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BOONEVILLE SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

BOONEVILLE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Booneville School District

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 11, 2014, on our consideration of the Booneville School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Booneville School District's internal control over financial reporting and compliance.

Brawner, Vandary & Co. P.A

September 11, 2014
Booneville, MS

BOONEVILLE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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

FINANCIAL HIGHLIGHTS

- Total Net Position for 2013 decreased $755,475, which represents a 8.34% decrease from fiscal year 2012. Total Net Position for 2012 decreased $596,469, which represents a 6.18% decrease from fiscal year 2011.

- General revenues amounted to $7,874,902 and $7,731,644, or 81.48 % and 79.17% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,790,044, or 18.52% of the total revenues for 2013 and $2,033,614, or 20.83% of total revenues for 2012.

- The District had $10,420,421 and $10,361,727 in expenses for fiscal years 2013 and 2012; only $1,790,044 for 2013 and $2,033,614 for 2012 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $7,874,902 for 2013 were not adequate and $7,731,644 for 2012 were not adequate to provide for these programs.

- Among major funds, the General Fund had $8,095,659 in revenues and $8,594,781 in expenditures for 2013 and $7,976,706 in revenues and $8,552,540 in expenditures for 2012. The General Fund's fund balance decreased by $520,157 from 2012 to 2013, and decreased by $582,347 from 2011 to 2012.

- Capital assets, net of accumulated depreciation, increased by $686,864 for 2013 and increased by $1,068,784 for 2012. The increase for 2013 was primarily due to the addition of construction in progress coupled with the increase in accumulated depreciation.

- Long-term debt decreased by $287,228 for 2013 and decreased by $168,177 for 2012. The decrease for 2013 was due primarily to the scheduled principal payments. The liability for compensated absences increased by $6,291 for 2013 and increased by $5,687 for 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $8,303,085 as of June 30, 2013.

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

Table 1 presents a summary of the District's Net Position at June 30, 2013 and June 30, 2012.

Table 1
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	$ 2,063,394	$ 4,164,581	-50.45%
Capital assets, net	11,302,795	10,615,931	6.47%
Total assets	13,366,189	14,780,512	-9.57%
Current liabilities	419,467	487,837	-14.01%
Long-term debt outstanding	4,643,637	5,234,115	-11.28%
Total liabilities	5,063,104	5,721,952	-11.51%
Net position:			
Net investment in capital assets	6,462,930	6,660,796	-2.97%
Restricted	812,538	1,907,888	-57.41%
Unrestricted	1,027,617	489,876	109.77%
Total net position	$ 8,303,085	$ 9,058,560	-8.34%

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

- Increase in net capital assets in the amount of $686,864.
- The principal retirement of $293,519 of long-term debt.

Changes in net position. The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were $9,664,946 and $9,765,258, respectively. The total cost of all programs and services was $10,420,421 for 2013 and $10,361,727 for 2012.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 645,003	$ 617,577	4.44%
Operating grants and contributions	1,145,041	1,377,919	-16.90%
Capital grants and contributions	-	38,118	N/A
General revenues:			
Property taxes	1,724,821	1,624,460	6.18%
Grants and contributions not restricted	6,046,587	5,993,883	0.88%
Investment earnings	8,014	21,115	-62.05%
Other	95,480	92,186	3.57%
Total revenues	9,664,946	9,765,258	-1.03%
Expenses:			
Instruction	6,635,488	6,571,631	0.97%
Support services	3,171,713	3,111,786	1.93%
Non-instructional	522,969	522,900	0.01%
Interest and other expense on long-term liabilities	90,251	155,410	-41.93%
Total expenses	10,420,421	10,361,727	0.57%
Increase(decrease) in net assets	(755,475)	(596,469)	26.65%
Net position, July 1	9,058,560	9,655,029	-6.18%
Net position, June 30	$ 8,303,085	$ 9,058,560	-8.34%

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2013	2012	Change
Instruction	$ 6,635,488	$ 6,571,631	0.97%
Support services	3,171,713	3,111,786	1.93%
Non-instructional	522,969	522,900	0.01%
Interest on long-term liabilities	90,251	155,410	-41.93%
Total expenses	$ 10,420,421	$ 10,361,727	0.57%

	Net (Expense) Revenue		Percentage
	2013	2012	Change
Instruction	$ (5,580,877)	$ (5,437,504)	2.64%
Support services	(2,931,818)	(2,705,337)	8.37%
Non-instructional	(27,431)	(29,862)	-8.14%
Interest on long-term liabilities	(90,251)	(155,410)	-41.93%
Total net (expense) revenue	$ (8,630,377)	$ (8,328,113)	3.63%

• Net cost of governmental activities ($8,630,377 for 2013 and $8,328,113 for 2012) was financed by general revenue, which is primarily made up of property taxes of ($1,724,821 for 2013 and $1,624,460 for 2012) and state and federal revenues of ($6,046,587 for 2013 and $5,993,883 for 2012).

