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Aberdeen School District
Audited Financial Statements
For the Fiscal Year Ended June 30, 2012

Fortenberry & Ballard, PC
Certified Public Accountants

**Aberdeen 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 SUPPLEMENTAL INFORMATION

Superintendent and School Board
Aberdeen School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2012, which collectively comprise the Aberdeen School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Aberdeen School District's management. 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 Aberdeen School District, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2013, on our consideration of the Aberdeen 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* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 supplemental 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aberdeen School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Aberdeen School District's basic financial statements. 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, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
August 8, 2013

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

The following discussion and analysis of Aberdeen School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2012. 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 assets for 2012 increased \$744,736, including a prior period adjustment of (\$243,182), which represents a 21% increase from fiscal year 2011. Total net assets for 2011 increased \$701,258, including a prior period adjustment of \$107,031, which represents a 25% increase from fiscal year 2010.
- General revenues amounted to \$11,058,894 and \$11,077,924, or 77% and 74% of all revenues for fiscal years 2012 and 2011, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,289,115, or 23% of total revenues for 2012, and \$3,825,402, or 26% of total revenues for 2011.
- The District had \$13,360,091 and \$14,309,099 in expenses for fiscal years 2012 and 2011; only \$3,289,115 for 2012 and \$3,825,402 for 2011 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$11,058,894 for 2012 and \$11,077,924 for 2011 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$11,076,786 in revenues and \$10,062,621 in expenditures for 2012, and \$10,827,954 in revenues and \$9,843,163 in expenditures for 2011. The General Fund's fund balance increased by \$595,498, including a prior period adjustment of (\$78,211), from 2011 to 2012 and increased by \$738,425, including a prior period adjustment of \$20,000, from 2010 to 2011.
- Capital assets, net of accumulated depreciation, decreased by \$87,072 for 2012 and decreased by \$106,032 for 2011. The decrease for 2012 was due primarily to the recording of depreciation expense during the year.
- Long-term debt decreased by \$180,661 for 2012 and increased by \$1,088,487 for 2011. The decrease for 2012 was due primarily to principal payments. The liability for compensated absences increased by \$1,573 for 2012 and decreased by \$3,808 for 2011.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplemental information, supplemental 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 Assets 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 Assets presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net assets." Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether its financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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, 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

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may 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 Assets, 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.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

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 Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental 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.

Supplemental 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 assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$4,278,267 as of June 30, 2012.

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 assets at June 30, 2012 and June 30, 2011.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage Change</u>
Current assets	\$ 4,153,816	4,046,464	3%
Restricted assets	35,265	0	
Capital assets, net	<u>3,597,086</u>	<u>3,684,158</u>	(2)%
Total assets	<u>7,786,167</u>	<u>7,730,622</u>	1%
Current liabilities	749,524	1,259,627	(40)%
Long-term debt outstanding	<u>2,758,376</u>	<u>2,937,464</u>	(6)%
Total liabilities	<u>3,507,900</u>	<u>4,197,091</u>	(16)%
Net assets:			
Invested in capital assets, net of related debt	912,262	818,673	11%
Restricted	2,041,216	1,906,579	7%
Unrestricted	<u>1,324,789</u>	<u>808,279</u>	64%
Total net assets	<u>\$ 4,278,267</u>	<u>3,533,531</u>	21%

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

- Decrease in net capital assets in the amount of \$87,072.
- The principal retirement of \$180,661 of long-term debt.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2012 and June 30, 2011 were \$14,348,009 and \$14,903,326, respectively. The total cost of all programs and services was \$13,360,091 for 2012 and \$14,309,099 for 2011.

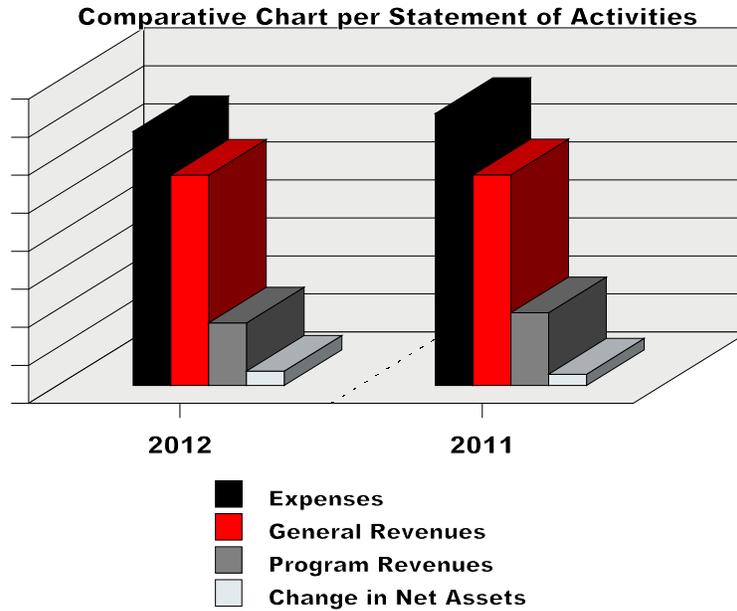
Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Table 2
Changes in Net Assets

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 362,847	298,476	22%
Operating grants and contributions	2,850,468	3,451,126	(17)%
Capital grants and contributions	75,800	75,800	0%
General revenues:			
Property taxes	4,316,708	4,360,446	(1)%
Grants and contributions not restricted	6,653,116	6,660,342	0%
Unrestricted investment earnings	4,073	55,367	(93)%
Other	84,997	1,769	4705%
Total revenues	<u>14,348,009</u>	<u>14,903,326</u>	(4)%
Expenses:			
Instruction	7,161,971	7,821,201	(8)%
Support services	5,144,410	5,418,010	(5)%
Non-instructional	946,570	997,482	(5)%
Interest on long-term liabilities	107,140	72,406	48%
Total expenses	<u>13,360,091</u>	<u>14,309,099</u>	(7)%
Increase (Decrease) in net assets	<u>987,918</u>	<u>594,227</u>	66%
Net Assets, July 1, as originally reported	3,533,531	2,832,273	25%
Prior Period Adjustment	<u>(243,182)</u>	<u>107,031</u>	(327)%
Net Assets, July 1, as restated	<u>3,290,349</u>	<u>2,939,304</u>	12%
Net Assets, June 30	<u>\$ 4,278,267</u>	<u>3,533,531</u>	21%

