in Fund Balance is presented to detail the financial activity of the Northeast Mississippi Regional Alternative Education Cooperative.

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2014

Revenues:	
Local sources	
Tuition from other LEA's within the state:	
Baldwyn School District	\$ 109,170
Prentiss County School District	119,625
Total tuition from other LEA's within the state	<u>228,795</u>
Other local sources	243
Total revenues	<u>229,038</u>
 Expenditures:	
Salaries	216,729
Employee benefits	66,352
Purchased property	2,076
Supplies	5,127
Other	15,010
Total expenditures	<u>305,294</u>
Excess (deficiency) of revenues over expenditures	<u>(76,256)</u>
 Other Financing Sources (Uses):	
Other transfers in	96,075
Total other financing sources (uses)	<u>96,075</u>
Net change in fund balance	<u>19,819</u>
 Fund Balance:	
July 1, 2013	72,961
June 30, 2014	<u>\$ 92,780</u>

BOONEVILLE SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated January 1, 1984, creating the Prentiss County Vocational Center. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Booneville School District and the Prentiss County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for the construction and operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detail procedures for student admission and transportation services for those students.

The Prentiss County School District has been designated as the fiscal agent for the Prentiss County Vocational Center, and the operations of the consortium are included in its financial statements.

Note 14 – 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 Booneville School District evaluated the activity of the district through September 27, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Booneville School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 2,552,083	\$ 2,200,234	\$ 2,200,234	\$ (351,849)	\$ -
State sources	6,192,235	6,152,213	6,152,213	(40,022)	-
Federal sources	46,000	29,552	29,552	(16,448)	-
Total Revenues	8,790,318	8,381,999	8,381,999	(408,319)	-
Expenditures:					
Instruction	5,880,355	5,411,733	5,411,733	468,622	-
Support services	2,973,628	2,925,749	2,925,749	47,879	-
Noninstructional services	127,535	72,727	79,070	54,808	(6,343)
Facilities acquisition and construction	-	6,343	-	(6,343)	6,343
Debt service:					
Interest	-	21,711	21,711	(21,711)	-
Other	-	2,048	2,048	(2,048)	-
Total Expenditures	8,981,518	8,440,311	8,440,311	541,207	-
Excess (Deficiency) of Revenues over (under) Expenditures	(191,200)	(58,312)	(58,312)	132,888	-
Other Financing Sources (Uses):					
Bonds and notes issued	-	295,691	295,691	295,691	-
Payment to QSCB escrow agent	-	(151,997)	(151,997)	(151,997)	-
Operating transfers in	4,200	123,922	6,028	119,722	(117,894)
Operating transfers out	(38,000)	(117,894)	-	(79,894)	117,894
Total Other Financing Sources (Uses)	(33,800)	149,722	149,722	183,522	-
Net Change in Fund Balances	(225,000)	91,410	91,410	316,410	-
Fund Balances:					
July 1, 2013, as previously reported	1,290,096	1,290,096	1,290,096	-	-
Prior period adjustments	-	-	(152,000)	-	(152,000)
July 1, 2013, as restated	1,290,096	1,290,096	1,138,096	-	(152,000)
June 30, 2014	\$ 1,065,096	\$ 1,381,506	\$ 1,229,506	\$ 316,410	\$ (152,000)

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

Booneville School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	237,912	170,374	170,374	(67,538)	-
Total Revenues	237,912	170,374	170,374	(67,538)	-
Expenditures:					
Instruction	201,954	136,932	136,932	65,022	-
Support services	35,858	33,442	33,442	2,416	-
Noninstructional services	100	-	-	100	-
Total Expenditures	237,912	170,374	170,374	67,538	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

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

Booneville School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 IDEA Part B Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	275,433	241,202	241,202	(34,231)	-
Total Revenues	275,433	241,202	241,202	(34,231)	-
Expenditures:					
Instruction	149,333	124,798	124,798	24,535	-
Support services	121,451	110,326	110,326	11,125	-
Noninstructional services	1,000	470	470	530	-
Total Expenditures	271,784	235,594	235,594	36,190	-
Excess (Deficiency) of Revenues over (under) Expenditures	3,649	5,608	5,608	1,959	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(3,649)	(5,608)	(5,608)	(1,959)	-
Total Other Financing Sources (Uses)	(3,649)	(5,608)	(5,608)	(1,959)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