• Investment earnings amounted to $8,014 for 2013 and $21,115 for 2012.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental funds. The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in accessing 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 $1,945,344, a decrease of $1,727,326, which includes a decrease in inventory of $1,075. $1,002,971 or 51.56% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of $942,373 or 48.44% is non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $520,157. The fund balance of Other Governmental Funds showed a decrease in the amount of $1,214,450. The increase (decrease) in the fund balance for the other major fund was as follows:

Major Fund	Increase (Decrease)
School Food Service Fund	$ 19,018
Title I Fund	No increase or decrease
EHA Part B Fund	No increase or decrease
2012 Debt Service Fund	$ (11,737)

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions made during the fiscal year were routine in nature and were insignificant when compared to total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were $17,667,799, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment. This amount represents an increase of $1,082,918 from 2012. Total accumulated depreciation as of June 30, 2013, was $6,365,004, and total depreciation expense for the year was 396,054, resulting in total net capital assets of $11,302,795.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2013	June 30, 2012	Percentage Change
Land	$ 352,736	$ 352,736	0.00%
Construction in progress	-	1,192,139	-100.00%
Buildings	8,173,986	8,392,843	-2.61%
Building Improvements	2,148,453	-	N/A
Improvements other than buildings	351,873	372,636	-5.57%
Mobile equipment	222,771	252,392	-11.74%
Furniture and equipment	52,976	53,185	-0.39%
Total	$ 11,302,795	$ 10,615,931	6.47%

Additional information of the District's capital assets can be found in Note 4 included in this report.

Debt Administration. At June 30, 2013, the District had $4,946,887 in outstanding long-term debt, of which $303,250 is due within one year. The liability for compensated absences increased $6,291 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2013	June 30, 2012	Percentage Change
General obligation bonds payable	$ 2,120,000	$ 2,325,000	-8.82%
Three mill notes payable	334,092	390,031	-14.34%
Transportation equipment loans payable	105,773	138,353	-23.55%
Qualified school construction bonds payable	2,280,000	2,280,000	N/A
Compensated absences payable	107,022	100,731	6.25%
Total	$ 4,946,887	$ 5,234,115	-5.49%

Additional information on the District's long-term debt can be found in Note 5 included in this report.

Current Issues

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

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

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

Enrollment for the 2012-2013 year decreased by 2.40% to 1,177 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Exhibit A

BOONEVILLE SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,649,177
Cash with fiscal agents	152,000
Due from other governments	161,499
Other receivables, net	65
Inventories	19,538
Deferred debt issuance costs	81,115
Capital assets, non-depreciable:	
Land	352,736
Capital assets, net of accumulated depreciation:	
Buildings	8,173,986
Building improvements	2,148,453
Improvements other than buildings	351,873
Mobile equipment	222,771
Furniture and equipment	52,976
Total assets	13,366,189
Liabilities	
Accounts payable and accrued liabilities	60,890
Unearned revenue	6,045
Deferred premium on refunding bonds issued	20,924
Interest payable on long-term liabilities	28,358
Long-term liabilities, due within one year:	
Capital related liabilities	303,250
Long-term liabilities, due beyond one year:	
Capital related liabilities	4,536,615
Non-capital related liabilities	107,022
Total liabilities	5,063,104
Net Position	
Net investment in capital assets	6,462,930
Restricted for:	
Expendable:	
School based activites	318,020
Debt service	278,032
Capital improvements	7,574
Tax escrow	185,648
Unemployment benefits	23,264
Unrestricted	1,027,617
Total net position	$ 8,303,085

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

Exhibit B

BOONEVILLE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 6,635,488	516,725	537,886	-	(5,580,877)
Support services	3,171,713	-	239,895	-	(2,931,818)
Noninstructional services	522,969	128,278	367,260	-	(27,431)
Interest on long-term debt	90,251	-	-	-	(90,251)
Total governmental activities	$ 10,420,421	645,003	1,145,041	-	(8,630,377)

General Revenues:	
Taxes:	
General purpose levies	1,395,633
Debt purpose levies	329,188
Unrestricted grants and contributions:	
State	5,995,459
Federal	51,128
Unrestricted investment earnings	8,014
Other	95,480
Total general revenues	7,874,902
Change in net position	(755,475)
Net position - beginning	9,058,560
Net position - ending	$ 8,303,085

