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Coahoma County School District
Audited Financial Statements
For the Year Ended June 30, 2014

Fortenberry & Ballard, PC
Certified Public Accountants

**Coahoma County School District
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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Coahoma County School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coahoma County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District, as of June 30, 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 8 to 18 and 53 to 58 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 Coahoma County School District's 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), 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 accompanying supplementary information mentioned above 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 April 30, 2015, on our consideration of the Coahoma County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coahoma County School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 30, 2015

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The following discussion and analysis of Coahoma County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 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 \$1,382,387, including a prior period adjustment of \$120,611, which represents a 16% increase from fiscal year 2013. Total net position for 2013 increased \$897,403, which represents a 12% increase from fiscal year 2012.
- General revenues amounted to \$13,538,665 and \$12,148,226, or 77% and 74% 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 \$4,002,726, or 23% of total revenues for 2014, and \$4,274,421, or 26% of total revenues for 2013.
- The District had \$16,279,615 and \$15,525,244 in expenses for fiscal years 2014 and 2013; only \$4,002,726 for 2014 and \$4,274,421 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$13,538,665 for 2014 and \$12,148,226 for 2013 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$11,221,005 in revenues and \$11,986,372 in expenditures for 2014, and \$10,803,017 in revenues and \$11,439,801 in expenditures for 2013. The General Fund's fund balance decreased by \$604,129, including a prior period adjustment of (\$8,607), from 2013 to 2014, and increased by \$119,022 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, increased by \$223,388 for 2014 and increased by \$2,437 for 2013. The increase for 2014 was due primarily to the additions to construction in progress and furniture and equipment.
- Long-term debt decreased by \$666,534 for 2014 and decreased by \$491,881 for 2013. This decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$9,980 for 2014 and decreased by \$32,508 for 2013.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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.

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 services, 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

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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:

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.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 \$10,075,456 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.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 1
Condensed Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 7,214,698	6,646,024	9%
Restricted assets	436,101	436,102	0%
Capital assets, net	<u>5,248,917</u>	<u>5,025,529</u>	4%
Total assets	<u>12,899,716</u>	<u>12,107,655</u>	7%
Current liabilities	462,203	395,975	17%
Long-term debt outstanding	<u>2,362,057</u>	<u>3,018,611</u>	(22)%
Total liabilities	<u>2,824,260</u>	<u>3,414,586</u>	(17)%
Net position:			
Net investment in capital assets	3,051,113	2,292,509	33%
Restricted	5,760,556	4,638,811	24%
Unrestricted	<u>1,263,787</u>	<u>1,761,749</u>	(28)%
Total net position	<u>\$ 10,075,456</u>	<u>8,693,069</u>	16%

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

- Increase in net capital assets in the amount of \$223,388.
- The principal retirement of \$666,534 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$17,541,391 and \$16,422,647, respectively. The total cost of all programs and services was \$16,279,615 for 2014 and \$15,525,244 for 2013.

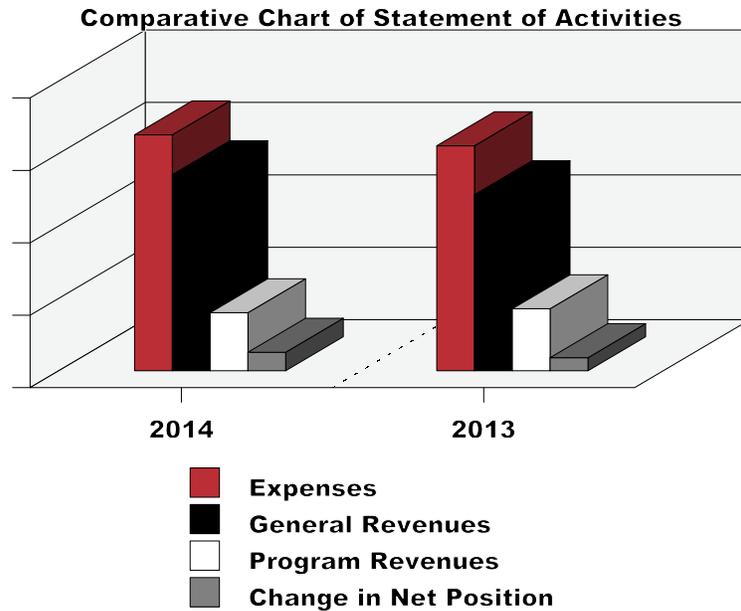
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Table 2
Changes in Net Position

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 272,891	158,998	72%
Operating grants and contributions	3,729,835	4,115,423	(9)%
General revenues:			
Property taxes	4,961,569	4,876,215	2%
Grants and contributions not restricted	7,036,655	6,108,761	15%
Unrestricted investment earnings	67,449	50,270	34%
Sixteenth section resources	1,237,029	1,009,049	23%
Other	235,963	103,931	127%
Total revenues	<u>17,541,391</u>	<u>16,422,647</u>	7%
Expenses:			
Instruction	8,262,767	7,496,048	10%
Support services	6,542,314	6,471,395	1%
Non-instructional	1,151,360	1,289,135	(11)%
Sixteenth section	180,790	154,382	17%
Interest on long-term liabilities	142,384	114,284	25%
Total expenses	<u>16,279,615</u>	<u>15,525,244</u>	5%
Increase (Decrease) in net position	<u>1,261,776</u>	<u>897,403</u>	41%
Net Position, July 1, as previously reported	8,693,069	7,795,666	12%
Prior period adjustment	<u>120,611</u>		
Net Position, July 1, as restated	<u>8,813,680</u>	<u>7,795,666</u>	13%
Net Position, June 30	<u>\$ 10,075,456</u>	<u>8,693,069</u>	16%

