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CLAIBORNE COUNTY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013



CLAIBORNE COUNTY SCHOOL DISTRICT
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Dr. Jayne Sargent, Conservator
Claiborne County School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

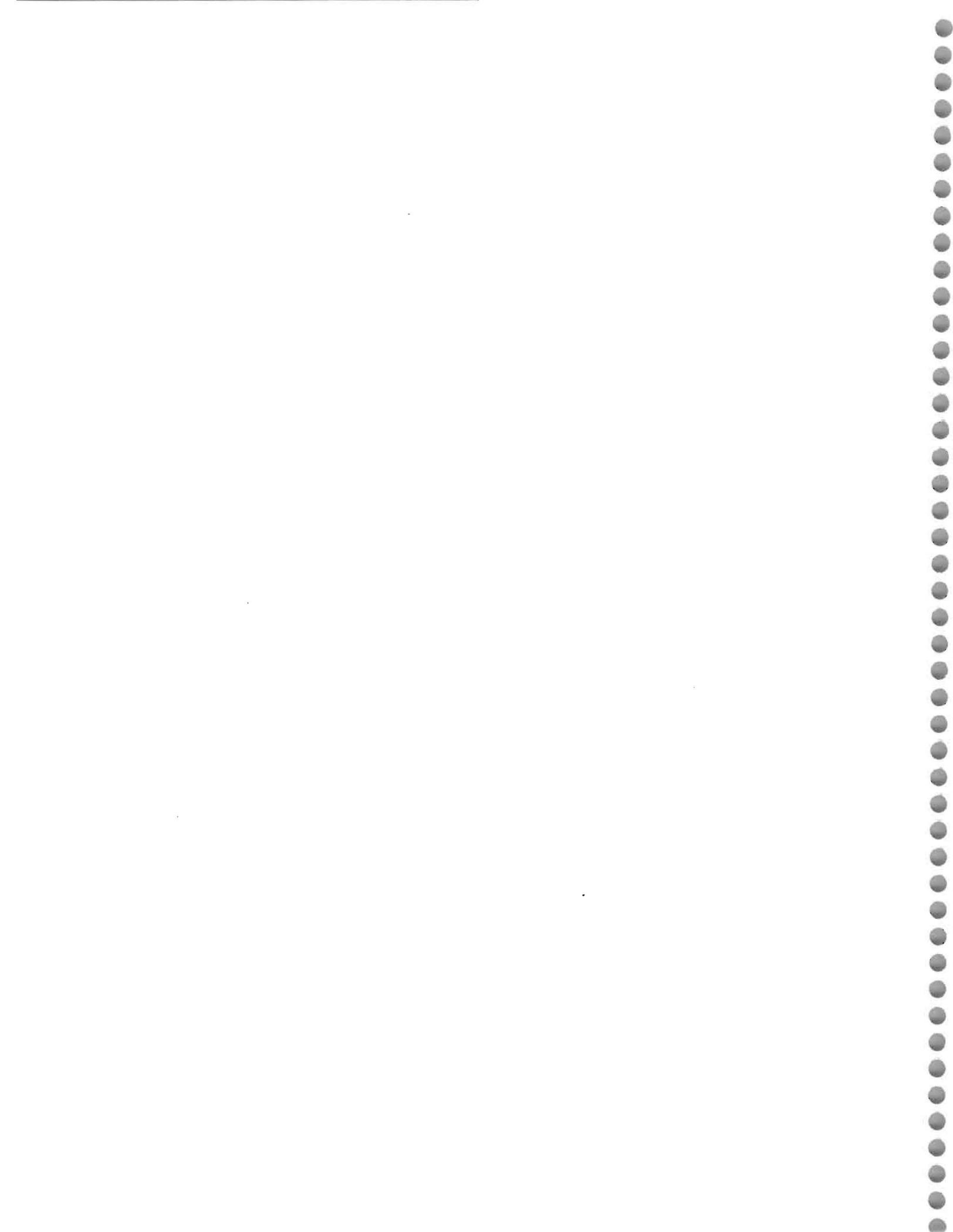
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 13 and 42 - 46 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 Claiborne County School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014, on our consideration of the Claiborne County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Claiborne County School District's internal control over financial reporting and compliance.

Bent, King, White & Co.