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012



Governmental activities

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

Table 3
Net Cost of Governmental Activities

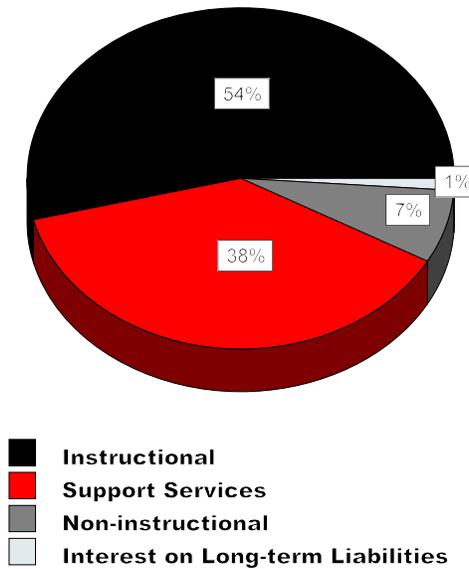
	<u>Total Expenses</u>		Percentage Change
	2012	2011	
Instruction	\$ 7,161,971	7,821,201	(8)%
Support services	5,144,410	5,418,010	(5)%
Non-instructional	946,570	997,482	(5)%
Interest on long-term liabilities	107,140	72,406	48%
Total expenses	\$ 13,360,091	14,309,099	(7)%

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Net (Expense) Revenue

	2012	2011	Percentage Change
Instruction	\$ (5,615,952)	(5,697,697)	(1)%
Support services	(4,515,142)	(4,686,002)	(4)%
Non-instructional	167,258	(27,592)	(706)%
Interest on long-term liabilities	(107,140)	(72,406)	48%
Total net (expense) revenue	\$ (10,070,976)	(10,483,697)	(4)%

Expenses per Statement of Activities



- Net cost of governmental activities (\$10,070,976 for 2012 and \$10,483,697 for 2011) was financed by general revenue, which is primarily made up of property taxes (\$4,316,708 for 2012 and \$4,360,446 for 2011) and state and federal revenues (\$6,653,116 for 2012 and \$6,660,342 for 2011).
- Investment earnings amounted to \$4,073 for 2012 and \$55,367 for 2011.

Aberdeen School District
 Management's Discussion and Analysis
 For the Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$3,461,054, an increase of \$651,930, which includes a prior period adjustment of (\$210,230), and a decrease in inventory of \$5,679. \$1,305,750 or 38% 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 \$2,155,304, or 62% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$595,498, which included a prior period adjustment of (\$78,211). The fund balance of Other Governmental Funds showed a decrease in the amount of \$1,122,669, which includes a prior period adjustment of (\$132,019) and a decrease in inventory of \$5,679 to reflect inventory at actual. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Fund	\$ 10,554
Other Debt Service 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 School District.

- Budgeted amounts for revenue from state and federal sources in the General Fund were increased to better reflect revenues received during the fiscal year. Amounts originally budgeted were understated.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

- Budgeted amounts for instruction expenditures in the General Fund were increased during the fiscal year to reflect actual expenditures. Amounts originally budgeted were understated.

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 funds is provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2012, the District's total capital assets were \$7,560,817, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents a decrease of \$149,918 from 2011. Total accumulated depreciation as of June 30, 2012, was \$3,963,731, and total depreciation expense for the year was \$194,019, resulting in total net capital assets of \$3,597,086.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage Change</u>
Land	\$ 142,757	142,757	0%
Buildings	1,599,598	1,633,718	(2)%
Building improvements	557,018	582,337	(4)%
Improvements other than buildings	767,645	806,100	(5)%
Mobile equipment	304,870	358,320	(15)%
Furniture and equipment	176,516	160,926	10%
Leased property under capital leases	48,682	0	
Total	\$ <u>3,597,086</u>	<u>3,684,158</u>	<u>(2)%</u>

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

Debt Administration. At June 30, 2012, the District had \$2,758,376 in outstanding long-term debt, of which \$186,857 is due within one year. During the fiscal year, the District made principal payments in the amount of \$180,661 on outstanding long-term debt. The liability for compensated absences increased \$1,573 in 2012 and decreased \$3,808 in 2011.

Aberdeen School District
Management's Discussion and Analysis
For the Year Ended June 30, 2012

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage Change</u>
Three mill notes payable	\$ 725,000	855,000	(15)%
Obligations under energy efficiency leases	734,824	785,485	(6)%
Qualified school construction bonds payable	1,225,000	1,225,000	0%
Compensated absences payable	73,552	71,979	2%
Total	\$ <u>2,758,376</u>	<u>2,937,464</u>	<u>(6)%</u>

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

CURRENT ISSUES

The school district was assigned a state-appointed conservator.

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

Enrollment for the 2011 - 2012 year increased by .03% to 1,471 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Aberdeen School District, PO Drawer 607, Aberdeen, MS 39730.

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FINANCIAL STATEMENTS

ABERDEEN SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2012

EXHIBIT A

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 3,629,848
<i>Due from other governments</i>	496,548
<i>Other receivables, net</i>	246
<i>Inventories</i>	27,174
<i>Restricted assets</i>	35,265
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	142,757
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	1,599,598
<i>Building improvements</i>	557,018
<i>Improvements other than building</i>	767,645
<i>Mobile equipment</i>	304,870
<i>Furniture and equipment</i>	176,516
<i>Leased property under capital assets</i>	48,682
Total Assets	<u>7,786,167</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	610,472
<i>Due to other governments</i>	2,842
<i>Unearned revenue</i>	114,713
<i>Interest payable on long-term liabilities</i>	21,497
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	186,857
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	2,497,967
<i>Non-capital related liabilities</i>	73,552
Total Liabilities	<u>3,507,900</u>
Net Assets	
Invested in capital assets, net of related debt	912,262
Restricted For:	
Expendable:	
School-based activities	640,866
Debt service	112,281
Capital projects	1,273,550
Unemployment benefits	14,519
Unrestricted	1,324,789
Total Net Assets	<u>\$ 4,278,267</u>