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014



Governmental activities

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

Table 3
Net Cost of Governmental Activities

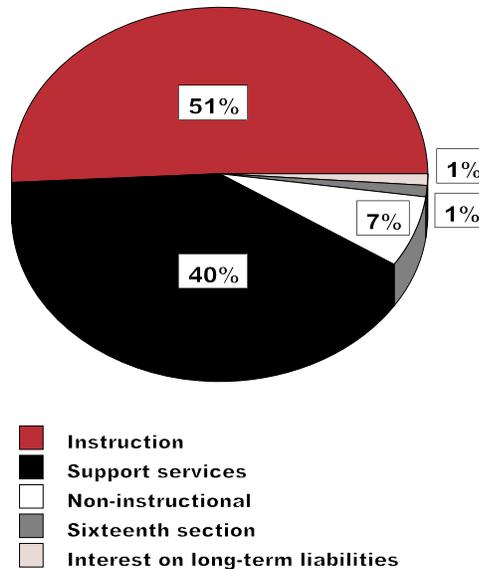
	<u>Total Expenses</u>		
	2014	2013	Percentage Change
Instruction	\$ 8,262,767	7,496,048	10%
Support services	6,542,314	6,471,395	1%
Non-instructional	1,151,360	1,289,135	(11)%
Sixteenth section	180,790	154,382	17%
Interest on long-term liabilities	142,384	114,284	25%
Total expenses	<u>\$ 16,279,615</u>	<u>15,525,244</u>	<u>5%</u>

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Net (Expense) Revenue

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Instruction	\$ (7,141,644)	(6,123,278)	17%
Support services	(5,084,187)	(4,701,763)	8%
Non-instructional	220,452	(157,116)	(240)%
Sixteenth section	(129,126)	(154,382)	(16)%
Interest on long-term liabilities	(142,384)	(114,284)	25%
Total net (expense) revenue	\$ (12,276,889)	(11,250,823)	9%

Chart of Expenses as per Statement of Activities



- Net cost of governmental activities (\$12,276,889 for 2014 and \$11,250,823 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$4,961,569 for 2014 and \$4,876,215 for 2013) and state and federal revenues of (\$7,036,655 for 2014 and \$6,108,761 for 2013). In addition, there was \$1,237,029 and \$1,009,049 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$67,449 for 2014 and \$50,270 for 2013.

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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 \$7,215,042, an increase of \$529,487, which includes an increase in inventory of \$8,747 and a prior period adjustment of (\$8,687). \$1,348,420, or 19% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$5,866,622 or 81% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$604,129, including a prior period adjustment of (\$8,607). The fund balance of Other Governmental Funds showed an increase in the amount of \$14,786 and a prior period adjustment of (\$80) and an increase in inventory of \$8,747. The increase (decrease) in the fund balances for the other major funds was as follows:

Major Fund	Increase (Decrease)
Title I - A Basic Fund	no increase or decrease
Sixteenth Section Interest Fund	\$ 1,118,830
21 st Century Flowthrough Fund	no increase or decrease

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 Coahoma County School District.

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

Coahoma County 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 \$12,810,105, including land, school buildings, building improvements, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$221,405 from 2013. Total accumulated depreciation as of June 30, 2014, was \$7,561,188, and total depreciation expense for the year was \$391,933, resulting in total net capital assets of \$5,248,917.

Table 4
Capital Assets, Net Accumulated Depreciation

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 27,423	27,423	0%
Construction in progress		101,142	(100)%
Buildings	2,550,803	2,528,706	1%
Building improvements	1,990,104	1,603,274	24%
Mobile equipment	447,961	456,059	(2)%
Furniture and equipment	232,626	92,415	152%
Leased property under capital leases		216,510	(100)%
Total	\$ 5,248,917	5,025,529	4%

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 \$2,362,057 in outstanding long-term debt, of which \$699,547 is due within one year. The liability for compensated absences increased \$9,980 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 840,000	1,100,000	(24)%
Limited obligation bonds payable	617,000	755,000	(18)%
Three mill note payable	525,000	685,000	(23)%
Obligations under capital leases payable	282,402	390,936	(28)%
Compensated absences payable	97,655	87,675	11%
Total	\$ 2,362,057	3,018,611	(22)%

Coahoma County School District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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

CURRENT ISSUES

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

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

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

Enrollment for the 2013-2014 year decreased by 3% to 1,429 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

COAHOMA COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 6,026,102
<i>Due from other governments</i>	1,170,801
<i>Inventories</i>	17,795
<i>Restricted assets</i>	436,101
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	27,423
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	2,550,803
<i>Building improvements</i>	1,990,104
<i>Mobile equipment</i>	447,961
<i>Furniture and equipment</i>	232,626
Total Assets	<u>12,899,716</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	435,757
<i>Interest payable on long-term liabilities</i>	26,446
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	675,344
<i>Non-capital related liabilities</i>	24,203
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	1,522,460
<i>Non-capital related liabilities</i>	140,050
Total Liabilities	<u>2,824,260</u>
Net Position:	
Net Investment in Capital Assets	3,051,113
Restricted For:	
Expendable:	
School-based activities	4,567,508
Debt service	650,876
Forestry improvements	66,112
Unemployment benefits	43,960
Nonexpendable:	
Sixteenth section	432,100
Unrestricted	1,263,787
Total Net Position	<u>\$ 10,075,456</u>

The accompanying notes are an integral part of this statement.