May 12, 2014
Ridgeland, Mississippi



CLAIBORNE COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

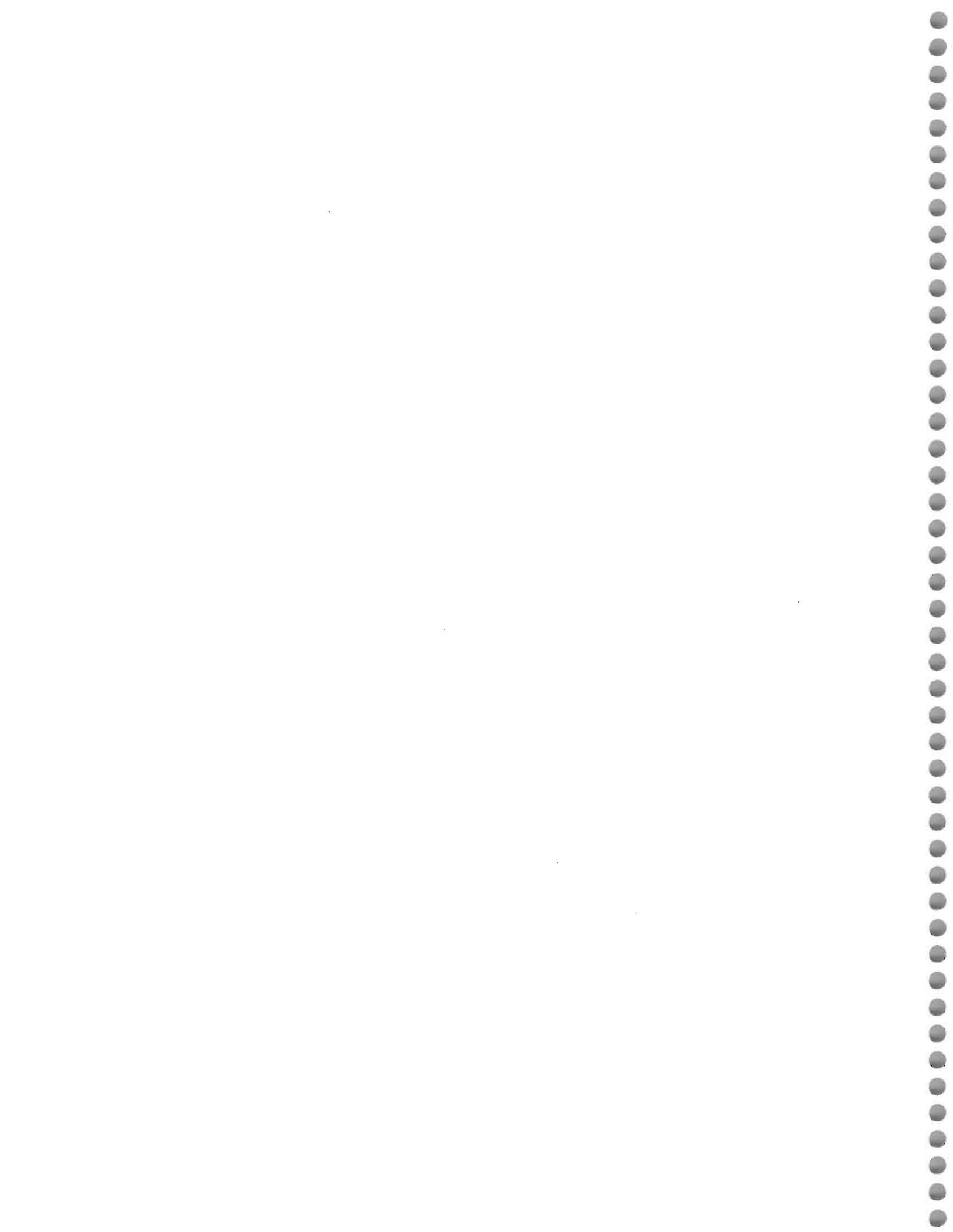
The following discussion and analysis of Claiborne County School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole.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

Financial Highlights

- ◆ Total net position for 2013 decreased \$695,386, including a prior period adjustment of \$(152,618) which represents a 6.00% decrease from fiscal year 2012. Total net positions for 2012 increased \$310,308, including a prior period adjustment of \$(3,306), which represents a 2.75% increase from fiscal year 2011.
- ◆ General revenues amounted to \$12,572,180 and \$12,995,125, or 77% and 70% 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 \$3,805,193 or 23% of total revenues for 2013, and \$5,557,206 or 30% of total revenues for 2012.
- ◆ The District had \$16,920,141 and \$18,238,717 in expenses for fiscal years 2013 and 2012; only \$3,805,193 for 2013 and \$5,557,206 for 2012 of these expenses was offset by program specific charges for service, grants and contributions. General revenues of \$12,572,180 for 2013, and \$12,995,125 for 2012 were not adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$10,843,103 in revenues and \$12,452,681 in expenditures for 2013, and \$10,853,923 in revenues and \$12,026,289 in expenditures in 2012. The General Fund's fund balance decreased by \$179,485 from 2012 to 2013, and decreased by \$258,414 from 2011 to 2012.
- ◆ Capital assets, net of accumulated depreciation, increased by \$102,547 for 2013 and decreased by \$284,284 for 2012. The increase for 2013 was due to an increase in acquisition of vehicles under capital lease.
- ◆ Long-term debt decreased by \$208,741 for 2013 and decreased by \$589,690 for 2012. This decrease for 2013 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$12,307 for 2013 and increased by \$29,446 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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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 its financial position is improving or deteriorating.