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

ABERDEEN SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT B

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Revenue and Changes in
					Net Assets
					Governmental Activities
Governmental Activities:					
<i>Instruction</i>	7,161,971	293,382	1,252,637	--	(5,615,952)
<i>Support services</i>	5,144,410	--	629,268	--	(4,515,142)
<i>Noninstructional services</i>	946,570	69,465	968,563	75,800	167,258
<i>Interest on long-term liabilities</i>	107,140	--	--	--	(107,140)
Total Governmental Activities	<u>\$ 13,360,091</u>	<u>\$ 362,847</u>	<u>\$ 2,850,468</u>	<u>\$ 75,800</u>	<u>(10,070,976)</u>
General Revenues:					
Taxes:					
<i>General purpose levies</i>					4,177,639
<i>Debt purpose levies</i>					139,069
Unrestricted grants and contributions:					
<i>State</i>					6,477,263
<i>Federal</i>					175,853
<i>Unrestricted investment earnings</i>					4,073
<i>Other</i>					84,997
Total General Revenues					<u>11,058,894</u>
Change in Net Assets					<u>987,918</u>
Net Assets - Beginning, as previously reported					3,533,531
Prior Period Adjustment					(243,182)
Net Assets - Beginning, as restated					<u>3,290,349</u>
Net Assets - Ending					<u>\$ 4,278,267</u>

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

ABERDEEN SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Title I Fund
Assets		
<i>Cash and cash equivalents</i>	\$ 1,444,939	\$ 87,278
<i>Investments</i>	--	--
<i>Due from other governments</i>	303,927	41,087
<i>Other receivables, net</i>	246	--
<i>Due from other funds</i>	141,163	391
<i>Inventories</i>	--	--
Total Assets	<u>\$ 1,890,275</u>	<u>\$ 128,756</u>
Liabilities and Fund Balances		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 485,070	\$ 40,809
<i>Due to other funds</i>	34,038	--
<i>Unearned revenue</i>	--	87,277
Total Liabilities	<u>519,108</u>	<u>128,086</u>
Fund Balances:		
Nonspendable:		
<i>Inventory</i>	--	--
Restricted:		
<i>Unemployment benefits</i>	--	--
<i>Capital improvements</i>	--	--
<i>Debt service</i>	--	--
<i>Grant activities</i>	--	670
<i>Food service</i>	--	--
Assigned:		
Activity funds	58,164	--
Athletic activity	7,253	--
Unassigned	1,305,750	--
Total Fund Balances	<u>1,371,167</u>	<u>670</u>
Total Liabilities and Fund Balances	<u>\$ 1,890,275</u>	<u>\$ 128,756</u>

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

EXHIBIT C

Other Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,168,547	\$ 929,084	\$ 3,629,848
--	35,265	35,265
--	119,221	464,235
--	--	246
--	78,688	220,242
--	27,174	27,174
<u>\$ 1,168,547</u>	<u>\$ 1,189,432</u>	<u>\$ 4,377,010</u>
\$ --	\$ 84,593	\$ 610,472
--	156,733	190,771
--	27,436	114,713
<u>--</u>	<u>268,762</u>	<u>915,956</u>
--	27,174	27,174
--	14,519	14,519
1,168,547	105,003	1,273,550
--	133,778	133,778
--	326,529	327,199
--	313,667	313,667
--	--	58,164
--	--	7,253
--	--	1,305,750
<u>1,168,547</u>	<u>920,670</u>	<u>3,461,054</u>
<u>\$ 1,168,547</u>	<u>\$ 1,189,432</u>	<u>\$ 4,377,010</u>

ABERDEEN SCHOOL DISTRICT*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012***EXHIBIT C-1**

Total fund balances for governmental funds	\$ 3,461,054
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,597,086
Liabilities due in one year are not reported in the funds.	(186,857)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,225,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(682,967)
Payables for bond interest not due in the current period are not reported in the funds.	(21,497)
Payables for notes not due in the current period are not reported in the funds.	(590,000)
Payables for compensated absences not due in the current period are not reported in the funds.	<u>(73,552)</u>
Net assets of governmental activities	<u>\$ 4,278,267</u>

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

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ABERDEEN SCHOOL DISTRICT*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012*

	General Fund	Title I Fund
Revenues:		
<i>Local sources</i>	\$ 4,360,165	\$ --
<i>State sources</i>	6,493,553	--
<i>Federal sources</i>	223,068	624,258
Total Revenues	<u>11,076,786</u>	<u>624,258</u>
Expenditures:		
Instruction	5,681,449	351,563
Support services	4,290,260	216,026
Noninstructional services	--	30,573
Debt service:		
<i>Principal</i>	50,661	--
<i>Interest</i>	40,251	--
Total Expenditures	<u>10,062,621</u>	<u>598,162</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,014,165</u>	<u>26,096</u>
Other financing sources (uses):		
Transfers in	22,860	--
Other financing sources	--	--
Transfers out	(363,316)	(15,542)
Other financing uses	--	--
Total other financing sources (uses)	<u>(340,456)</u>	<u>(15,542)</u>
Net Change in Fund Balances	<u>673,709</u>	<u>10,554</u>
Fund Balances:		
July 1, 2011, as previously reported	775,669	(9,884)
Prior period adjustments	(78,211)	--
July 1, 2011, as restated	<u>697,458</u>	<u>(9,884)</u>
Increase (decrease) in inventory	--	--
June 30, 2012	<u>\$ 1,371,167</u>	<u>\$ 670</u>

The accompanying notes are an integral part of this statement.