COAHOMA COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
<i>Instruction</i>	8,262,768	139,035	982,088	(7,141,645)
<i>Support services</i>	6,542,314	--	1,458,127	(5,084,187)
<i>Noninstructional services</i>	1,151,360	82,192	1,289,620	220,452
<i>Sixteenth section</i>	180,790	51,664	--	(129,126)
<i>Interest on long-term liabilities</i>	142,384	--	--	(142,384)
Total Governmental Activities	<u>\$ 16,279,616</u>	<u>\$ 272,891</u>	<u>\$ 3,729,835</u>	<u>(12,276,890)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				4,457,459
<i>Debt purpose levies</i>				504,111
Unrestricted grants and contributions:				
<i>State</i>				7,030,351
<i>Federal</i>				6,304
<i>Unrestricted investment earnings</i>				67,449
<i>Sixteenth section sources</i>				1,237,029
<i>Other</i>				235,963
Total General Revenues				<u>13,538,666</u>
				<u>Change in Net Position</u>
				1,261,776
				Net Position - Beginning, as previously reported
				8,693,069
				Prior Period Adjustment
				120,611
				Net Position - Beginning, as restated
				8,813,680
				<u>Net Position - Ending</u>
				<u>\$ 10,075,456</u>

The accompanying notes are an integral part of this statement.

COAHOMA COUNTY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Title I - A Basic Fund
	<u> </u>	<u> </u>
Assets		
<i>Cash and cash equivalents</i>	\$ 1,039,481	\$ --
<i>Cash with fiscal agents</i>	--	--
<i>Due from other governments</i>	104,306	215,867
<i>Due from other funds</i>	545,099	1,024
<i>Inventories</i>	--	--
Total Assets	<u>\$ 1,688,886</u>	<u>\$ 216,891</u>
 Liabilities and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 254,348	\$ 49,095
Due to other funds	6,498	167,796
Total Liabilities	<u>260,846</u>	<u>216,891</u>
 Fund Balances:		
Nonspendable:		
Permanent fund principal	--	--
Inventory	--	--
Restricted:		
Unemployment benefits	--	--
Forestry improvement purposes	--	--
Debt service	--	--
Ad valorem	55,930	--
Grant activities	--	--
Food Service	--	--
Sixteenth section interest	--	--
Assigned:		
Activity funds	23,690	--
Unassigned	1,348,420	--
Total Fund Balances	<u>1,428,040</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 1,688,886</u>	<u>\$ 216,891</u>

The accompanying notes are an integral part of this statement.

Sixteenth Section Interest Fund	21st Century Flowthrough Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,981,905	\$ --	\$ 1,436,816	\$ 6,458,202
--	--	4,001	4,001
91,707	99,726	425,475	937,081
12	--	172,768	718,903
--	--	17,795	17,795
<u>\$ 4,073,624</u>	<u>\$ 99,726</u>	<u>\$ 2,056,855</u>	<u>\$ 8,135,982</u>
\$ --	\$ 29,114	\$ 103,200	\$ 435,757
12	70,612	240,265	485,183
<u>12</u>	<u>99,726</u>	<u>343,465</u>	<u>920,940</u>
--	--	432,100	432,100
--	--	17,795	17,795
--	--	43,960	43,960
--	--	66,112	66,112
--	--	677,322	677,322
--	--	--	55,930
--	--	129,451	129,451
--	--	346,650	346,650
4,073,612	--	--	4,073,612
--	--	--	23,690
--	--	--	1,348,420
<u>4,073,612</u>	<u>--</u>	<u>1,713,390</u>	<u>7,215,042</u>
<u>\$ 4,073,624</u>	<u>\$ 99,726</u>	<u>\$ 2,056,855</u>	<u>\$ 8,135,982</u>

COAHOMA COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances - governmental funds balance sheet	\$ 7,215,042
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	5,248,917
Liabilities due in one year are recognized in the SNP but not in the funds.	(699,547)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,041,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(168,855)
Payables for bond interest which are not due in the current period are not reported in the funds.	(26,446)
Payables for notes which are not due in the current period are not reported in the funds.	(355,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(97,655)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 10,075,456</u>

The accompanying notes are an integral part of this statement.

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COAHOMA COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Title I - A Basic Fund
Revenues:		
Local sources	\$ 4,571,522	\$ --
State sources	6,643,179	--
Federal sources	6,304	1,415,335
Sixteenth section sources	--	--
Total Revenues	<u>11,221,005</u>	<u>1,415,335</u>
Expenditures:		
Instruction	6,376,430	464,033
Support services	5,104,381	805,029
Noninstructional services	14,193	115,054
Sixteenth section	--	--
Facilities acquisition and construction	365,171	--
Debt service:		
Principal	108,534	--
Interest	17,663	--
Other	--	--
Total Expenditures	<u>11,986,372</u>	<u>1,384,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(765,367)</u>	<u>31,219</u>
Other Financing Sources (Uses):		
Insurance recovery	216,082	--
Transfers in	61,447	--
Transfers out	(45,999)	(31,219)
Other financing uses	(61,685)	--
Total Other Financing Sources (Uses)	<u>169,845</u>	<u>(31,219)</u>
Net Change in Fund Balances	<u>(595,522)</u>	<u>--</u>
Fund Balances:		
July 1, 2013	2,032,169	--
Prior period adjustments	(8,607)	--
July 1, 2013, as restated	<u>2,023,562</u>	<u>--</u>
Increase (decrease) in inventory	--	--
June 30, 2014	<u>\$ 1,428,040</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Sixteenth Section Interest Fund	21st Century Flowthrough Fund	Other Governmental Funds	Total Governmental Funds
\$ 40,340	\$ 219,355	\$ 652,666	\$ 5,483,883
--	--	596,366	7,239,545
--	--	2,105,306	3,526,945
1,237,029	--	53,989	1,291,018
<u>1,277,369</u>	<u>219,355</u>	<u>3,408,327</u>	<u>17,541,391</u>
--	145,815	930,471	7,916,749
--	73,540	601,829	6,584,779
--	--	1,207,749	1,336,996
158,539	--	22,251	180,790
--	--	--	365,171
--	--	558,000	666,534
--	--	83,945	101,608
--	--	13,734	13,734
<u>158,539</u>	<u>219,355</u>	<u>3,417,979</u>	<u>17,166,361</u>
1,118,830	--	(9,652)	375,030
--	--	--	216,082
--	--	46,000	107,447
--	--	(30,229)	(107,447)
--	--	--	(61,685)
<u>--</u>	<u>--</u>	<u>15,771</u>	<u>154,397</u>
1,118,830	--	6,119	529,427
2,954,782	--	1,698,604	6,685,555
--	--	(80)	(8,687)
<u>2,954,782</u>	<u>--</u>	<u>1,698,524</u>	<u>6,676,868</u>
--	--	8,747	8,747
<u>\$ 4,073,612</u>	<u>\$ --</u>	<u>\$ 1,713,390</u>	<u>\$ 7,215,042</u>