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

Exhibit C

BOONEVILLE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2013

	Major Funds						
	General Fund	Food Service Fund	Title I Basic Fund	EHA Part B Fund	2012 Debt Service Fund	Other Governmental Funds	Total
Assets							
Cash and cash equivalents	$ 1,017,064	$ 169,495	$ -	$ -	191,175	271,443	1,649,177
Cash with fiscal agents	152,000	-	-	-	-	-	152,000
Due from other governments	84,404	798	27,852	28,479	4,065	15,901	161,499
Due from other funds	67,518	-	-	-	-	-	67,518
Inventories	-	19,538	-	-	-	-	19,538
Total Assets	1,320,986	189,831	27,852	28,479	195,240	287,344	2,049,732
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	30,890	-	-	-	-		30,890
Due to other funds	-	-	27,852	28,479	-	11,122	67,453
Unearned revenue	-	-	-	-	-	6,045	6,045
Total liabilities	30,890	-	27,852	28,479	-	17,167	104,388
Fund Balances:							
Nonspendable:							
Inventory	-	19,538	-	-	-	-	19,538
Restricted for:							
Capital projects	-	-	-	-	-	7,574	7,574
Debt service funds	-	-	-	-	195,240	111,150	306,390
Grant activities	-	170,293	-	-	-	128,189	298,482
Tax escrow	185,648	-	-	-	-	-	185,648
Unemployment benefits	-	-	-	-	-	23,264	23,264
Assigned:							
Activity funds	101,477	-	-	-	-	-	101,477
Unassigned:	1,002,971	-	-	-	-	-	1,002,971
Total fund balances	1,290,096	189,831	-	-	195,240	270,177	1,945,344
Total liabilities and fund balances	$ 1,320,986	$ 189,831	$ 27,852	$ 28,479	$ 195,240	$ 287,344	$2,049,732

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

Exhibit C-1

BOONEVILLE SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balances for governmental funds		$ 1,945,344
Amounts reported for governmental activities in the statement of net position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	352,736	
Buildings	13,383,048	
Building Improvements	2,237,972	
Improvements other than buildings	519,069	
Mobile equipment	691,742	
Furniture and equipment	483,232	
Accumulated depreciation	(6,365,004)	11,302,795
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(2,120,000)	
Notes payable	(439,865)	
Qualified school construction bonds	(2,280,000)	
Compensated absences	(107,022)	
Unamortized charges	81,115	
Unamortized premium	(20,924)	
Accrued interest payable	(28,358)	
Deferred debt issue costs payable	(30,000)	(4,945,054)
Net position of governmental activities		$ 8,303,085

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

Exhibit D

BOONEVILLE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2013

	Major Funds						
	General Fund	Food Service Fund	Title I Fund	EHA Part B Fund	2012 Debt Service Fund	Other Governmental Funds	Total
Revenue:							
Local sources	$ 2,003,081	$ 137,844	$ -	$ -	$ 243,823	$ 86,222	2,470,970
State sources	6,041,450	-	-	4,956	-	150,580	6,196,986
Federal sources	51,128	383,821	189,588	286,986	-	83,122	994,645
Total revenues	8,095,659	521,665	189,588	291,942	243,823	319,924	9,662,601
Expenditures:							
Instruction	5,829,716	-	158,869	165,360	-	334,634	6,488,579
Support services	2,678,413	59,629	30,719	122,933	-	61,264	2,952,958
Noninstructional services	72,288	441,943	-	-	-	-	514,231
Facilities acquisition and construction	-	-	-	-	-	1,045,833	1,045,833
Debt service:							
Principal	-	-	-	-	205,000	88,519	293,519
Interest	13,224	-	-	-	49,725	28,808	91,757
Other	1,140	-	-	-	835	-	1,975
Total expenditures	8,594,781	501,572	189,588	288,293	255,560	1,559,058	11,388,852
Excess of revenues over (under) expenditures	(499,122)	20,093	-	3,649	(11,737)	(1,239,134)	(1,726,251)
Other Financing Sources (Uses):							
Operating transfers in	3,990	-	-	-	-	25,025	29,015
Operating transfers out	(25,025)	-	-	(3,649)	-	(341)	(29,015)
Total other financing souces (uses)	(21,035)	-	-	(3,649)	-	24,684	-
Net change in fund balances	(520,157)	20,093	-	-	(11,737)	(1,214,450)	(1,726,251)
Fund Balance:							
July 1, 2012	1,810,253	170,813	-	-	206,977	1,484,627	3,672,670
Increase (decrease) in reserve for inventory	-	(1,075)	-	-	-	-	(1,075)
June 30, 2013	$ 1,290,096	$ 189,831	$ -	$ -	$ 195,240	$ 270,177	1,945,344

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

Exhibit D-1

BOONEVILLE SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds		$ (1,726,251)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 1,082,918	
Depreciation expense	(396,054)	686,864
2. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of govenmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	293,519	
Accrued interest payable	3,481	297,000
3. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(6,291)	
Change in inventory reserve	(1,075)	
Amortization of deferred charges, premiums and discounts	(5,721)	(13,087)
4 Rounding		(1)
Change in net position of governmental activities		$ (755,475)

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

Exhibit E

BOONEVILLE SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
June 30, 2013

	Agency Funds
Assets	
Cash Payroll Clearing	$ 346,504
Cash Accounts Payable Clearing	41
Cash Activity Funds	53,658
Total assets	400,203
Liabilities	
Accounts payable and accrued liabilities	346,480
Due to other funds	65
Due to student clubs	53,658
Total liabilities	$ 400,203

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

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

Food Service Fund – This fund is used to account for revenues and expenditures used to account for the operation of providing meals to students.