EXHIBIT D

Other Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,540	\$ 371,920	\$ 4,733,625
--	154,682	6,648,235
--	2,083,823	2,931,149
<u>1,540</u>	<u>2,610,425</u>	<u>14,313,009</u>
--	1,144,732	7,177,744
57,993	528,067	5,092,346
--	855,916	886,489
--	130,000	180,661
--	67,679	107,930
<u>57,993</u>	<u>2,726,394</u>	<u>13,445,170</u>
<u>(56,453)</u>	<u>(115,969)</u>	<u>867,839</u>
1,225,000	367,615	1,615,475
--	35,000	35,000
--	(1,236,617)	(1,615,475)
--	(35,000)	(35,000)
<u>1,225,000</u>	<u>(869,002)</u>	<u>--</u>
<u>1,168,547</u>	<u>(984,971)</u>	<u>867,839</u>
--	2,043,339	2,809,124
--	(132,019)	(210,230)
<u>--</u>	<u>1,911,320</u>	<u>2,598,894</u>
<u>--</u>	<u>(5,679)</u>	<u>(5,679)</u>
<u>\$ 1,168,547</u>	<u>\$ 920,670</u>	<u>\$ 3,461,054</u>

ABERDEEN SCHOOL DISTRICT**EXHIBIT D-1***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, 2012*

Net change in fund balances - total governmental funds	\$ 867,839
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	168,572
The depreciation of capital assets used in governmental activities is not reported in the funds.	(194,019)
The gain or loss on the sale of capital assets is not reported in the funds.	(28,673)
Repayment of lease principal is an expenditure in the funds but is not an expense in the SOA.	50,661
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	130,000
(Increase) decrease in accrued interest from beginning of period to end of period.	790
Change in inventory affects fund balance in the funds but expense in the SOA.	(5,679)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(1,573)</u>
Change in net assets of governmental activities	<u>\$ 987,918</u>

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

ABERDEEN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

EXHIBIT E

	Agency Funds
Assets	
<i>Cash and other deposits</i>	\$ 35,580
<i>Other receivable</i>	246
<i>Due from other funds</i>	2,842
<i>Total Assets</i>	<u>\$ 38,668</u>
Liabilities	
<i>Accounts Payable & Accrued Liabilities</i>	\$ 794
<i>Due to other funds</i>	32,313
<i>Other payables</i>	5,561
<i>Total Liabilities</i>	<u>\$ 38,668</u>

The accompanying notes are an integral part of this statement.

Aberdeen School District

Notes to the Financial Statements
June 30, 2012

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

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. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

B. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the city of Aberdeen since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Aberdeen 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.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Assets 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.

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

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

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have 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 properly 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 Fund - This is the school district's federal reimbursable fund that serves to fund remedial math and reading services to low-income, program eligible students.

Other Debt Service Fund - This is a capital projects fund used to account for the proceeds of a three mill note and the expenditures associated with the use of those proceeds for repairs and renovation to district facilities.

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

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

The District's fiduciary funds include the following:

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

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

Activity Fund - This fund is used to account for the transaction of student clubs.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

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

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

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 accounts classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2005 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.

E. Encumbrances

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

F. Assets, liabilities, and net assets/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 Sections 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets 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.

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

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

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 Assets. 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	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital	*	*

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

7. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal and/or vacation leave in accordance with school district

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

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

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

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

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

9. Fund Balances

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

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

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

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

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

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

Note 2 - Cash and Cash Equivalents and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits 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

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$3,629,848 and \$35,580, 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 institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2012, none of the district's bank balance of \$3,996,856 was exposed to custodial credit risk.

Investments

As of June 30, 2012, the district had the following investments.

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

Investment Type	Rating	Maturities (in years)	Fair Value
US Treasury SLGS Deposit	AAA/F1+	10 years	\$ 35,265

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

Credit Risk. State law limits investments to those prescribed in Section 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk.

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

Note 3 - Interfund 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	Agency Funds	\$ 32,313
	Other Governmental Funds	108,850
Title I Fund	General Fund	391
	Agency Funds	2,842
Other Governmental Funds	General Fund	30,805
	Other Governmental Funds	47,883
Total		\$ 223,084

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end and to record the interest that was due from the district's fiduciary funds.

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

B. Inter-fund Transfers

Transfers In	Transfers Out	Amount
General Fund	Title I Fund	\$ 15,542
	Other Governmental Funds	7,318
Other Debt Service Fund	Other Governmental Funds	1,225,000
Other Governmental Funds	General Fund	363,316
	Other Governmental Funds	4,299
Total		<u>\$ 1,615,475</u>

Transfers were made from federal funds for indirect costs. Also, transfers were made from the General Fund to Other Governmental Funds to offset program costs which were not reimbursed by state and federal funds.

Note 4 - Restricted Assets

The restricted assets represent the investment balance totaling \$35,265 of the Bond Issues Retirement Fund.

Note 5 - Capital Assets

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

	Balance 7-1-2011	Additions	Retirements	Adjustments	Balance 6-30-2012
<u>Non-depreciable capital assets:</u>					
Land	\$ 142,757				142,757
Total non-depreciable capital assets	<u>142,757</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>142,757</u>
<u>Depreciable capital assets:</u>					
Buildings	3,646,062				3,646,062
Building improvements	632,975				632,975
Improvements other than buildings	961,372				961,372
Mobile equipment	1,371,636	15,359	286,190		1,100,805
Furniture and equipment	955,933	93,888	5,434	(26,866)	1,017,521
Leased property under capital leases	0	59,325			59,325
Total depreciable capital assets	<u>7,567,978</u>	<u>168,572</u>	<u>291,624</u>	<u>(26,866)</u>	<u>7,418,060</u>
<u>Less accumulated depreciation for:</u>					
Buildings	2,012,344	34,120			2,046,464
Building improvements	50,638	25,319			75,957
Improvements other than buildings	155,272	38,455			193,727
Mobile equipment	1,013,316	40,190	257,571		795,935
Furniture and equipment	795,007	45,292	5,380	6,086	841,005
Leased property under capital leases	0	10,643			10,643
Total accumulated depreciation	<u>4,026,577</u>	<u>194,019</u>	<u>262,951</u>	<u>6,086</u>	<u>3,963,731</u>

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

Total depreciable capital assets, net	<u>3,541,401</u>	<u>(25,447)</u>	<u>28,673</u>	<u>(32,952)</u>	<u>3,454,329</u>
Governmental activities capital assets, net	\$ <u>3,684,158</u>	<u>(25,447)</u>	<u>28,673</u>	<u>(32,952)</u>	<u>3,597,086</u>

Adjustments were made to correctly present capital assets at year end.