COAHOMA COUNTY SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014*

Net change in fund balances - total governmental funds	\$ 529,427
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	486,023
The depreciation of capital assets used in governmental activities is not reported in the funds.	(391,933)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	398,000
Repayment of capital leases principal is an expenditure in the funds but is not an expense in the SOA.	108,534
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	160,000
Bond issuance costs were expensed based on new GASB 65 implementation.	(15,171)
(Increase) decrease in accrued interest from beginning of period to end of period.	(11,871)
Change in inventory affects fund balance in the funds but expense in the SOA.	8,747
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(9,980)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,261,776</u>

The accompanying notes are an integral part of this statement.

COAHOMA COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2014

	Private-Purpose Trust Funds	Agency Funds
Assets		
<i>Cash and cash equivalents</i>	\$ 1,000	\$ 856,845
<i>Due from other funds</i>	--	5,900
Total Assets	<u>\$ 1,000</u>	<u>\$ 862,745</u>
Liabilities		
<i>Accounts payable and accrued liabilities</i>		\$ 622,892
<i>Due to other funds</i>		239,620
<i>Other payables</i>		233
Total Liabilities		<u>\$ 862,745</u>
Net Position		
Reserved for endowments	\$ 1,000	
Total Net Position	<u>\$ 1,000</u>	

The accompanying notes are an integral part of this statement.

COAHOMA COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Private- Purpose Trust Funds
Additions	
Total Additions	\$ --
Deductions	
Total Deductions	--
Change in Net Position	--
Net Position	
July 1, 2013	1,000
June 30, 2014	\$ 1,000

The accompanying notes are an integral part of this statement.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Coahoma County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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

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

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

The school district reports the following major governmental funds:

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

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

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

21st Century Flowthrough Fund - This fund is a special revenue fund used to fund after school activities related to remedial education and academic enrichment learning which includes tutoring to those students who may be at risk of not meeting local and state standards in core academic subjects.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The District's fiduciary funds include the following:

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

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

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

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

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

FIDUCIARY FUNDS

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

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

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

In the government-wide Statement of Net Position and Statement of Activities,

Coahoma County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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

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

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

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

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

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

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

D. Encumbrances

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

E. Assets, liabilities and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

Coahoma County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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 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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

principal balance in a permanent fund.

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

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

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

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

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$6,458,202 and \$857,845, 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 \$9,027,770 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agent held by financial institutions was \$4,001.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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	Fiduciary Funds	\$ 83,343
	Title I - A Basic Fund	167,475
	Other Governmental Funds	223,669
	21 st Century Flowthrough Fund	70,612
Title I - A Basic Fund	Fiduciary Fund	1,024
Sixteenth Section Interest Fund	Fiduciary Fund	12
Fiduciary Fund	General Fund	5,888
	Sixteenth Section Interest Fund	12
Other Governmental Funds	General Fund	610
	Fiduciary Fund	155,241
	Title I - A Basic Fund	321
	Other Governmental Funds	16,596
		<u>\$ 724,803</u>

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

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Title I - A Basic Fund	\$ 31,219
	Other Governmental Funds	30,228
Other Governmental Funds	General Fund	45,999
	Other Governmental Funds	1
Total		<u>\$ 107,447</u>

The purpose of the transfers was to provide funds for general operating activities. All transfers were routine and consistent with the fund making the transfer.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 4 - Restricted Assets

The restricted assets represent the cash balance, totaling \$432,100, of the Sixteenth Section Principal Fund, which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the cash with fiscal agents balance totaling \$4,001, respectively, of the MAEP Retirement Fund.

Note 5 - Capital Assets

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

	Balance 7-1-2013	Additions	Completed Construction	Adjustments	Balance 6-30-2014
<u>Non-depreciable capital assets:</u>					
Land	\$ 27,423				27,423
Construction in progress	101,142	365,171	(365,171)	(101,142)	0
Total non-depreciable capital assets	128,565	365,171	(365,171)	(101,142)	27,423
<u>Depreciable capital assets:</u>					
Buildings	5,359,618				5,359,618
Building improvements	4,134,712		365,171		4,499,883
Mobile equipment	1,878,698			103,650	1,982,348
Furniture and equipment	757,907	120,852		62,074	940,833
Leased property under capital leases	329,200			(329,200)	0
Total depreciable capital assets	12,460,135	120,852	365,171	(163,476)	12,782,682
<u>Less accumulated depreciation for:</u>					
Buildings	2,830,912	71,241		(93,338)	2,808,815
Building improvements	2,531,438	179,996		(201,655)	2,509,779
Mobile equipment	1,422,639	70,881		40,867	1,534,387
Furniture and equipment	665,492	42,715			708,207
Leased property under capital leases	112,690	27,100		(139,790)	0
Total accumulated depreciation	7,563,171	391,933	0	(393,916)	7,561,188
Total depreciable capital assets, net	4,896,964	(271,081)	365,171	230,440	5,221,494
Governmental activities capital assets, net	\$ 5,025,529	94,090	0	129,298	5,248,917

Adjustments were made to properly present capital assets for errors that occurred in prior year additions, deletions and depreciation.