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

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

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

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

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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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

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

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

Government-wide Financial Analysis

Net Position - Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$10,903,032 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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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

Table 1			
<u>Condensed Statement of Net Position</u>			
	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 4,739,887	\$ 5,939,940	(20.20)%
Restricted assets	1,094,485	993,337	10.18 %
Capital assets, net	<u>7,293,600</u>	<u>7,191,053</u>	1.43 %
Total assets	<u>13,127,972</u>	<u>14,124,330</u>	(7.05)%
Current liabilities	235,596	315,519	(25.33)%
Long-term debt outstanding	<u>1,989,344</u>	<u>2,210,393</u>	(10.00)%
Total liabilities	<u>2,224,940</u>	<u>2,525,912</u>	(11.92)%
Net position			
Net investment in capital assets	5,565,497	5,522,311	0.78 %
Restricted	4,666,300	8,277,939	(43.63)%
Unrestricted	<u>671,235</u>	<u>(2,201,832)</u>	(130.49)%
Total net position	<u>\$ 10,903,032</u>	<u>\$ 11,598,418</u>	(6.00)%

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

Decrease in total current assets in the amount of	\$ 1,200,053
Increase in restricted assets in the amount of	\$ 101,148
Increase in net capital assets in the amount of	\$ 102,547
Decrease in current liabilities in the amount of	\$ 79,923
Decrease in long-term liabilities in the amount of	\$ 221,049



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Changes in net position - The District's total revenues for the fiscal year ended June 30, 2013 and June 30, 2012 were \$16,377,373 and \$18,552,331 respectively. The total cost of all programs and services was \$16,920,141 for 2013 and \$18,238,717 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	\$ 1,800,127	\$ 2,945,296	(38.88)%
Operating grants and contributions	2,005,066	2,611,910	(23.23)%
General revenues:			
Property taxes	4,455,373	4,505,641	(1.12)%
Grants and contributions not restricted	7,088,423	6,989,324	1.42 %
Other	<u>1,028,384</u>	<u>1,500,160</u>	(31.45)%
Total revenues	<u>16,377,373</u>	<u>18,552,331</u>	(11.72)%
Expenses:			
Instruction	8,822,564	10,147,208	(13.05)%
Support services	5,904,322	6,168,486	(4.28)%
Non-instructional	1,670,464	1,564,971	6.74 %
Sixteenth section	459,982	270,438	70.09 %
Interest and other expense on long-term liabilities	<u>62,809</u>	<u>87,614</u>	(28.31)%
Total expenses	<u>16,920,141</u>	<u>18,238,717</u>	(7.23)%
Increase (Decrease) in net position	<u>(542,768)</u>	<u>313,614</u>	(273.07)%
Net Position, July 1, as previously reported	11,598,418	11,288,110	2.75 %
Prior period adjustment	<u>(152,618)</u>	<u>(3,306)</u>	(4,516.39)%
Net Position July 1, as restated	<u>11,445,800</u>	<u>11,284,804</u>	1.43 %
Net Position, June 30	<u>\$ 10,903,032</u>	<u>\$ 11,598,418</u>	(6.00)%



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

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

Table 3
Net Cost of Governmental Activities
Total Expenses

	<u>2013</u>	<u>2012</u>	Percentage <u>Change</u>
Instruction	\$ 8,822,564	\$ 10,147,208	(13.05)%
Support services	5,904,322	6,168,486	(4.28)%
Non-instructional	1,670,464	1,564,971	6.74 %
Sixteenth section	459,982	270,438	70.09 %
Interest on long-term liabilities	<u>62,809</u>	<u>87,614</u>	<u>(28.31)%</u>
Total expenses	<u>\$ 16,920,141</u>	<u>\$ 18,238,717</u>	<u>(7.23)%</u>

Net (Expense) Revenue

	<u>2013</u>	<u>2012</u>	Percentage <u>Change</u>
Instruction	\$ (7,265,740)	\$ (7,497,886)	(3.10)%
Support services	(5,191,742)	(4,945,338)	4.98 %
Non-instructional	(134,675)	119,765	(212.45)%
Sixteenth section	(459,982)	(270,438)	70.09 %
Interest on long-term liabilities	<u>(62,809)</u>	<u>(87,614)</u>	<u>(28.31)%</u>
Total net (expense) revenue	<u>\$ (13,114,948)</u>	<u>\$ 12,681,511</u>	<u>3.42 %</u>

Net cost of governmental activities (\$13,114,948 for 2013 and \$12,681,511 for 2012), was financed by general revenue, which is primarily made up of property taxes \$4,455,373 for 2013 and \$4,505,641 for 2012) and state and federal revenues (\$7,088,423 for 2013 and \$6,989,324 for 2012). In addition, there was \$989,374 and \$1,396,228 in Sixteenth Section sources for 2013 and 2012, respectively.