Depreciation expense was charged to the following governmental functions:

	<u>Amount</u>
Instruction	\$ 135,813
Support services	38,804
Non-instructional	19,402
Total depreciation expense	<u>\$ 194,019</u>

Note 6 - Long-Term Liabilities

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

	Balance 7-1-2011	Additions	Reductions	Balance 6-30-2012	Amounts due within one year
A. Three mill notes payable	\$ 855,000		130,000	725,000	135,000
B. Qualified school construction bonds payable	1,225,000			1,225,000	
C. Obligations under energy efficiency lease	785,485		50,661	734,824	51,857
D. Compensated absences payable	71,979	1,573		73,552	
Total	<u>\$ 2,937,464</u>	<u>1,573</u>	<u>180,661</u>	<u>2,758,376</u>	<u>186,857</u>

A. 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>
Three Mill Note	3.46%	10/01/2008	10/01/2016	\$ <u>1,100,000</u>	<u>725,000</u>

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

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

Year Ending June 30		Principal	Interest	Total
2013	\$	135,000	25,085	160,085
2014		140,000	20,414	160,414
2015		145,000	15,570	160,570
2016		150,000	10,553	160,553
2017		155,000	5,363	160,363
Total	\$	<u>725,000</u>	<u>76,985</u>	<u>801,985</u>

This debt will be retired from the proceeds of a tax levy that is deposited into the 2008 Three Mill Fund.

B. Qualified School Construction Bond

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bond	0%	12-01-10	12-01-22	\$ <u>1,225,000</u>	<u>1,225,000</u>

C. Obligations under Energy Efficiency Lease

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
High School Chiller Replacement, Energy Management System and Lighting Upgrades	6.05%	03-10-09	06-10-21	\$ <u>820,684</u>	<u>734,824</u>

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

Year Ending June 30		Principal	Interest	Total
2013	\$	51,857	41,783	93,640
2014		57,939	38,509	96,448
2015		64,487	34,857	99,344
2016		71,526	30,789	102,315
2017		79,091	26,301	105,392
2018- 2021		409,924	51,343	461,267
Total	\$	<u>734,824</u>	<u>223,582</u>	<u>958,406</u>

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated March 10, 2009, was executed by and between the district, the lessee, and Johnson Controls, Inc., the lessor.

The agreement authorized the borrowing of \$820,684 for the purchase of energy efficiency equipment, machinery and other energy saving items. Payments of the lease shall be made from the District Maintenance Fund and not exceed 15 years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

D. Compensated absences payable

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

Note 7 - Other Commitments

Operating leases:

The school district has several operating leases for the following:

1. Four (4) Konica copiers
2. Two (2) Ricoh Digital Duplicators
3. Six (6) Ricoh Copiers

Lease expenditures for the year ended June 30, 2012 amounted to \$35,604. Future lease payments for these leases are as follows:

Year Ending June 30	Amount
2013	20,520
2014	12,588
2015	6,900
Total	\$ <u><u>40,008</u></u>

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

Note 8 - Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2012 was 12.93% 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, 2012, 2011 and 2010 were \$929,219, \$874,439, and \$1,041,740, respectively, which equaled the required contributions for each year.

Note 9 - Contingencies

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

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

Note 10 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs.

Aberdeen School District

Notes to the Financial Statements For the Year Ended June 30, 2012

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2012 was \$35,265. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Principal
2013	\$ 108,000
2014	108,000
2015	108,000
2016	108,000
2017	108,000
2018 - 2022	540,000
2023	110,000
Total	\$ <u>1,190,000</u>

Note 11 - Risk Management

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

Note 12 - Prior Period Adjustments

A summary of significant net asset/fund balance adjustments is as follows:

Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
1 To correctly present capital assets at year end.	\$ (32,952)
2 See explanation below.	(78,211)
3 See explanation below.	(132,019)
Total	\$ <u>(243,182)</u>

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

<u>Explanation(s)</u>	<u>Amount</u>
General Fund To correct beginning balances.	\$ (78,211)
Other Governmental Funds To properly state prior entries.	(132,019)
Total	\$ <u>(210,230)</u>

Aberdeen School District

Notes to the Financial Statements
For the Year Ended June 30, 2012

Note 13 - Subsequent Events

Events that occur after the Statement of Net Assets 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 Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the Aberdeen School District evaluated the activity of the district through the date the report was available to be issued, and determined that the following subsequent events occurred that requires disclosure in the notes to the financial statements:

On November 2012, the school district issued Tax Anticipation Note maturing on February 2013 in the amount of \$401,225 with an interest rate of 3.77%.

On October 26, 2012, the school district issued Shortfall Note maturing on December 14, 2015 in the amount of \$107,237 with an interest rate of 3.1%.

Note 14 - Deficit Fund Balance of Individual Fund

The \$1,200,000 Limited Tax Notes Fund has a deficit fund balance in the amount of \$38,840.

The deficit fund balance is in violation of Section 37-61-19, Miss. Code Ann. (1972). However, this deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