Title I Fund – This fund accounts for the revenues and expenditures of the Title I program.

EHA Part B Fund – This fund is used to account for the federal revenues and expenditures of the Special Education Program

2012 Debt Service Fund – This fund is used to account for the repayment of debt principal and interest for the 2012 debt refunding issue.

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

The school district also reports fiduciary funds (agency funds) which focus on assets and liabilities only. The District's fiduciary funds include the following:

Activity Agency Fund – This fund is used to account for revenues and expenditures of various student clubs in the district.

Accounts Payable Clearing – This fund is used to account for the district's claims payable and the payment of those claims.

Payroll Clearing – This fund is used to account for salaries and related salary expenditures payable and the payment of those payables.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measureable 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

D. Encumbrances

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

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

(1) Cash, Cash equivalents and Investments

Cash and Cash Equivalents

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

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, liabilities, deferred outflows/inflows, and Net Position/fund balances (Continued)

Investments

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

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

Investments for the district are reported at fair market value.

(2) Receivables and payables

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

(3) Due from Other Governments

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

(4) Inventories and Prepaid Items

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

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

(5) Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. In addition, unspent proceeds from the issuance of long-term debt reported as cash and cash equivalents in a Capital Projects Fund is classified as restricted assets because the funds are to be spent for specific purposes outlined in resolutions approved by the board, bond documentation, etc.

Note 1 - Summary of Significant Accounting Policies (Continued)

(6) Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 4 for details.

(7) Compensated Absences

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 5 for details.

(9) Fund balances

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

(9) Fund balances (Continued)

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

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

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

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

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

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

Note 2 – Cash, Cash Equivalents and Cash With Fiscal Agents (Continued)

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was $1,649,177 and $400,203, respectively.

Custodial Credit Risk – Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2013, none of the district's bank balance of $2,176,264 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was $152,000.

Note 3 - Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General fund	Title I fund	$ 27,852
	EHA Part B fund	28,479
	Other governmental funds	11,122
	Fiduciary funds	65
Total funds		$ 67,518

Temporary loans of $67,453 were made until funds are received from grantors. The fiduciary funds payable resulted from interest earned but not transferred to the general fund.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	$ 25,025
EHA Part B fund	General	3,649
Other governmental funds	General	341
Total funds		$ 29,015

$25,025 was transferred out of General Fund for support of other funds. $3,990 was transferred to General Funds for indirect cost.

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

Note 4 - Capital Assets

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

	Balance 7/1/2012	Increases	Transfers (Decreases)	Balance 6/30/2013
Non-depreciable capital assets:				
Land	$ 352,736	-	-	352,736
Construction in progress	1,192,139	1,045,833	(2,237,972)	-
Total non-depreciable assets	1,544,875	1,045,833	(2,237,972)	352,736
Depreciable capital assets:				
Buildings	13,383,048	-	-	13,383,048
Building Improvements	-	-	2,237,972	2,237,972
Improvements other than buildings	519,069	-	-	519,069
Mobile equipment	676,742	15,000	-	691,742
Furniture and equipment	461,147	22,085	-	483,232
Total depreciable capital assets	15,040,006	37,085	2,237,972	17,315,063
Less accumulated depreciation for:				
Buildings	4,990,205	218,857	-	5,209,062
Building Improvements	-	89,519	-	89,519
Improvements other than buildings	146,433	20,763	-	167,196
Mobile Equipment	424,350	44,621	-	468,971
Furniture and equipment	407,962	22,294	-	430,256
Total accumulated depreciation	5,968,950	396,054	-	6,365,004
Total depreciable capital assets, net	9,071,056	(358,969)	2,237,972	10,950,059
Governmental activities capital assets, net	$ 10,615,931	686,864	-	11,302,795

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$ 168,696
Support services	218,275
Non-instructional	9,083
Total depreciation expense	$ 396,054

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

Note 5 - Long-term liabilities

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Amounts due within one year
A. General Obligation bonds payable	$ 2,325,000		205,000	2,120,000	210,000
B. Three-mill notes payable	390,031	-	55,939	334,092	59,330
C. Transportation equipment loans payable	138,353	-	32,580	105,773	33,920
D. Qualified school construction bonds payable	2,280,000	-	-	2,280,000	-
E. Compensated absences payable	100,731	6,291		107,022	-
	$ 5,234,115	6,291	293,519	4,946,887	303,250

A. General obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2012	2.0-2.50%	05/10/12	07/01/22	$ 2,345,000	2,120,000
				$ 2,345,000	2,120,000

Note 5 - Long-term liabilities (Continued)

A. General obligation bonds payable (Continued)

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

Year Ending June 30	Principal	Interest	Total
2014	$ 210,000	45,625	255,625
2015	215,000	41,425	256,425
2016	220,000	37,125	257,125
2017	230,000	32,725	262,725
2018	235,000	28,125	263,125
2019-2023	1,010,000	61,675	1,071,675
	$ 2,120,000	246,700	2,366,700

This debt will be retired from the Bond Retirement fund.