Investment earnings amounted to \$2,696 for 2013 and \$29,211 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 assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.



CLAIBORNE COUNTY SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Year Ended June 30, 2013

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 \$5,619,401, a decrease of \$1,025,346 which includes a prior period adjustment of \$(152,620) and an increase in inventory of \$3,970. \$935,886 or 16.65% 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 \$4,683,515 or 83.35% is either nonspendable or restricted to indicate that it is not available for spending except only for the purposes to which it is restricted.

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 \$179,485. The fund balance of Other Governmental Funds showed a decrease in the amount of \$883,197, which includes a prior period adjustment of \$(1,839) and an increase in reserve for inventory of \$3,970, due primarily to a increase in federal grant revenues. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Special Education Fund	no increase or decrease
Special Education Extended School Fund	\$ (41,430)
Title I Fund	-
Sixteenth Section Interest-Claiborne Fund	\$ 78,766

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 use of funding for the School District.

- ◆ Budgeted amounts for revenues from local sources in the General Fund were mainly decreased due to a reduction in Ad Valorem taxes.
- ◆ Budgeted amounts for revenues from state sources were increased due to an increase in MAEP Funds and less revenue needed for Vocational.
- ◆ Budgeted amounts for revenues from federal sources were decreased due to the E-Rate Funding and salaries for JROTC personnel.
- ◆ Budgeted amounts for instructions increased due to increases in salaries and benefits for certified personnel and increases in student activities.
- ◆ Budgeted amounts for support services increased due to additional administrative personnel which increased salaries and benefits. Also, there was an increase in legal fees.

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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Capital Assets and Debt Administration

Capital Assets - As of June 30, 2013, the District's total capital assets were \$15,965,891, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$361,093 from 2012. Total accumulated depreciation as of June 30, 2013 was \$8,672,291, and total depreciation expense for the year was \$326,370, resulting in total net capital assets of \$7,293,600.

Table 4
Capital Assets

	Net of Accumulated Depreciation		Percentage Change
	June 30, 2013	June 30, 2012	
Land	\$ 473,980	\$ 473,980	- %
Buildings	5,662,847	5,824,604	(2.78)%
Building improvements	154,939	163,547	(5.26)%
Mobile equipment	188,652	297,798	(36.65)%
Furniture and equipment	128,026	98,456	30.03 %
Leased property under capital leases	685,156	332,668	105.96 %
Total	<u>\$ 7,293,600</u>	<u>\$ 7,191,053</u>	1.43 %

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

Debt Administration - At June 30, 2013, the District had \$1,989,344 in outstanding long-term debt, of which \$608,299 is due within one year. The liability for compensated absences decreased by \$12,307 from the prior year.

Table 5
Outstanding Long-Term Debt

	Outstanding Long-Term Debt		Percentage Change
	June 30, 2013	June 30, 2012	
Limited obligation bonds payable	\$ 280,000	\$ 545,000	(48.62)%
Shortfall note payable	152,484	420,587	(63.74)%
Obligations under capital leases	548,103	223,741	144.97 %
Qualified zone academy bonds payable	900,000	900,000	- %
Compensated absences payable	108,757	121,064	(10.17)%
Total	<u>\$ 1,989,344</u>	<u>\$ 2,210,392</u>	(10.00)%

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2013

Current Issues

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

The District has committed itself to financial excellence for many years. In addition, the District's system of financial planning, budgeting and internal financial controls are 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 0.03% to 1,674 students.

Contacting the District's Financial Management

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Claiborne County School District, P. O. Box 337, Port Gibson, MS 39150.