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

Booneville School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 Digital Technology Money Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	1,320,000	1,320,000	1,320,000	-
Federal sources	-	-	-	-	-
Total Revenues	-	1,320,000	1,320,000	1,320,000	-
Expenditures:					
Instruction	-	810	810	(810)	-
Support services	-	1,140,378	1,140,378	(1,140,378)	-
Noninstructional services	-	-	-	-	-
Total Expenditures	-	1,141,188	1,141,188	(1,141,188)	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	178,812	178,812	178,812	-
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	178,812	178,812	178,812	-
Fund Balances:					
July 1, 2013	-	-	-	-	-
June 30, 2014	\$ -	\$ 178,812	\$ 178,812	\$ 178,812	\$ -

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

BOONEVILLE SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation.

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

(2) Budget Amendments and revisions.

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

SUPPLEMENTARY INFORMATION

Booneville School District
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 93,492
National school lunch program	10.555	315,977
Total child nutrition cluster		<u>409,469</u>
Total passed-through Mississippi Department of Education		<u>409,469</u>
Total U.S. Department of Agriculture		<u>409,469</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	170,374
Rural education	84.358	1,078
Improving teacher quality - state grants	84.367	44,087
Subtotal		<u>215,539</u>
Special education cluster:		
Special education - grants to states	84.027	241,202
Special education - preschool grants	84.173	28,885
Total special education cluster		<u>270,087</u>
Total passed-through Mississippi Department of Education		<u>485,626</u>
Total U.S. Department of Education		<u>485,626</u>
Total for All Federal Awards		<u>\$ 895,095</u>

NOTES TO SCHEDULE

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

**Booneville School District
 Supplementary Information
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2014**

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 7,834,156	5,314,575	1,267,845	546,277	705,459
Other	3,324,669	525,243	1,233,746	18,520	1,547,160
Total	<u>\$ 11,158,825</u>	<u>5,839,818</u>	<u>2,501,591</u>	<u>564,797</u>	<u>2,252,619</u>
Total number of students *	<u>1,297</u>				
Cost per student	<u>\$ 8,604</u>	<u>4,503</u>	<u>1,929</u>	<u>435</u>	<u>1,737</u>

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

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

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

Booneville School District
 Other Information
 Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 Last Four Years
 UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 2,200,234	\$ 2,003,081	\$ 1,945,500	\$ 2,033,348
State sources	6,152,213	6,041,450	5,980,222	5,473,149
Federal sources	29,552	51,128	50,984	57,100
Total Revenues	8,381,999	8,095,659	7,976,706	7,563,597
Expenditures:				
Instruction	5,411,733	5,829,716	5,749,983	4,873,752
Support services	2,925,749	2,678,413	2,581,945	2,378,939
Noninstructional services	79,070	72,288	70,912	68,983
Facilities acquisition and construction	0	0	149,700	0
Debt service:				
Principal	0	0	0	14,024
Interest	21,711	13,224	0	916
Other	2,048	1,140	0	0
Total Expenditures	8,440,311	8,594,781	8,552,540	7,336,614
Excess (Deficiency) of Revenues over (under) Expenditures	(58,312)	(499,122)	(575,834)	226,983
Other Financing Sources (Uses):				
Bonds and notes issued	295,691	0	0	0
Payment to QSCB debt escrow agent	(151,997)	0	0	0
Operating transfers in	6,028	3,990	4,256	8,641
Operating transfers out	0	(25,025)	(10,769)	(779,840)
Total Other Financing Sources (Uses)	149,722	(21,035)	(6,513)	(771,199)
Net Change in Fund Balances	91,410	(520,157)	(582,347)	(544,216)
Fund Balances:				
Beginning of period, as previously reported	1,290,096	1,810,253	2,392,600	2,936,816
Prior period adjustments	(152,000)	0	0	0
Beginning of period	1,138,096	1,810,253	2,392,600	2,936,816
End of Period	\$ 1,229,506	\$ 1,290,096	\$ 1,810,253	\$ 2,392,600