REQUIRED SUPPLEMENTAL INFORMATION

ABERDEEN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2012

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 4,365,313	\$ 4,358,091	\$ 4,360,165	\$ (7,222)	\$ 2,074
State sources	6,439,738	6,524,329	6,493,553	84,591	(30,776)
Federal sources	187,000	356,596	223,068	169,596	(133,528)
Total Revenues	<u>10,992,051</u>	<u>11,239,016</u>	<u>11,076,786</u>	<u>246,965</u>	<u>(162,230)</u>
Expenditures:					
Instruction	5,696,318	5,896,649	5,681,449	(200,331)	215,200
Support services	4,832,489	4,296,879	4,290,260	535,610	6,619
Noninstructional services	500	0	0	500	0
Debt Service:					
Principal	70,000	46,207	50,661	23,793	(4,454)
Interest	100,000	44,705	40,251	55,295	4,454
Total Expenditures	<u>10,699,307</u>	<u>10,284,440</u>	<u>10,062,621</u>	<u>414,867</u>	<u>221,819</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>292,744</u>	<u>954,576</u>	<u>1,014,165</u>	<u>661,832</u>	<u>59,589</u>
Other Financing Sources (Uses):					
Transfers in	1,527,009	1,459,109	22,860	(67,900)	(1,436,249)
Transfers out	(1,800,000)	(1,838,118)	(363,316)	(38,118)	1,474,802
Total Other Financing Sources (Uses)	<u>(272,991)</u>	<u>(379,009)</u>	<u>(340,456)</u>	<u>(106,018)</u>	<u>38,553</u>
Net Change in Fund Balances	<u>19,753</u>	<u>575,567</u>	<u>673,709</u>	<u>555,814</u>	<u>98,142</u>
Fund Balances:					
July 1, 2011, as previously reported	930,659	930,659	775,669	0	(154,990)
Prior period adjustments	0	(12,517)	(78,211)	(12,517)	(65,694)
July 1, 2011, as restated	<u>930,659</u>	<u>918,142</u>	<u>697,458</u>	<u>(12,517)</u>	<u>(220,684)</u>
June 30, 2012	<u>\$ 950,412</u>	<u>\$ 1,493,709</u>	<u>\$ 1,371,167</u>	<u>\$ 543,297</u>	<u>\$ (122,542)</u>

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

ABERDEEN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2012

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 863,278	\$ 624,258	\$ 624,258	\$ (239,020)	\$ 0
Total Revenues	<u>863,278</u>	<u>624,258</u>	<u>624,258</u>	<u>(239,020)</u>	<u>0</u>
Expenditures:					
Instruction	460,608	364,168	351,563	96,440	12,605
Support services	211,174	225,910	216,026	(14,736)	9,884
Noninstructional services	33,718	30,573	30,573	3,145	0
Total Expenditures	<u>705,500</u>	<u>620,651</u>	<u>598,162</u>	<u>84,849</u>	<u>22,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>157,778</u>	<u>3,607</u>	<u>26,096</u>	<u>(154,171)</u>	<u>22,489</u>
Other Financing Sources (Uses):					
Transfers out	0	(15,543)	(15,542)	(15,543)	1
Total Other Financing Sources (Uses)	<u>0</u>	<u>(15,543)</u>	<u>(15,542)</u>	<u>(15,543)</u>	<u>1</u>
Net Change in Fund Balances	<u>157,778</u>	<u>(11,936)</u>	<u>10,554</u>	<u>(169,714)</u>	<u>22,490</u>
Fund Balances:					
July 1, 2011	12,214	12,214	(9,884)	0	(22,098)
June 30, 2012	<u>\$ 169,992</u>	<u>\$ 278</u>	<u>\$ 670</u>	<u>\$ (169,714)</u>	<u>\$ 392</u>

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Aberdeen School District

Notes to the Required Supplemental Information
For the Year Ended June 30, 2012

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.

SUPPLEMENTAL INFORMATION

Aberdeen School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

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	\$ 258,473
National School Lunch Program	10.555	681,254
Summer Food Service Program for Children	10.559	8,550
Total Child Nutrition Cluster		<u>948,277</u>
Fresh Fruit and Vegetable Program	10.582	49,139
Total passed-through Mississippi Department of Education		<u>997,416</u>
Total U. S. Department of Agriculture		<u>997,416</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	43,781
Total U. S. Department of Defense		<u>43,781</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	31,468
Total Federal Communications Commission		<u>31,468</u>
<u>U. S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies Cluster		
Title I Grants to Local Educational Agencies	84.010	635,803
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	112,406
Total Title I Cluster		<u>748,209</u>
Education Technology State Grants Cluster		
Education Technology State Grants	84.318	125,348
ARRA - Education Technology State Grants, Recovery Act	84.386	517
Total Education Technology State Grants Cluster		<u>125,865</u>
Twenty-First Century Community Learning Centers	84.287	267,654
Rural Education	84.358	29,733
Improving Teacher Quality State Grants	84.367	173,982
Education Jobs Fund	84.410	145,258
Subtotal		<u>616,627</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	331,535
Special Education - Preschool Grants	84.173	16,461
ARRA - Special Education Grants to States, Recovery Act	84.391	106,158
ARRA - Special Education Preschool Grants, Recovery Act	84.392	113
Total Special Education Cluster		<u>454,267</u>
Total passed-through the Mississippi Department of Education		<u>1,944,968</u>
Total U. S. Department of Education		<u>1,944,968</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical Assistance Program	93.778	37,778
Total passed-through Mississippi Department of Education		<u>37,778</u>
Total U. S. Department of Health and Human Services		<u>37,778</u>
TOTAL FOR ALL FEDERAL AWARDS		\$ <u>3,055,411</u>

Notes to Schedule

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

Aberdeen School District

Schedule 2

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
 For the Year Ended June 30, 2012

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 9,989,742	7,447,451	889,271	720,482	932,538
Other	3,455,428	1,039,453	290,916	46,596	2,078,463
Total	<u>\$ 13,445,170</u>	<u>8,486,904</u>	<u>1,180,187</u>	<u>767,078</u>	<u>3,011,001</u>
Total number of students *	<u>1,471</u>				
Cost per student	<u>\$ 9,139</u>	<u>5,769</u>	<u>802</u>	<u>521</u>	<u>2,047</u>