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss, Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater that 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2013, the amount of outstanding bonded indebtedness was equal to 4.78% of property assessments as of October 1, 2012.

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note	5.95%	02/19/08	09/01/17	$ 600,000	334,092
				$ 600,000	334,092

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

Note 5 - Long-term liabilities (Continued)

B. Three mill notes payable (Continued)

Year Ending June 30	Principal	Interest	Total
2014	$ 59,330	19,879	79,209
2015	62,861	16,348	79,209
2016	66,601	12,608	79,209
2017	70,540	8,669	79,209
2018	74,760	4,448	79,208
	$ 334,092	61,952	396,044

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

C. Transportation equipment loans payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Transportation equipment loan payable, Series 2009	3.97%	11/12/09	11/7/15	$ 200,000	105,773
				$ 200,000	105,773

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

Year Ending June 30	Principal	Interest	Total
2014	$ 33,920	4,198	38,118
2015	35,267	2,851	38,118
2016	36,586	1,506	38,092
	$ 105,773	8,555	114,328

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

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

Note 5 - Long-term liabilities (Continued)

C. Transportation equipment loans payable (Continued)

The debt was issued for the purpose of purchasing and paying for transportation equipment, establishing, erecting and equipping school bus shops and garages and purchasing the land and buildings for the school district. The commitment began with the 2009-2010 school year and ends with the 2015-2016 school year. The revenue from the state varies from year to year. For the year 2012-2013, the revenue was $39,789, of which $38,118 was used for payment of debt.

D. Qualified school construction bonds payable

As more fully explained in Note 9, 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
Trust Certificate, Series 2010	5.75%	6/30/11	12/1/26	$ 2,280,000	$ 2,280,000
Total				$ 2,280,000	$ 2,280,000

The following is a schedule by years of payment due on this debt:

Year Ending June 30	Principal	Interest	Total
2014	$ -	131,100	131,100
2015	-	131,100	131,100
2016	-	131,100	131,100
2017	-	131,100	131,100
2018	-	131,100	131,100
2019-2023	-	655,500	655,500
2024-2027	2,280,000	655,500	2,935,500
	$ 2,280,000	1,966,500	4,246,500

E. Compensated absences payable

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

Note 6 - Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate for fiscal year ended June 30, 2013 was 14.26% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2013, 2012, 2011, were $857,898, $757,183, and $712,416, respectively, which equaled the required contributions for each year.

Note 7 - 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.

Note 8 - Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the member's employees.

Note 8 - Risk Management (Continued)

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

Note 9 – Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to pay off 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, 2013 was $152,000. The District promises to pay interest on such principal amount from the date of this Note or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above on June 15 of each year, commencing on June 15, 2011, until said principal sum is paid, to the registered owner hereof who shall appear in the registration records of the District maintained by the Paying Agent as of the Record Date. However, the United States Treasury reimburses the District for the amount of interest paid on the principal amount. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Note 9 – Qualified School Construction Bonds (Continued)

Year Ending June 30	Amount
2014	$ 152,000
2015	152,000
2016	152,000
2017	152,000
2018	152,000
2019-2023	760,000
2024-2027	608,000
Total	$ 2,128,000

The EEF Building and Buses revenue has been pledged for this debt. On March 8, 2011, the Booneville School Board pledged its EEF Building and Buses revenue of $39,021 annually for payment on the Qualified School Construction Bonds loan, subject to any prior pledge for the benefit of any obligation that is currently outstanding.

The debt issued was for the purpose of construction, repairs, and equipment for the school district. The commitment will begin with the 2011-2012 school year and end with the 2026-2027 school year. The revenue from the state varies from year to year, but is all used for the debt retirement. For the year 2012-2013, the EEF revenue was $39,789 of which $38,118 of these funds was applied to the debt payment of a currently outstanding debt obligation.

Note 10 – Alternative School Consortium

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

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

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

Note 10 – Alternative School Consortium (Continued)

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

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2013

Revenues		
Local sources		
Tuition from other LEA's within the state:		
Baldwyn School District	$	108,901
Prentiss County School District		119,420
Total tuition from other LEA's within the state		228,321
Other local sources		155
Total revenues		228,476
Expenditures		
Salaries		235,241
Employee benefits		67,246
Purchased property services		15,616
Other purchased services		240
Supplies		6,712
Total expenditures		325,055
Excess (deficiency) of revenues over expenditures		(96,579)
Other Financial Sources (Uses)		
Operating transfers in		113,163
Total financiang sources (uses)		113,163
Net change in fund balance		16,584
Fund Balance:		
July 1, 2012		56,377
June 30, 2013	$	72,961