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 274,353
Support services	78,387
Non-instructional	39,193
Total depreciation expense	\$ 391,933

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 6 - Long-term liabilities

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

	Balance 7-1-2013	Additions	Reductions	Balance 6-30-2014	Amount due within one year
A. General obligation bonds payable	\$ 1,100,000		260,000	840,000	270,000
B. Limited obligation bonds payable	755,000		138,000	617,000	146,000
C. Three mill notes payable	685,000		160,000	525,000	170,000
D. Obligations under capital leases	390,936		108,534	282,402	113,547
E. Compensated absences payable	87,675	9,980		97,655	
Total	\$ 3,018,611	9,980	666,534	2,362,057	699,547

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation bonds, refunding Series 2004	1.2-4.2%	02-01-04	11-10-16	\$ <u>3,160,000</u>	<u>840,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 270,000	38,925	308,925
2016	280,000	17,850	297,850
2017	290,000	6,090	296,090
Total	\$ <u>840,000</u>	<u>62,865</u>	<u>902,865</u>

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

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

October 1, 2013.

B. Limited obligation bonds payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement bonds, Refunding Series 2012	2.37%	02-01-12	03-01-18	\$ <u>1,045,000</u>	<u>617,000</u>

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

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	146,000	14,623	160,623
2016		154,000	11,163	165,163
2017		155,000	7,513	162,513
2018		<u>162,000</u>	<u>3,839</u>	<u>165,839</u>
Total	\$	<u>617,000</u>	<u>37,138</u>	<u>654,138</u>

This debt will be retired from the MAEP Retirement Fund.

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

C. Three mill notes payable

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2006 Limited Tax School Note	3.96%	11-17-06	11-17-16	\$ <u>1,500,000</u>	<u>525,000</u>

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Year Ending June 30		Principal	Interest	Total
2015	\$	170,000	20,790	190,790
2016		175,000	14,058	189,058
2017		180,000	7,128	187,128
Total	\$	<u>525,000</u>	<u>41,976</u>	<u>566,976</u>

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

D. Obligations under capital leases

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

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

These leases qualify as capital leases for accounting purposes. Since some components are not capital related, the school district has decided to show a portion of the lease as a capital and the remainder as non-capital. Of the \$282,402 balance outstanding as of June 30, 2014, \$215,804 (76%) is capital related debt and \$66,598 (24%) is non-capital related debt.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Master Lease Series 2007	5.49%	07-31-07	04-10-17	\$ 600,000	211,657
Master Lease Series 2012A	3.27%	12-20-12	10-10-15	139,000	70,745
				<u>\$ 739,000</u>	<u>282,402</u>

Coahoma County School District

Notes to the Financial Statements For the Year Ended June 30, 2014

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

1. Master lease Series 2007:

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	66,767	10,716	77,483
2016		70,483	7,000	77,483
2017		<u>74,407</u>	<u>3,077</u>	<u>77,484</u>
Total	\$	<u>211,657</u>	<u>20,793</u>	<u>232,450</u>

This debt will be retired from the District Maintenance Fund.

2. Master lease Series 2012A:

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	46,780	1,934	48,714
2016		<u>23,965</u>	<u>392</u>	<u>24,357</u>
Total	\$	<u>70,745</u>	<u>2,326</u>	<u>73,071</u>

This debt will be retired from the District Maintenance Fund.

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	113,547	12,650	126,197
2016		94,448	7,392	101,840
2017		<u>74,407</u>	<u>3,077</u>	<u>77,484</u>
Total	\$	<u>282,402</u>	<u>23,119</u>	<u>305,521</u>

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

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

E. 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.

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013 and 2012 were \$1,338,663, \$1,274,279, and \$1,008,303, respectively, which equaled the required contributions for each year.

Note 8 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the member's 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.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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 up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. This district has not had an additional assessment for excess losses incurred by the pool.

Note 9 - Sixteenth Section Lands

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

Year Ending June 30		Amount
2015	\$	936,468
2016		936,468
2017		742,974
2018		741,474
2019		318,743
2020 - 2024		214,788
2025 - 2029		211,188
2030 - 2034		87,863
2035 - 2039		3,340
2040 - 2044		1,800
2045 - 2049		1,440
Total	\$	<u>4,196,546</u>

Note 10 - 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.

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

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 11 - Insurance Recovery

The Coahoma County School District received \$216,082 in insurance loss recoveries related to vehicle and storm damage during the 2013-2014 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as noninstructional expense.