CLAIBORNE COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS



CLAIBORNE COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,702,328
Cash with fiscal agent	-
Investments	206,806
Due from other governments	691,258
Other receivables, net	128,063
Inventories	11,432
Restricted assets	1,094,485
Capital assets, non-depreciable	
Land	473,980
Capital assets, net of accumulated depreciation	
Buildings	5,662,847
Building improvements	154,939
Mobile equipment	188,652
Furniture and equipment	128,026
Leased property under capital leases	685,156
Total Assets	13,127,972
Liabilities	
Accounts payable and accrued liabilities	151,782
Unearned revenue	63,189
Interest payable on long-term liabilities	20,625
Long-term liabilities, due within one year	
Capital related liabilities	411,853
Noncapital related liabilities	196,446
Long-term liabilities, due beyond one year	
Capital related liabilities	1,316,250
Noncapital related liabilities	64,795
Total Liabilities	2,224,940
Net Position	
Net Investment in capital assets	5,565,497
Restricted for:	
Expendable:	
School-based activities	222,388
Debt service	884,154
Capital improvements	265,925
Forestry improvements	592,980
Unemployment benefits	28,136
Sixteenth section	2,330,520
Nonexpendable:	
Sixteenth section	342,197
Unrestricted	671,235
Total Net Position	\$ 10,903,032

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



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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction	\$ 8,822,564	\$1,556,824	\$ -	\$ -	\$ (7,265,740)
Support services	5,904,322	114,720	597,860	-	(5,191,742)
Non-instructional	1,670,464	128,583	1,407,206	-	(134,675)
Sixteenth section	459,982	-	-	-	(459,982)
Interest on long-term liabilities	<u>62,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,809)</u>
Total Governmental Activities	<u>\$ 16,920,141</u>	<u>\$ 1,800,127</u>	<u>\$ 2,005,066</u>	<u>\$ -</u>	<u>(13,114,948)</u>
			General Revenues:		
			Taxes:		
			General purpose levies	4,455,373	
			Unrestricted grants and contributions:		
			State	7,031,336	
			Federal	57,087	
			Unrestricted investment earnings	2,696	
			Sixteenth section sources	989,374	
			Other	<u>36,314</u>	
			Total General Revenues	<u>12,572,180</u>	
			Change in Net Position		<u>(542,768)</u>
			Net Position - Beginning, as previously reported	11,598,418	
			Prior Period Adjustments	<u>(152,618)</u>	
			Net Position - Beginning, as restated	<u>11,445,800</u>	
			Net Position - Ending		<u>\$ 10,903,032</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2013

	Major Funds						Total Governmental Funds
	General Fund	Special Education Fund	Special Education Extended School Year Fund	Title I Fund	Sixteenth Section Interest- Claiborne Fund	Other Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 413,945	\$ -	\$ -	\$ -	\$ 2,135,102	\$ 1,220,478	\$ 3,769,525
Cash with fiscal agent	-	-	-	-	-	74	74
Investments	-	-	-	-	-	1,234,020	1,234,020
Due from other governments	259,582	72,565	44,009	90,555	-	224,548	691,259
Other receivables, net	-	-	-	-	-	-	-
Due from other funds	488,984	-	78,458	1,776	-	45,782	615,000
Inventories	-	-	-	-	-	11,432	11,432
Total Assets	<u>\$ 1,162,511</u>	<u>\$ 72,565</u>	<u>\$ 122,467</u>	<u>\$ 92,331</u>	<u>\$ 2,135,102</u>	<u>\$ 2,736,334</u>	<u>\$ 6,321,310</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued liabilities	\$ 70,899	\$ -	\$ -	\$ -	\$ 4,999	\$ 39,139	\$ 115,037
Due to other funds	155,726	72,565	122,467	90,846	33	82,046	523,683
Unearned revenue	-	-	-	1,485	-	61,704	63,189
Total Liabilities	<u>226,625</u>	<u>72,565</u>	<u>122,467</u>	<u>92,331</u>	<u>5,032</u>	<u>182,889</u>	<u>701,909</u>
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	11,432	11,432
Permanent fund principal	-	-	-	-	-	342,197	342,197
Restricted:							
Debt service	-	-	-	-	-	904,780	904,780
Capital projects	-	-	-	-	-	265,925	265,925
Forestry improvement purposes	-	-	-	-	-	592,980	592,980
Unemployment benefits	-	-	-	-	-	28,136	28,136
Sixteenth section	-	-	-	-	2,130,070	200,450	2,330,520
Grant activities	-	-	-	-	-	207,545	207,545
Unassigned	935,886	-	-	-	-	-	935,886
Total Fund Balances	<u>935,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,130,070</u>	<u>2,553,445</u>	<u>5,619,401</u>
Total Liabilities and Fund Balances	<u>\$ 1,162,511</u>	<u>\$ 72,565</u>	<u>\$ 122,467</u>	<u>\$ 92,331</u>	<u>\$ 2,135,102</u>	<u>\$ 2,736,334</u>	<u>\$ 6,321,310</u>