Note 11 - Vocational School Consortium

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

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

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

Note 12 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Booneville School District evaluated the activity of the district through September 11, 2014 (the date the financial statements were available to be issued), and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

Schedule 1

Booneville School District
Budgetary Comparison for the General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	GAAP Basis	Original to Final	Final to Actual
Revenue:					
Local sources	$ 2,502,733	2,003,082	2,003,081	(499,651)	(1)
State sources	5,968,951	6,041,450	6,041,450	72,499	-
Federal sources	43,932	51,128	51,128	7,196	-
Total revenues	8,515,616	8,095,660	8,095,659	(419,956)	(1)
Expenditures:					
Instruction	6,121,140	5,829,717	5,829,716	291,423	1
Support services	2,733,140	2,678,413	2,678,413	54,727	-
Noninstructional services	127,535	72,288	72,288	55,247	-
Principal	-	152,000	-	(152,000)	152,000
Interest	-	14,364	14,364	(14,364)	-
Total expenditures	8,981,815	8,746,782	8,594,781	235,033	152,001
Excess (deficiency) of revenues over expenditures	(466,199)	(651,122)	(499,122)	(184,923)	152,000
Other Financing Sources (Uses):					
Operating transfers in	4,200	125,647	3,990	121,447	(121,657)
Operating transfers out	(38,000)	(146,683)	(25,025)	(108,683)	121,658
Total other financing sources (uses)	(33,800)	(21,036)	(21,035)	12,764	1
Net change in fund balance	(499,999)	(672,158)	(520,157)	(172,159)	152,001
Fund Balance:					
July 1, 2012	1,810,253	1,810,253	1,810,253	-	-
June 30, 2013	$ 1,310,254	1,138,095	1,290,096	(172,159)	152,001

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

Schedule 2

Booneville School District
Budgetary Comparison for the School Food Service Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	GAAP Basis	Original to Final	Final to Actual
Revenue:					
Local sources	$ 126,040	137,844	137,844	11,804	-
State sources	-	-	-	-	-
Federal sources	370,000	383,821	383,821	13,821	-
Total revenues	496,040	521,665	521,665	25,625	-
Expenditures:					
Support services	62,829	59,629	59,629	3,200	-
Noninstructional services	461,076	441,943	441,943	19,133	-
Total expenditures	523,905	501,572	501,572	22,333	-
Excess (deficiency) of revenues over expenditures	(27,865)	20,093	20,093	47,958	-
Other Financing Sources (Uses):					
Operating transfers in	27,865	-	-	(27,865)	-
Total other financing sources (uses)	27,865	-	-	(27,865)	-
Net change in fund balance	-	20,093	20,093	20,093	-
Fund Balance:					
July 1, 2012	170,813	170,813	170,813	-	-
Increase (Decrease) in reserve for inventory	-	-	(1,075)	-	(1,075)
June 30, 2013	$ 170,813	190,906	189,831	20,093	(1,075)

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

Schedule 3

Booneville School District
Budgetary Comparison for the Title I Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	GAAP Basis	Original to Final	Final to Actual
Revenue:					
Federal sources	$ 224,621	189,588	189,588	(35,033)	-
Total revenues	224,621	189,588	189,588	(35,033)	-
Expenditures:					
Instruction	194,391	158,869	158,869	35,522	-
Support services	29,630	30,719	30,719	(1,089)	-
Noninstructional services	600	-	-	600	-
Total expenditures	224,621	189,588	189,588	35,033	-
Fund Balance:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	-	-	-	-

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

Schedule 4

Booneville School District
Budgetary Comparison for the EHA Part B Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	GAAP Basis	Original to Final	Final to Actual
Revenue:					
State sources	$	4,956	4,956	4,956	-
Federal sources	264,270	286,986	286,986	22,716	-
Total revenues	264,270	291,942	291,942	27,672	-
Expenditures:					
Instruction	138,854	165,360	165,360	(26,506)	-
Support services	119,787	122,933	122,933	(3,146)	-
Noninstructional services	1,000	-	-	1,000	-
Total expenditures	259,641	288,293	288,293	(28,652)	-
Excess (deficiency) of revenues over expenditures	4,629	3,649	3,649	(980)	-
Other Financing Sources (Uses):					
Operating transfers out	(4,629)	(3,649)	(3,649)	980	-
Total other financing sources (uses)	(4,629)	(3,649)	(3,649)	980	-
Net change in fund balance	-	-	-	-	-
Fund Balance:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	-	-	-	-

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

Booneville School District
Notes to the Required Supplementary Information
For the Year Ended June 30, 2013