Note 12 - Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Adjustment was made to properly present capital assets.	\$ 129,298
Adjustments were made to properly record expenditures in current year.	(8,687)
Total	\$ <u>120,611</u>

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

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
General Fund	Adjustment was made to properly record expenditures in current year.	\$ (8,607)
Other Governmental Funds	Adjustment was made to properly record expenditures in current year.	(80)
Total		\$ <u>(8,687)</u>

Coahoma County School District

Notes to the Financial Statements
For the Year Ended June 30, 2014

Note 13 - Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

COAHOMA COUNTY SCHOOL DISTRICT

Exhibit 1

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	\$ 4,578,380	4,571,522	4,571,522	(6,858)	-
State sources	6,717,399	6,643,179	6,643,179	(74,220)	-
Federal sources	85,000	6,304	6,304	(78,696)	-
Total Revenues	<u>11,380,779</u>	<u>11,221,005</u>	<u>11,221,005</u>	<u>(159,774)</u>	<u>-</u>
Expenditures:					
Instruction	7,019,428	6,413,000	6,376,430	606,428	36,570
Support services	5,400,784	5,067,836	5,104,381	332,948	(36,545)
Noninstructional services	23,282	16,877	14,193	6,405	2,684
Facilities acquisition and construction	193,580	463,541	365,171	(269,961)	98,370
Debt service:					
Principal	160,451	126,197	108,534	34,254	17,663
Interest	26,595	-	17,663	26,595	(17,663)
Total Expenditures	<u>12,824,120</u>	<u>12,087,451</u>	<u>11,986,372</u>	<u>736,669</u>	<u>101,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,443,341)</u>	<u>(866,446)</u>	<u>(765,367)</u>	<u>576,895</u>	<u>101,079</u>
Other Financing Sources (Uses):					
Insurance recovery	-	216,082	216,082	216,082	-
Operating transfers in	2,232,647	61,447	61,447	(2,171,200)	-
Operating transfers out	(2,192,235)	(46,000)	(45,999)	2,146,235	1
Other financing uses	(42,000)	(61,685)	(61,685)	(19,685)	-
Total Other Financing Sources (Uses)	<u>(1,588)</u>	<u>169,844</u>	<u>169,845</u>	<u>171,432</u>	<u>1</u>
Net Change in Fund Balances	<u>(1,444,929)</u>	<u>(696,602)</u>	<u>(595,522)</u>	<u>748,327</u>	<u>101,080</u>
Fund Balances:					
July 1, 2013, as previously reported	1,707,412	2,024,485	2,032,169	317,073	7,684
Prior period adjustments	(8,000)	(8,607)	(8,607)	(607)	-
July 1, 2013, as restated	<u>1,699,412</u>	<u>2,015,878</u>	<u>2,023,562</u>	<u>316,466</u>	<u>7,684</u>
June 30, 2014	<u>\$ 254,483</u>	<u>1,319,276</u>	<u>1,428,040</u>	<u>1,064,793</u>	<u>108,764</u>

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

COAHOMA COUNTY SCHOOL DISTRICT

Exhibit 2

Budgetary Comparison Schedule
 Title I - A Basic 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:					
Federal sources	\$ 1,302,411	1,295,212	1,415,335	(7,199)	120,123
Total Revenues	<u>1,302,411</u>	<u>1,295,212</u>	<u>1,415,335</u>	<u>(7,199)</u>	<u>120,123</u>
Expenditures:					
Instruction	376,220	481,475	464,033	(105,255)	17,442
Support services	854,459	827,180	805,029	27,279	22,151
Noninstructional services	145,786	118,061	115,054	27,725	3,007
Total Expenditures	<u>1,376,465</u>	<u>1,426,716</u>	<u>1,384,116</u>	<u>(50,251)</u>	<u>42,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,054)</u>	<u>(131,504)</u>	<u>31,219</u>	<u>(57,450)</u>	<u>162,723</u>
Other Financing Sources (Uses):					
Operating transfers out	(21,340)	(31,219)	(31,219)	(9,879)	-
Total Other Financing Sources (Uses)	<u>(21,340)</u>	<u>(31,219)</u>	<u>(31,219)</u>	<u>(9,879)</u>	<u>-</u>
Net Change in Fund Balances	<u>(95,394)</u>	<u>(162,723)</u>	<u>-</u>	<u>(67,329)</u>	<u>162,723</u>
Fund Balances:					
July 1, 2013, as previously reported	(331,085)	112,858	-	443,943	(112,858)
Prior period adjustments	-	3,530	-	3,530	(3,530)
July 1, 2013, as restated	<u>(331,085)</u>	<u>116,388</u>	<u>-</u>	<u>447,473</u>	<u>(116,388)</u>
June 30, 2014	<u><u>\$ (426,479)</u></u>	<u><u>(46,335)</u></u>	<u><u>-</u></u>	<u><u>380,144</u></u>	<u><u>46,335</u></u>

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

COAHOMA COUNTY SCHOOL DISTRICT

Exhibit 3

Budgetary Comparison Schedule
 Sixteenth Section Interest 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	\$ 3,000	40,340	40,340	37,340	0
Sixteenth section sources	665,000	1,237,029	1,237,029	572,029	0
Total Revenues	<u>668,000</u>	<u>1,277,369</u>	<u>1,277,369</u>	<u>609,369</u>	<u>0</u>
Expenditures:					
Sixteenth section	71,000	158,539	158,539	(87,539)	0
Total Expenditures	<u>71,000</u>	<u>158,539</u>	<u>158,539</u>	<u>(87,539)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>597,000</u>	<u>1,118,830</u>	<u>1,118,830</u>	<u>521,830</u>	<u>0</u>
Other Financing Sources (Uses):					
Operating transfers in	7,500	-	-	(7,500)	-
Operating transfers out	(250,000)	-	-	250,000	-
Total Other Financing Sources (Uses)	<u>(242,500)</u>	<u>-</u>	<u>-</u>	<u>242,500</u>	<u>-</u>
Net Change in Fund Balances	<u>354,500</u>	<u>1,118,830</u>	<u>1,118,830</u>	<u>764,330</u>	<u>0</u>
Fund Balances:					
July 1, 2013	-	2,954,782	2,954,782	2,954,782	0
June 30, 2014	<u>\$ 354,500</u>	<u>4,073,612</u>	<u>4,073,612</u>	<u>3,719,112</u>	<u>0</u>