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



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

Total Fund Balances for Governmental Funds		\$ 5,619,401
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	\$ 473,980	
Buildings	11,848,577	
Building improvements	215,190	
Mobile equipment	1,407,613	
Furniture and equipment	805,075	
Leased property under capital leases	1,215,456	
Accumulated depreciation	<u>(8,672,291)</u>	7,293,600
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:		
Limited obligation bonds	(280,000)	
Notes payable	(152,484)	
Capital lease obligations	(548,103)	
Qualified zone academy bonds payable	(900,000)	
Compensated absences	(108,757)	
Accrued interest payable	<u>(20,625)</u>	<u>(2,009,969)</u>
Net Position of Governmental Activities		\$ <u>10,903,032</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2013

	Major Funds						
	General Fund	Special Education Fund	Special Education Extended School Year Fund	Title I Fund	Sixteenth Section Interest- Claiborne Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	\$ 4,624,697	\$ -	\$ -	\$ -	\$ -	\$ 47,945	\$ 4,672,642
State sources	6,161,319	-	72,720	-	-	1,226,678	7,460,717
Federal sources	57,087	167,241	-	1,223,228	-	1,742,042	3,189,598
Sixteenth section sources	-	-	-	-	256,974	847,121	1,104,095
Total Revenues	<u>10,843,103</u>	<u>167,241</u>	<u>72,720</u>	<u>1,223,228</u>	<u>256,974</u>	<u>3,863,786</u>	<u>16,427,052</u>
Expenditures:							
Instruction	6,753,717	166,048	35,264	803,048	-	899,298	8,657,375
Support services	5,334,126	1,193	-	332,780	-	551,028	6,219,127
Noninstructional services	219,460	-	-	88,529	-	1,400,772	1,708,761
Sixteenth section	-	-	-	-	20,792	439,190	459,982
Debt service:							
Principal	125,638	-	-	-	-	533,103	658,741
Interest	19,740	-	-	-	-	48,882	68,622
Other	-	-	-	-	-	550	550
Total Expenditures	<u>12,452,681</u>	<u>167,241</u>	<u>35,264</u>	<u>1,224,357</u>	<u>20,792</u>	<u>3,872,823</u>	<u>17,773,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,609,578)</u>	<u>-</u>	<u>37,456</u>	<u>(1,129)</u>	<u>236,182</u>	<u>(9,037)</u>	<u>(1,346,106)</u>
Other Financing Sources (Uses):							
Inception of capital lease	450,000	-	-	-	-	-	450,000
Payment to escrow agent	-	-	-	-	-	73,151	73,151
Insurance recovery	19,410	-	-	-	-	-	19,410
Operating transfers in	1,340,820	-	78,458	1,420	-	310,420	1,731,118
Operating transfers out	(372,478)	-	-	-	(157,416)	(1,201,224)	(1,731,118)
Payment to Qualified Zone Academy debt escrow agent	<u>(14,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,638)</u>	<u>(73,151)</u>
Total Other Financing Sources (Uses)	<u>1,423,239</u>	<u>-</u>	<u>78,458</u>	<u>1,420</u>	<u>(157,416)</u>	<u>(876,291)</u>	<u>469,410</u>
Net Change in Fund Balances	<u>(186,339)</u>	<u>-</u>	<u>115,914</u>	<u>291</u>	<u>78,766</u>	<u>(885,328)</u>	<u>(876,696)</u>
Fund Balances:							
July 1, 2012, as previously reported	1,115,371	-	41,430	-	2,051,304	3,436,642	6,644,747
Prior period adjustments	<u>6,854</u>	<u>-</u>	<u>(157,344)</u>	<u>(291)</u>	<u>-</u>	<u>(1,839)</u>	<u>(152,620)</u>
July 1, 2012, as restated	<u>1,122,225</u>	<u>-</u>	<u>(115,914)</u>	<u>(291)</u>	<u>2,051,304</u>	<u>3,434,803</u>	<u>6,492,127</u>
Increase (Decrease) in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,970</u>	<u>3,970</u>
June 30, 2013	<u>\$ 935,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,130,070</u>	<u>\$ 2,553,445</u>	<u>\$ 5,619,401</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
 Governmental Funds
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ (876,696)

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

1.	Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	\$ 497,906	
	Capital outlay	(326,370)	171,536
	Depreciation expense		
2.	In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from change in fund balance by the cost of assets sold.		(68,989)
3.	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
	Capital leases issued	(450,000)	
	Payments of debt principal	658,741	
	Accrued interest payable	6,363	215,104
4.	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:	12,307	
	Change in compensated absences	3,970	
	Change in inventory reserve		16,277
	Change in Net Position of Governmental Activities		\$ (542,768)

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 581,923
Due from other governments	65,983
Due from other funds	<u>36,746</u>
Total Assets	<u>\$ 684,652</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 544,678
Due to other funds	128,063
Due to student clubs	<u>11,911</u>
Total Liabilities	<u>\$ 684,652</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered a "primary government." The school district is governed by a five (5) member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

Special Education Fund - This fund is used to account for the monies received to provide special education and related services to all children with disabilities.