Budgetary Comparison Schedule

1) Basis of Presentation

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

2) Budget Amendments and Revisions

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

BOONEVILLE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School breakfast program	10.553	$ 83,786
National school lunch program	10.555	286,267
Total Child Nutrition Cluster		370,053
Total Passed-through Mississippi Department of Education		370,053
Total U.S. Department of Agriculture		370,053
Federal Communications Commission		
Passed-through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	15,735
Total Federal Communications Commission		15,735
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Rural education	84.358	24,812
Improving teacher quality - state grants	84.367	45,486
Subtotal		70,298
Title I cluster:		
Title I grants to local educational agencies	84.010	189,588
Total Title I cluster		189,588
Special Education Cluster:		
Special education - grants to states	84.027	286,986
Special education - preschool grants	84.173	12,824
Total Special Education Cluster		299,810
Total Passed-through Mississippi Department of Education		559,696
Total U.S. Department of Education		559,696
Total for All Federal Awards		$ 945,484

NOTES TO SCHEDULE

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

Booneville School District
Schedule of Instructional, Administrative and Other Expenditures-Governmental Funds
June 30, 2013

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 8,084,104	6,337,203	480,125	569,174	697,602
Other	3,304,748	835,412	99,369	37,455	2,332,512
Total	$11,388,852	7,172,615	579,494	606,629	3,030,114
Total Number of Students *	1,177				
Cost per Student	$ 9,676	6,094	492	515	2,575

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; Support Services – Business.

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

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

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

UNAUDITED

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 2,003,081	$ 1,945,500	$ 2,033,348	$ 1,804,872
State sources	6,041,450	5,980,222	5,473,149	5,838,554
Federal sources	51,128	50,984	57,100	51,651
Total revenues	8,095,659	7,976,706	7,563,597	7,695,077
Expenditures:				
Instruction	5,829,716	5,749,983	4,873,752	5,237,727
Support services	2,678,413	2,581,945	2,378,939	2,506,697
Noninstructional services	72,288	70,912	68,983	66,970
Facilities acquisition	-	149,700	-	-
Debt Service:				
Principal		-	14,024	13,090
Interest	13,224	-	916	1,850
Other	1,140			
Total expenditures	8,594,781	8,552,540	7,336,614	7,826,334
Excess (deficiency) of revenues over(under) expenditures	(499,122)	(575,834)	226,983	(131,257)
Other Financing Sources (Uses):				
Operating transfers in	3,990	4,256	8,641	11,289
Operating transfers out	(25,025)	(10,769)	(779,840)	(23,866)
Other financing uses	-	-	-	(300,000)
Total other financing sources	(21,035)	(6,513)	(771,199)	(312,577)
Net change in fund balance	(520,157)	(582,347)	(544,216)	(443,834)
Fund balance:				
Beginning of period	1,810,253	2,392,600	2,936,816	3,380,650
End of period	$ 1,290,096	$ 1,810,253	$ 2,392,600	$ 2,936,816

* SOURCE - PRIOR YEAR AUDIT REPORTS

UNAUDITED

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 2,470,970	$ 2,420,284	2,536,301	2,216,826
State sources	6,196,986	6,172,987	5,636,826	5,979,063
Federal sources	994,645	1,226,513	2,361,515	2,068,709
Total revenues	9,662,601	9,819,784	10,534,642	10,264,598
Expenditures:				
Instruction	6,488,579	6,401,280	6,330,215	6,333,092
Support services	2,952,958	2,991,548	3,275,265	3,304,394
Noninstructional services	514,231	530,552	519,870	484,822
Facilities acquisition and construction	1,045,833	1,341,839	542,117	392,601
Debt Service:				
Principal	293,519	273,864	254,553	258,576
Interest	91,757	151,771	149,779	154,841
Other	1,975	65,540	750	750
Total expenditures	11,388,852	11,756,394	11,072,549	10,929,076
Excess (deficiency) of revenues over(under) expenditures	(1,726,251)	(1,936,610)	(537,907)	(664,478)
Other Financing Sources (Uses):				
Proceeds of loans	-	2,345,000	2,280,000	200,000
Insurance loss recoveries	-	23,902	-	-
Payment to refunding escrow agent	-	(2,245,000)	-	-
Premium on refunding bonds	-	23,467	-	-
Operating transfers in	29,015	24,187	788,481	35,155
Operating transfers out	(29,015)	(24,187)	(788,481)	(35,155)
Other financing uses	-	-	-	(300,000)
Total other financing sources	-	147,369	2,280,000	(100,000)
Net change in fund balances	(1,726,251)	(1,789,241)	1,742,093	(764,478)
Fund balances:				
Beginning of period	3,672,670	5,460,663	3,717,767	4,483,651
Increase(decrease) in reserve for inventory	(1,075)	1,248	803	(1,406)
End of period	$ 1,945,344	$ 3,672,670	5,460,663	3,717,767

* SOURCE - PRIOR YEAR AUDIT REPORTS

BRAWNER
VANSTORY
& COMPANY, P.A.

Certified Public Accountants
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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
Booneville School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Booneville School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated September 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Booneville 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 Booneville School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Booneville School District's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. Finding 2013-1.