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

COAHOMA COUNTY SCHOOL DISTRICT

Exhibit 4

Budgetary Comparison Schedule
 21st Century Flowthrough Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ -	164,927	219,355	164,927	54,428
Total Revenues	-	164,927	219,355	164,927	54,428
Expenditures:					
Instruction	-	153,893	145,815	(153,893)	8,078
Support services	-	73,540	73,540	(73,540)	0
Total Expenditures	-	227,433	219,355	(227,433)	8,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(62,506)	-	(62,506)	62,506
Net Change in Fund Balances	-	(62,506)	-	(62,506)	62,506
Fund Balances:					
July 1, 2013	-	-	-	0	-
June 30, 2014	\$ -	(62,506)	-	(62,506)	62,506

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Coahoma County School District

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

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

Coahoma County School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 357,015
National School Lunch Program	10.555	719,832
Summer Feed Service Program for Children	10.559	160,632
Total Child Nutrition Cluster		<u>1,237,479</u>
Total passed-through Mississippi Department of Education		<u>1,237,479</u>
Total U. S. Department of Agriculture		<u><u>1,237,479</u></u>
<u>FEDERAL COMMUNICATION COMMISSION</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	338
Total Federal Communications Commission		<u><u>338</u></u>
<u>U. S. DEPARTMENT OF EDUCATION</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,431,385
Twenty-First Century Community Learning Centers	84.287	219,355
Rural Education	84.358	27,061
Improving Teacher Quality - State Grants	84.367	136,610
Subtotal		<u>1,814,411</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	545,249
Special Education - Preschool Grants	84.173	35,792
Total Special Education Cluster		<u>581,041</u>
Total passed-through the Mississippi Department of Education		<u>2,395,452</u>
Total U. S. Department of Education		<u><u>2,395,452</u></u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Passed-through Corinth School District		
Medical Assistance Program	93.778	5,966
Total U. S. Department of Health and Human Services		<u><u>5,966</u></u>
TOTAL FOR ALL FEDERAL AWARDS		<u><u>\$ 3,639,235</u></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.

Coahoma County School District

Schedule 2

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

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 12,160,624	8,868,921	713,221	838,305	1,740,177
Other	5,005,737	1,269,058	320,429	10,970	3,405,280
Total	\$ <u>17,166,361</u>	<u>10,137,979</u>	<u>1,033,650</u>	<u>849,275</u>	<u>5,145,457</u>
Total number of students *	<u>1,429</u>				
Cost per student	\$ <u>12,013</u>	<u>7,095</u>	<u>723</u>	<u>594</u>	<u>3,601</u>

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

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

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

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

Other - includes all expenditures 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

COAHOMA COUNTY SCHOOL DISTRICT

"UNAUDITED"

Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 Last Four Years

	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
Revenues:				
Local sources	\$ 4,571,522	4,372,494	4,158,886	3,923,615
State sources	6,643,179	6,407,738	6,448,181	6,215,357
Federal sources	6,304	22,785	5,664	126,488
Total Revenues	<u>11,221,005</u>	<u>10,803,017</u>	<u>10,612,731</u>	<u>10,265,460</u>
Expenditures:				
Instruction	6,376,430	6,403,278	5,993,898	5,238,338
Support services	5,104,381	4,656,430	4,619,042	4,581,465
Noninstructional	14,193	71,755	16,226	25,157
Sixteenth section				1,019
Facilities acquisition and construction	365,171	206,498		
Debt service:				
Principal	108,534	82,881	56,754	53,762
Interest	17,663	18,959	20,729	24,196
Total Expenditures	<u>11,986,372</u>	<u>11,439,801</u>	<u>10,706,649</u>	<u>9,923,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(765,367)</u>	<u>(636,784)</u>	<u>(93,918)</u>	<u>341,523</u>
Other Financing Sources (Uses):				
Insurance recovery	216,082	3,455		8,459
Operating transfers in	61,447	814,923	299,824	355,965
Other financing sources				4,326
Operating transfers out	(45,999)	(24,248)	(122,843)	(159,261)
Other financing uses	(61,685)	(38,324)		(41,272)
Total Other Financing Sources (Uses)	<u>169,845</u>	<u>755,806</u>	<u>176,981</u>	<u>168,217</u>
Net Change in Fund Balances	<u>(595,522)</u>	<u>119,022</u>	<u>83,063</u>	<u>509,740</u>
Fund Balances:				
July 1, Beginning, as previously reported	2,032,169	1,913,147	1,840,871	1,331,131
Prior period adjustment	(8,607)		(10,787)	
July 1, Beginning, as restated	<u>2,023,562</u>	<u>1,913,147</u>	<u>1,830,084</u>	<u>1,331,131</u>
June 30,	<u>\$ 1,428,040</u>	<u>2,032,169</u>	<u>1,913,147</u>	<u>1,840,871</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

COAHOMA COUNTY SCHOOL DISTRICT

"UNAUDITED"