*SOURCE - PRIOR YEAR AUDIT REPORTS

Booneville School District
 Other Information
 Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Funds
 Last Four Years
 UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 2,708,889	\$ 2,470,970	\$ 2,420,284	\$ 2,536,301
State sources	7,614,150	6,196,986	6,172,987	5,636,826
Federal sources	924,617	994,645	1,226,513	2,361,515
Total Revenues	11,247,656	9,662,601	9,819,784	10,534,642
Expenditures:				
Instruction	5,839,820	6,488,579	6,401,280	6,330,215
Support services	4,381,300	2,952,958	2,991,548	3,275,265
Noninstructional services	538,980	514,231	530,552	519,870
Facilities acquisition and construction	0	1,045,833	1,341,839	542,117
Debt service:				
Principal	303,339	293,519	273,864	254,553
Interest	91,324	91,757	151,771	149,779
Other	4,062	1,975	65,540	750
Total Expenditures	11,158,825	11,388,852	11,756,394	11,072,549
Excess (Deficiency) of Revenues over (under) Expenditures	88,831	(1,726,251)	(1,936,610)	(537,907)
Other Financing Sources (Uses):				
Bonds and notes issued	295,691	0	2,345,000	2,280,000
Insurance recoveries	0	0	23,902	0
Premiums on bonds and refunding bonds	0	0	23,467	0
Payment held by QSCB escrow agent	151,997	0	0	0
Payment to QSCB bond escrow agent	(151,997)	0	0	0
Payment to refunded bond escrow agent	0	0	(2,245,000)	0
Operating transfers in	6,028	29,015	24,187	788,481
Operating transfers out	(6,028)	(29,015)	(24,187)	(788,481)
Total Other Financing Sources (Uses)	295,691	0	147,369	2,280,000
Net Change in Fund Balances	384,522	(1,726,251)	(1,789,241)	1,742,093
Fund Balances:				
Beginning of period	1,945,344	3,672,670	5,460,663	3,717,767
Increase (Decrease) in reserve for inventory	(4,102)	(1,075)	1,248	803
End of Period	\$ 2,325,764	\$ 1,945,344	\$ 3,672,670	\$ 5,460,663

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
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J. Randy Scrivner, CPA	Perry C. Rackley, Jr., CPA

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

Superintendent and School Board
 Booneville 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 Booneville School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Booneville School District's basic financial statements, and have issued our report thereon dated September 27, 2015.

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.

Our consideration of internal control over financial reporting 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 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 cost as findings 2014-01 and 2014-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Booneville 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*.

Booneville School District's Response to Findings

The Booneville School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Booneville School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Watkins, Ward, and Stafford, PLLC
Okolona, Mississippi
September 27, 2015

Watkins Ward and Stafford, PLLC



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 Certified Public Accountants

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

Superintendent and School Board
 Booneville School District

Report on Compliance for Each Major Federal Program

We have audited the Booneville 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 the Booneville School District's major federal programs for the year ended June 30, 2014. The Booneville School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Booneville 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 on the school district's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-03. Our opinion on each major federal program is not modified with respect to these matters.

The Booneville School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Booneville 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.

Report on Internal Control Over Compliance

Management of the Booneville School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Booneville 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 our opinion on compliance for each major program and to test and report on internal 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 Booneville School District's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-03 to be a material weakness.

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.

The Booneville School District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Booneville 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.

Watkins, Ward and Stafford, PLLC
Okolona, Mississippi
September 27, 2015

Watkins Ward and Stafford, PLLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS



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

James L. Stafford, CPA	Kimberly S. Caskey, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
 Booneville School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2014, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated September 27, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to 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 \$0 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 procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

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

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

Watkins, Ward and Stafford, PLLC
 Okolona, Mississippi
 September 27, 2015

Watkins Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness (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? | Yes |
| | b. Significant deficiency (ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major federal 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 | Child Nutrition Cluster |
| | 84.027, 84.173 | Special Education Cluster |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

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

Section II: Financial Statement Findings

Significant deficiencies, considered to be material weaknesses

2014-01

Condition

During the testing of the district's receipts, it was noted that activity fund receipts at the individual schools were being held for multiple days before bank deposit, and several receipts were not deposited in a timely manner.

Criteria

Management is responsible for implementing proper controls over activity fund cash and receipts to insure deposits are made in a timely manner.

Cause of condition

The schools where activity fund receipts are collected have been holding the cash for three days or more before the bank deposit.