Compliance and Other Matters

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

Booneville School District's Response to Finding

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

Purpose of this Report

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

Brawner, Vanstory & Co. P.A

September 11, 2014
Booneville, MS

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

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Booneville School District

Report on Compliance for Each Major Federal Program

We have audited Booneville School District's compliance with the types of compliance requirements described in the (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Booneville School District's major federal programs for the year ended June 30, 2013. Booneville School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Booneville School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Booneville School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of Booneville School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Booneville 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, 2013.

Report on Internal Control Over Compliance

Management of Booneville School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit of compliance, we considered Booneville School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Booneville 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Brewer, Vandary & Co. P.A

September 11, 2014
Booneville, Mississippi

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

Superintendent and School Board
Booneville School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Booneville School District as of and for the year ended June 30, 2013, which collectively comprise Booneville School District's basic financial statements and have issued our report thereon dated September 11, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported $37,628 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

Finding _ - Ad Valorem Escrow

Section 37-57-107(3), Miss. Code Ann. (1972), states "Except as otherwise provided for excess revenues generated pursuant to an election, if revenues collected as the result of the taxes levied for the fiscal year pursuant to this section and Section 37-57-1 exceed the increase limitation, then it shall be the mandatory duty of the Superintendent and School Board of the school district to deposit such excess receipts over and above the increase limitation into a special account and credit it to the fund for which the levy was made. It will be the further duty of such board to hold said funds and invest the same as authorized by law. Such excess funds shall be calculated in the budgets for the school districts for the purpose for which such levies were made, for the succeeding fiscal year. Taxes imposed for the succeeding year shall be reduced by the amount of excess funds available. Under no circumstances shall excess funds be expended during the fiscal year in which such excess funds are collected.

During our test work at Booneville School District, we noted that the district should have recorded an ad valorem escrow in the amount of $185,648 as of the year end.

This noncompliance occurred due to an error made in the District's calculation of the base for ad valorem.

Noncompliance with Section 37-57-107(3), Miss. Code Ann. (1972) resulted in noncompliance with state laws by not setting aside excess funds exceeding the increase limitation into a special account and reducing the district's request for funds for the next period by the amount of the excess.

Recommendation

We recommend that the district comply with Section 37-57-107(3), Miss. Code Ann. (1972), which requires the district to set aside excess revenue that is above the allowable limitation.

District's Response

The district will comply with Section 37-57-107(3), Miss. Code Ann. (1972).

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 insure that corrective action has been taken.

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

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

Brewer, Vandary & Co. P.A

September 11, 2014
Booneville, Mississippi

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

Section 1: 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? No
   b. Significant deficiency(ies) identified? Yes

3. Noncompliance material to financial statements noted? No

Federal Awards:

4. Internal control over major programs:
   a. Material weakness(es) identified? No
   b. Significant deficiency(ies) identified? None reported

5. Type of auditor's report issued on compliance for major programs: Unqualified

6. Any audit finding(s) disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? None reported

7. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
84.010	Title I grants to local educational agencies

8. Dollar threshold used to distinguish between type A and type B programs: $300,000

9. Auditee qualified as low-risk auditee? No

10. Prior year audit finding(s) and questioned costs realative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133. Yes

Section 2: Financial Statement Findings

Significant Deficiency not Considered to be a Material Weakness

Finding 2013-1

Condition: The school district's internal control procedures were inadequate in that the activity deposits are not being made in a timely manner. In tests performed, we found that nine items out of thirty eight were deposited three or more business days after the event for which the money was collected. Although controls that are currently in place are inadequate, they are improving.

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

Section 2: Financial Statement Findings (Continued)

Significant Deficiency not Considered to be a Material Weakness (Continued)

Finding 2013-1 (Continued)

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

Cause: The money is collected at the schools for different activities throughout the year. Once collected, the money is put in the vault until the deposit can be made. Nine times out of thirty eight, the deposit was made anywhere from five days to twelve days after collection.

Effect: The lack of controls creates an opportunity for misappropriation of assets and subsequent concealment.

Recommendation: The district should strengthen its internal controls for depositing activity funds.

Response:
The money collected from the activities will be counted by the principal and assistant principal the next business day after the respective activity. The Athletic Director will then take the money to the bank to be deposited. The persons responsible for counting each respective gate box will not be allowed to deposit the money in the bank.

Section 3: Federal Award Findings and Questioned Costs

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

Booneville
School District
662-728-2171
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P. O. Box 358
201 North First Street
Booneville, Mississippi 38829

Summary of Prior Audit Findings

Prior Audit Findings:

As required by Section___.315 (c) of OMB Circular A-133, the Booneville School District has prepared and hereby submits the following status of findings as of June 30, 2013:

FINDING:	STATUS
2012-2	Grant closed out in prior year, no longer a finding
2012-3	Grant closed out in prior year, no longer a finding
2012-4	Grant closed out in prior year, no longer a finding
2012-5	Grant closed out in prior year, no longer a finding