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

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

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

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

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

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

OTHER INFORMATION

ABERDEEN SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2012	2011*	2010*	2009*
Revenues:				
Local sources	\$ 4,360,165	\$ 4,456,113	\$ 3,896,689	\$ 4,085,124
State sources	6,493,553	6,151,647	6,244,331	6,969,062
Federal sources	223,068	220,194	426,010	231,428
Total Revenues	<u>11,076,786</u>	<u>10,827,954</u>	<u>10,567,030</u>	<u>11,285,614</u>
Expenditures:				
Instruction	5,681,449	5,232,643	6,318,513	6,789,435
Support services	4,290,260	4,517,430	4,821,396	4,704,496
Noninstructional services	0	0	516	6,133
Facilities acquisition and construction	0	4,826	607,581	218,290
Debt Service:				
Principal	50,661	45,523	23,686	0
Interest	40,251	42,741	62,006	0
Other	0	0	0	15,000
Total Expenditures	<u>10,062,621</u>	<u>9,843,163</u>	<u>11,833,698</u>	<u>11,733,354</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,014,165</u>	<u>984,791</u>	<u>(1,266,668)</u>	<u>(447,740)</u>
Other Financing Sources (Uses):				
Inception of capital leases	0	0	0	820,684
Operating transfers in	22,860	6,604	22,508	77,146
Operating transfers out	(363,316)	(271,259)	(315,821)	(280,577)
Other financing uses	0	(1,711)	(281)	(10,865)
Total Other Financing Sources (Uses)	<u>(340,456)</u>	<u>(266,366)</u>	<u>(293,594)</u>	<u>606,388</u>
Net Change in Fund Balances	<u>673,709</u>	<u>718,425</u>	<u>(1,560,262)</u>	<u>158,648</u>
Fund Balances:				
July 1, as previously reported	775,669	37,244	1,590,915	1,444,063
Prior period adjustments	(78,211)	20,000	7,342	(11,796)
July 1, as restated	<u>697,458</u>	<u>57,244</u>	<u>1,598,257</u>	<u>1,432,267</u>
Residual equity transfer in (out)	0	0	(751)	0
June 30,	<u>\$ 1,371,167</u>	<u>\$ 775,669</u>	<u>\$ 37,244</u>	<u>\$ 1,590,915</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

ABERDEEN SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2012	2011*	2010*	2009*
Revenues:				
Local sources	\$ 4,733,625	4,718,909	4,159,466	4,381,620
State sources	6,648,235	6,342,726	6,436,049	7,194,351
Federal sources	2,931,149	3,841,691	4,549,987	3,057,125
Total Revenues	<u>14,313,009</u>	<u>14,903,326</u>	<u>15,145,502</u>	<u>14,633,096</u>
Expenditures:				
Instruction	7,177,744	7,746,994	9,112,444	8,506,929
Support services	5,092,346	5,350,409	5,780,792	5,507,786
Noninstructional services	886,489	982,413	1,041,328	935,107
Facilities acquisition and construction	0	38,426	612,196	818,290
Debt service:				
Principal	180,661	170,523	143,686	120,000
Interest	107,930	76,649	99,855	2,520
Other	0	0	0	15,275
Total Expenditures	<u>13,445,170</u>	<u>14,365,414</u>	<u>16,790,301</u>	<u>15,905,907</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>867,839</u>	<u>537,912</u>	<u>(1,644,799)</u>	<u>(1,272,811)</u>
Other Financing Sources (Uses):				
Proceeds of loans	0	1,225,000	0	1,100,000
Inception of capital leases	0	0	0	820,684
Sale of other property	0	0	400	0
Operating transfers in	1,615,475	277,863	339,846	357,723
Other financing sources	35,000	0	0	0
Operating transfers out	(1,615,475)	(277,863)	(339,846)	(357,723)
Other financing uses	(35,000)	(1,711)	(281)	(10,865)
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,223,289</u>	<u>119</u>	<u>1,909,819</u>
Net Change in Fund Balances	<u>867,839</u>	<u>1,761,201</u>	<u>(1,644,680)</u>	<u>637,008</u>
Fund Balances:				
July 1, as previously reported	2,809,124	921,402	2,554,124	1,922,808
Prior period adjustment	(210,230)	124,589	7,342	(11,796)
July 1, as restated	<u>2,598,894</u>	<u>1,045,991</u>	<u>2,561,466</u>	<u>1,911,012</u>
Increase (decrease) in inventory	(5,679)	1,932	5,367	6,104
Residual equity transfer in (out)	0	0	(751)	0
June 30,	<u>\$ 3,461,054</u>	<u>2,809,124</u>	<u>921,402</u>	<u>2,554,124</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Aberdeen School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2012, and have issued our report thereon dated August 8, 2013. 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.

Internal Control Over Financial Reporting

Management of the Aberdeen School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Aberdeen School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aberdeen School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Aberdeen School District's internal control over financial reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. [Finding 2012-1 and 2012-2].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aberdeen School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2.

We noted certain matters that we reported to management of the Aberdeen School District in a separate letter dated August 8, 2013.

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
August 8, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Aberdeen School District

Compliance

We have audited Aberdeen 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 Aberdeen School District's major federal programs for the year ended June 30, 2012. Aberdeen 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Aberdeen School District's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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 Aberdeen 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. Our audit does not provide a legal determination on the Aberdeen School District's compliance with those requirements.

In our opinion, the Aberdeen School District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with this requirement which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2012-3.

Internal Control Over Compliance

Management of Aberdeen School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Aberdeen School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2012-3. 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.

Aberdeen School District's response to the finding identified in our audit is described in the accompanying Auditees Corrective Action Plan. We did not audit Aberdeen School District's response and, accordingly, we express no opinion on it.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
August 8, 2013

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
Aberdeen School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aberdeen School District as of and for the year ended June 30, 2012, which collectively comprise Aberdeen School District's basic financial statements and have issued our report thereon dated August 8, 2013. 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 \$6,968 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 instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

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

Finding 1:

We found that the following transactions were not properly approved by the Board of Trustees prior to occurrence in accordance with Section 37-7-301(o), Miss. Code Ann. (1972):

- A. Claim #29657 (check #68007) approved for payment on 9-8-2011 totaling \$21,088 was made payable to the order of Ford Motor Credit. District personnel confirmed this payment was for two (2) new vehicle lease purchases. No evidence of a properly executed lease-purchase contract was presented for inspection, nor was approval for said lease-purchase transaction noted during examination of the minutes of the Board of Trustees.

- B. An examination of subsequent general ledger activity noted the execution of an interfund loan totaling \$200,000 made from Fund 3091 to the District Maintenance Fund. Board minutes examined did not note this activity or state Board approval for this transaction. Repayment was made from District Maintenance to Fund 3091 on March 2012.

Recommendation:

The District should comply with Section 37-7-301(o), Miss. Code Ann. (1972).

Response:

The District will comply with Section 37-7-301(o), Miss. Code Ann. (1972).