Effect of condition

If the district does not have proper controls in place to ensure de-centralized activity fund receipts are deposited in a timely manner, it could result in loss or misappropriation of the district's activity funds.

Recommendation

The district should put controls in place to ensure that the schools' activity fund receipts are deposited in a timely manner, not held at the schools for multiple days.

Auditee Response

The district will implement procedures to ensure all activity fund receipts are deposited to the bank in a timely manner.

2014-02

Condition

During the assessment of the district's internal controls, multiple expenditures did not have appropriate purchase request, purchase order approval, any evidence of actual receipt of the goods or services by the district, neither a receiving report nor a signature on the invoice acknowledging receipt.

Criteria

The district is required to complete certain purchasing documents to ensure all expenditures are properly approved and that the district has received all goods and supplies for which payment is made.

Cause of Condition

The district's internal controls have not been adequately designed to ensure all expenditures are properly approved and that all goods and services are received by the district before payment is approved by the board.

Effect of Condition

The district could make unapproved purchases without proper purchase request and purchase order approval procedures. The district could be paying for good or services that have not actually been delivered. Since no review of the receiving documents is done during the payable process, assets of the district could be misappropriated without the district's knowledge.

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

Recommendation

The district should use all purchasing documents prescribed by the state manual for school districts to establish an effectively designed purchasing system and ensure that all goods and services are properly approved and actually received prior to payment.

Auditee Response

The proper purchasing and receiving documents will be completed for all applicable goods and services.

Section III: Federal Award Findings and Questioned Costs

Material weakness in internal control over compliance

2014-03 **Programs:** Child Nutrition Cluster – CFDA# 10.553, 10.555

Criteria – Cash Management

Management is responsible for complying with the requirements of the State of Mississippi, Department of Education, Policies and Procedures as set forth in the *Financial Accounting Manual for Public School Districts, Section D: Purchasing* which requires that school districts establish a purchasing system to meet the objectives of “buying materials, supplies, commodities, and services that are of the right quality, quantity, price and from the right source with delivery being in the right place”. A well designed purchasing system should include: a) purchase requisitions, b) purchase orders, and c) receiving reports. Goods should not be purchased until a purchase order has been approved by the district.

Condition

During testing, it was noted that multiple purchases failed to meet the minimum criteria established by the state for a purchasing system. These items did not have an applicable purchase request, approved purchase order, receiving report, or required signature acknowledging date of the actual receipt.

Cause of Condition

The internal control structure over compliance for purchasing has not been effectively designed to ensure all expenditures are allowable, approved, and properly received by the district as described in the criteria above.

Effect of Condition

Due to this deficiency in internal control over compliance, the district could be purchasing goods that are not in compliance with federal award requirements since purchases can be made without proper approval. In addition due to no acknowledgement of receipt, the district could be using federal funds to pay for goods that were not actually received by the district.

Recommendation

The district should adhere to the purchasing system prescribed by the state manual for school districts and complete purchase requests, purchase orders, and receiving reports with proper documentation for all expenditures of all federal funds.

AUDITEE'S CORRECTIVE ACTION PLAN

Booneville School District

662-728-2171
662-728-4940 (Fax)

201 N. First Street
Booneville, MS 38829

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section 315(c) of OMB Circular A-133, the Booneville School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Finding and Questioned Costs for the year ended June 30, 2014.

- | | |
|------------------------|--|
| Finding 2014-01 | Name of Contact Person Responsible for Corrective Action
Todd English and Monte Lambert

Corrective Action Planned
The district will implement procedures to ensure all activity fund receipts are deposited to the bank in a timely manner.

Completion Date
This was a repeat finding from the 2013 fiscal year. The district anticipates a successful implementation of this corrective action plan in August 2015. |
| Finding 2014-02 | Name of Contact Person Responsible for Corrective Action
Todd English and Monte Lambert

Corrective Action Planned
The proper purchasing and receiving documents will be completed for all applicable goods and services.

Completion Date
The district anticipates a successful implementation of this corrective action plan in August 2015. |
| Finding 2014-03 | Name of Contact Person Responsible for Corrective Action
Todd English and Monte Lambert

Corrective Action Planned
The proper purchasing and receiving documents will be completed for all applicable goods and services.

Completion Date
The district anticipates a successful implementation of this corrective action plan in August 2015. |