Special Education Extended School Year Fund - This fund is used to account for the monies received to provide summer school for selected children with disabilities.

Title I Fund - This fund is used to account for the revenues received for the education of economically deprived children.

Sixteen Section Interest Claiborne Fund - This fund is used to account for revenues and expenditures associated with sixteenth section land.

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

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

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

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

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

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

D. Encumbrances

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

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

1. Cash, Cash Equivalents and Investments.

Cash and cash equivalents.

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

7. Compensated Absences

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

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

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

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

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

9. Fund Balances

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

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

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

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

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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 School Board. Currently there is no assigned fund balance for this school district.

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

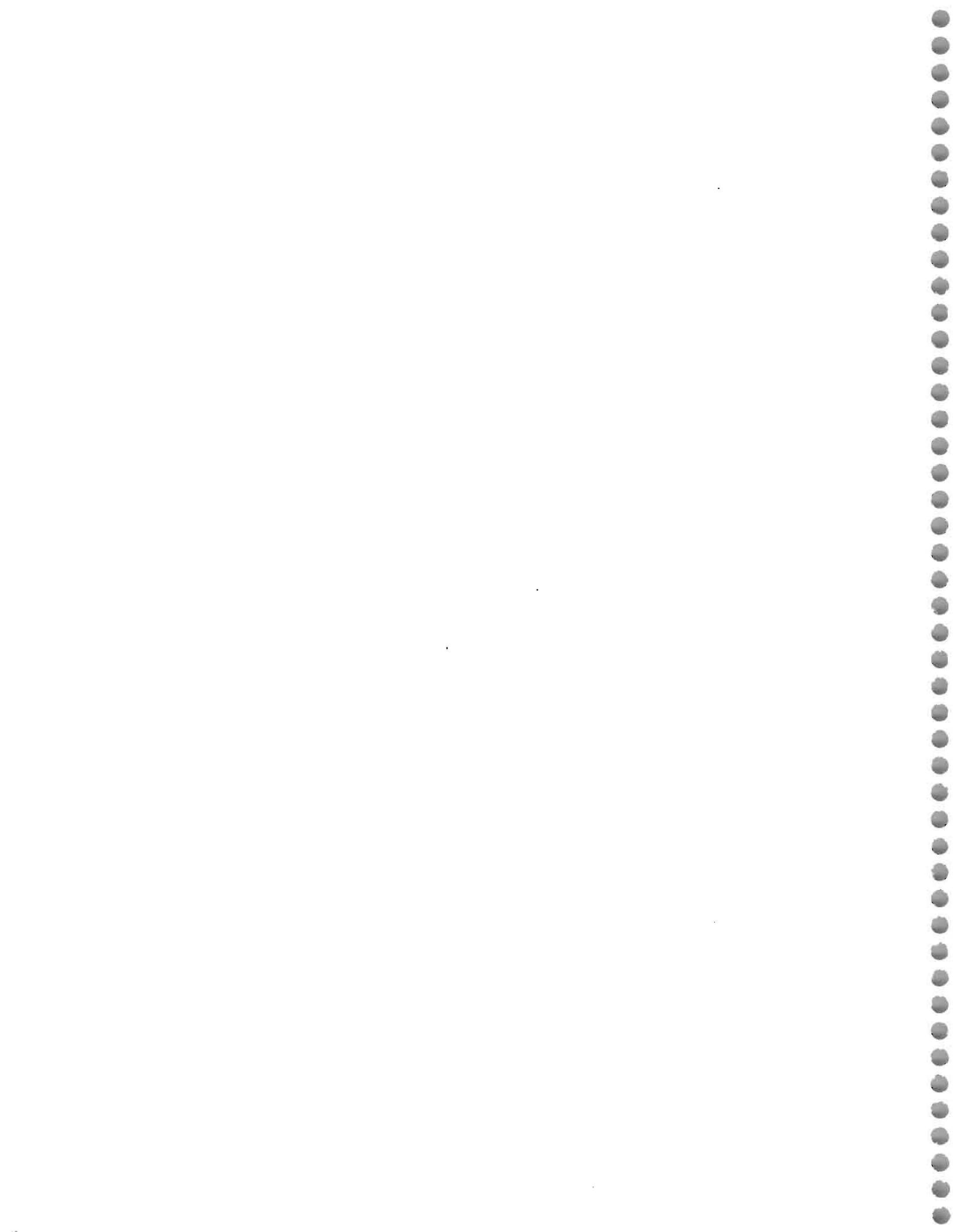
When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (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 AND CASH EQUIVALENTS, CASH WITH FISCAL AGENTS, AND INVESTMENTS

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of 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.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$4,251,331 (which includes \$481,806 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and \$581,923, 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 \$5,422,438 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 \$74.