Finding 2:

The deficit fund balance, as listed below, is in violation of Section 37-61-19, Miss. Code Ann. (1972). These deficit could have been eliminated with a transfer from the District Maintenance Fund (General Fund). Section 37-61-21, Miss. Code Ann. (1972), allows the school board of the school district, with the assistance from the superintendent, to transfer resources to and from functions and funds within the budget when and where needed under certain circumstances.

During the course of our audit, we noted one fund with deficit fund balance:

<u>Fund</u>	<u>Amount</u>
\$1,200,000 Limited Tax Notes Fund	\$ (38,840)

Recommendation:

The District should comply with Section 37-61-19, Miss. Code Ann. (1972).

Response:

The District will comply with Section 37-61-19, Miss. Code Ann. (1972).

Finding 3:

Section 71-5-359, Miss. Code Ann. (1972), requires that Mississippi Public School Districts maintains cash and investment balance in Fund 2820, the Unemployment Compensation Revolving Fund, equal 2% of applicable wages.

Our test showed that Aberdeen School District did not comply with Section 71-5-359.

Recommendation:

The District should comply with Section 71-5-359 and maintain the cash and investment balance in Unemployment Compensation Revolving Fund equal to 2% of applicable wages as required by state laws.

Response:

The District will comply with Section 71-5-359.

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

The Aberdeen School District's responses to the findings included in this report were 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 and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
August 8, 2013

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Aberdeen School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unqualified.
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? Yes.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? Yes.
5. Type of auditor's report issued on compliance for major programs: Unqualified.
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes.
7. Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010 & 84.389

Title I Grants to Local Educational Agencies Cluster

84.027, 84.173, 84.391 & 84.392

Special Education Cluster

10.553, 10.555 & 10.559

Child Nutrition Cluster

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

Material Weaknesses:

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

Finding 2012-1:

Management is responsible for establishing a proper internal control system to ensure strong financial accountability and safeguarding of assets.

During our receipt inquiries, we noted that the Business Manager either performs or has the ability to perform the following functions, which indicates a lack of adequate segregation of duties:

- Record receipts of funds transferred by wire
- Record receipts of interest earned on investments
- Prepare monthly bank reconciliations
- Review monthly bank reconciliations

These weaknesses occurred due to inadequate internal controls surrounding the cash receipt/revenue cycle.

Without proper segregation of duties, the district increases the risk that unauthorized or inappropriate transactions could be processed and the district personnel would not detect the problem while performing their normal duties.

Recommendation:

We recommend the district revise its system of cash receipt functions whereby duties would be divided to the greatest extent.

Finding 2012-2:

During our observation of transactions regarding the Qualified School Construction Bonds (QSCB), we noted the following items of non-compliance:

- A. Qualified School Construction Bond (QSCB) proceeds totaling \$1,225,000 were received in May 2011. Confirmation and assurances signed by the District as required by QSCB regulations required the District to spend at least 10% (\$122,500) of the QSCB proceeds within six (6) months of issuing the QSCB. Per examination of general ledger activity, construction/renovation activity totaling \$9,698 (Fund 3091) for three vendor claims was posted up through March 2012, well below the minimum required threshold stated in the previous sentence.
- B. Our review of transactions made during the subsequent fiscal year revealed that, the first payment made to the QSCB fiscal agent, Bank Plus, totaling \$73,096 was made from capital project Fund 3091. Proceeds located in this fund, bond proceeds and interest earned on said proceeds, is required per confirmation and assurances signed by the District as required by QSCB regulations for capital expenditures only. An interfund loan will need to be set up by the District from either the District Maintenance Fund or Debt Service Fund specifically set up for payment to the fiscal agent to repay Fund 3091.

Recommendation:

We recommend management implement policies or procedures to establish an internal control system that will ensure that the terms and conditions of the Qualified School Construction Bonds are adhered to and properly executed.

Section III: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following finding and questioned cost related to the federal awards.

Significant Deficiency:

Finding 2012-3:

Program: Title I Grants to Local Educational Agencies Cluster
CFDA # 84.010 & 84.389

Compliance requirement: Activities allowed / unallowed

The Title I Grants to Local Educational Agencies Cluster expended funds that were not budget for employee salaries and benefits, dues and fees, supplies, professional services and travel.

Recommendation:

The District must strengthen its internal control over budgeting by developing policies and procedures to ensure that, in the event proposed changes meet the criteria requiring and amendment prescribed by the Mississippi Department of Education are followed.

AUDITEE'S CORRECTIVE ACTION PLAN

Aberdeen School District
PO Drawer 607
Aberdeen, MS 39730
Mr. Robert Strebeck - Conservator
Latasha Straughter - Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section __.315(c) of OMB Circular A-133, the Aberdeen School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2012:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2012-1	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Latasha Straughter Phone Number: 662-369-4682</p> <p>b. Corrective Action Planned:</p> <p>The school district will revise its system of cash receipt functions whereby duties would be divided to the greatest extent.</p> <p>c. Anticipated Completion Date:</p> <p>6/30/2013</p>
2012-2	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Latasha Straughter Phone Number: 662-369-4682</p> <p>b. Corrective Action Planned:</p> <p>The school district will implement policies or procedures to establish an internal control system that will ensure that the terms and conditions of the Qualified School Construction Bonds are adhered to and properly executed.</p> <p>c. Anticipated Completion Date:</p> <p>6/30/2013</p>

Aberdeen School District
PO Drawer 607
Aberdeen, MS 39730
Mr. Robert Strebeck - Conservator
Latasha Straughter - Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN (continued)

As required by Section __.315(c) of OMB Circular A-133, the Aberdeen School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2012:

- | | |
|--------|---|
| 2012-3 | a. Name of Contact Person Responsible for Corrective Action |
| | Name: Latasha Straughter
Phone Number: 662-369-4682 |
| | b. Corrective Action Planned: |
| | The school district will implement policies or procedures to strengthen the internal control system that will ensure that, in the event proposed changes meet the criteria requiring an amendment prescribed by the Mississippi Department of Education are followed. |
| | c. Anticipated Completion Date: |
| | 6/30/2013 |