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

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 5,483,883	5,027,026	4,856,421	4,573,931
Intermediate sources				65,951
State sources	7,239,545	6,909,346	6,948,712	6,718,450
Federal sources	3,526,945	3,473,836	4,413,963	5,301,742
Sixteenth section sources	1,291,018	1,009,049	817,603	721,107
Total Revenues	<u>17,541,391</u>	<u>16,419,257</u>	<u>17,036,699</u>	<u>17,381,181</u>
Expenditures:				
Instruction	7,916,749	7,503,650	7,296,091	7,529,898
Support services	6,584,779	6,151,415	7,055,123	6,881,172
Noninstructional services	1,336,996	1,388,602	1,209,962	1,170,782
Sixteenth section	180,790	154,382	82,109	113,077
Facilities acquisition and construction	365,171	206,498		
Debt service:				
Principal	666,534	630,881	1,598,754	570,762
Interest	101,608	123,758	157,395	185,232
Other	13,734	4,000	22,018	585
Total Expenditures	<u>17,166,361</u>	<u>16,163,186</u>	<u>17,421,452</u>	<u>16,451,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>375,030</u>	<u>256,071</u>	<u>(384,753)</u>	<u>929,673</u>
Other Financing Sources (Uses):				
Bonds issued			1,045,000	
Inception of capital leases		139,000		
Insurance recovery	216,082	3,455		8,459
Sale of other property				
Sale of transportation equipment				
Operating transfers in	107,447	839,171	422,667	519,596
Other financing sources				4,326
Operating transfers out	(107,447)	(839,171)	(422,667)	(519,596)
Other financing uses	(61,685)	(38,324)	(11,620)	(49,103)
Total Other Financing Sources (Uses)	<u>154,397</u>	<u>104,131</u>	<u>1,033,380</u>	<u>(36,318)</u>
Net Change in Fund Balances	<u>529,427</u>	<u>360,202</u>	<u>648,627</u>	<u>893,355</u>
Fund Balances:				
July 1, Beginning, as previously reported	6,685,555	6,325,418	5,689,544	4,782,258
Prior period adjustment	(8,687)		(7,679)	
July 1, Beginning, as restated	<u>6,676,868</u>	<u>6,325,418</u>	<u>5,681,865</u>	<u>4,782,258</u>
Increase (Decrease) in inventory	8,747	(65)	(5,074)	13,931
June 30,	<u>\$ 7,215,042</u>	<u>6,685,555</u>	<u>6,325,418</u>	<u>5,689,544</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Coahoma County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coahoma County School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coahoma County School District's basic financial statements, and have issued our report thereon dated April 30, 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. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2014-001 and 2014-002 to be material weaknesses.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Coahoma County School District's Response to Findings

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

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 30, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Coahoma County School District

Report on Compliance for Each Major Federal Program

We have audited Coahoma County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Coahoma County School District's major federal programs for the year ended June 30, 2014. The Coahoma County School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Coahoma County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 Coahoma County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 30, 2015

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Coahoma County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coahoma County School District as of and for the year ended June 30, 2014, which collectively comprise the Coahoma County School District's basic financial statements and have issued our report thereon dated April 30, 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 our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our immaterial finding and recommendation and your response is as follows:

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

Finding 1:

Criteria:

Section 37-9-31, Miss. Code Ann. (1972) requires that principals shall be bonded for at least \$50,000 and those bonds shall be recorded and on file at the chancery clerk's office.

Condition:

During the course of our audit, we noted a principal was not bonded.

Cause:

The cause of the above condition is primarily due to management noncompliance with Section 37-9-31, Miss. Code Ann. (1972).

Effect:

The District was not indemnified from certain potential losses.

Recommendation:

We recommend the school district comply with all applicable code sections and bond applicable personnel for the appropriate amounts with those bonds being recorded and on file in the chancery clerk's office.

Response:

The District will comply with all applicable code sections and bond the specified personnel for the appropriate amount and ensure all bonds are recorded and on file in the chancery clerk's office.

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

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

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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
April 30, 2015

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Coahoma County School District

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

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

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statement Findings

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

Material Weaknesses

Finding 2014-001:

Criteria:

As part of the closing process, the general ledger should be reviewed and adjusted as necessary to ensure that all accounts are properly reflected.

Condition:

Internal control procedures surrounding the year-end closing process were not adequate to ensure that all adjusting entries have been properly recorded.

Effect:

Due to other funds and Due from other funds were out of balance by \$435,358. In addition, several accounts receivable and accounts payable amounts were presented as negative amounts in the general ledger. The difference was due to software issues. Audit adjustments were made to properly reflect these accounts.

Cause:

There was inadequate review at year-end of cumulative balances in these asset and liability accounts.

Recommendation:

Year-end closing procedures should include a thorough review of cumulative balances of assets and liabilities so that appropriate resolution and corrections may be made as required.

Finding 2014-002:

Criteria:

The capital asset and corresponding accumulated depreciation reports should be complete, accurate, and thoroughly reviewed at year-end and updated/and or adjusted to reflect the year-end physical inventory.

Condition:

The capital asset listing and corresponding accumulated depreciation reports provided were in complete and contained inaccurate information.

Effect:

Several items were noted on the capital asset listing that should not have been included. In addition, we noted a significant asset purchased during the year that was not included on the asset listing. Audit adjustments were made to properly reflect capital assets.

Cause:

Internal control procedures were not in place to review and adjust as necessary the capital asset listing in the software system to agree with the physical inventory at year-end.

Recommendation:

Year-end procedures should include review and correction of capital asset inventory information as necessary to properly reflect year-end balances.

Section III: Federal Award Findings and Questioned Costs

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

AUDITEE'S CORRECTIVE ACTION PLAN



1555 Lee Drive
PO Box 820
Clarksdale, MS 38614

email: prhodes@coahomac12.ms.us
phone: (662) 624-5448
fax: (662) 624-5512

AUDITEE'S CORRECTIVE ACTION PLAN

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

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2014-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Pauline Rhodes and Kellia Washington Phone Number: (662) 624-5448</p> <p>b. Corrective Action Planned: Year-end closing procedures will include a thorough review of cumulative balances of assets and liabilities so that appropriate resolution and corrections may be made as required.</p> <p>c. Anticipated Completion Date: 10-31-15</p>
2014-002	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Pauline Rhodes and Kellia Washington Phone Number: (662) 624-5448</p> <p>b. Corrective Action Planned: Year-end procedures will include review and correction of capital asset inventory information as necessary to properly reflect year-end balances.</p> <p>c. Anticipated Completion Date: 10-31-15</p>