Investments

As of June 30, 2013, the district had the following investments. Except for the investment in Hancock Horizon Treasury Securities, all investments are in an internal investment pool.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Government securities	AAA	less than 1	\$ 605,477
Certificates of deposit	Aaa	less than 1	481,806
Hancock Horizon Treasury Securities - Money Market Funds	AAA	less than 1	<u>146,737</u>
Total Investments			<u>\$ 1,234,020</u>

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

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

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government. Of the district's \$481,806 investment in River Hills Bank, none of underlying securities are held by the investment's counterparty.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2013, the district had the following investments:

Issuer	Fair Value	% of Total Investments
River Hills Bank	\$ 481,806	39.04 %
Trustmark National Bank	605,477	49.07 %
Hancock Bank	146,737	11.89 %
	<u>\$ 1,234,020</u>	

NOTE 3 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Education	\$ 72,565
	Title I	90,846
	Special Education Extended School Year	122,467
	Sixteenth Section interest- Claiborne	33
	Other governmental funds	75,010
	Fiduciary Funds	128,063
	Special Education Extended School Year	General Fund
Title I Fund	General Fund	1,776
Other governmental funds	General fund	45,782
Fiduciary funds	General Fund	29,710
	Other governmental funds	<u>7,036</u>
Total		<u>\$ 651,746</u>

Due from other funds represent amounts receivable from other funds and due to other funds represent amounts payable to other funds.

The purpose of the more significant interfund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

B. Interfund Transfers

Transfer Out	Transfer In	Amount
General Fund	Special Education Extended School Year	\$ 78,458
	Title I Fund	1,420
	Other governmental funds	292,600
Sixteen Section Interest- Claiborne	General Fund	139,596
	Other Governmental funds	17,820
Other Governmental funds	General Fund	<u>1,201,224</u>
Total		<u>\$ 1,731,118</u>

The transfer out of the General Fund was for the purpose of funding expenditures in the other governmental funds. The transfers to the General Fund from other governmental funds was to transfer interest and indirect costs.

NOTE 4 - RESTRICTED ASSETS

The restricted assets represent the cash balance and investment balance, totaling \$67,197 and \$275,000, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance totaling \$146,737 of the MAEP Limited Obligation Bond/Note Fund and cash with fiscal agent balance and investment balance, totaling \$74 and \$605,477 in QZAB Bond Retirement Fund.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities:	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<u>Non-depreciable Capital Assets:</u>				
Land	\$ 473,980	\$ -	\$ -	\$ 473,980
Total non-depreciable capital assets	<u>473,980</u>	<u>-</u>	<u>-</u>	<u>473,980</u>
<u>Depreciable capital assets:</u>				
Buildings	11,848,577	-	-	11,848,577
Building improvements	215,190	-	-	215,190
Mobile equipment	1,534,545	-	126,932	1,407,613
Furniture and equipment	757,630	57,326	9,881	805,075
Leased property under capital lease	<u>774,876</u>	<u>440,580</u>	<u>-</u>	<u>1,215,456</u>
Total depreciable capital assets	<u>15,130,818</u>	<u>497,906</u>	<u>136,813</u>	<u>15,491,911</u>
<u>Less accumulated depreciation for:</u>				
Buildings	6,023,973	161,757	-	6,185,730
Building improvements	51,643	8,608	-	60,251
Mobile equipment	1,236,747	40,157	57,943	1,218,961
Furniture and equipment	659,174	27,756	9,881	677,049
Leased property under capital lease	<u>442,208</u>	<u>88,092</u>	<u>-</u>	<u>530,300</u>
Total accumulated depreciation	<u>8,413,745</u>	<u>326,370</u>	<u>67,824</u>	<u>8,672,291</u>
Total depreciable capital assets, net	<u>6,717,073</u>	<u>171,536</u>	<u>68,989</u>	<u>6,819,620</u>
Governmental activities capital assets, net	<u>\$ 7,191,053</u>	<u>\$ 171,536</u>	<u>\$ 68,989</u>	<u>\$ 7,293,600</u>



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental Activities:	
Instruction	\$ 175,023
Support services	128,249
Non-instructional	<u>23,098</u>
Total depreciation expense - Governmental Activities	<u>\$ 326,370</u>

The capital assets above include significant amounts of land, buildings, mobile equipment, and furniture and equipment which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition.

NOTE 6 - LONG -TERM LIABILITIES

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

	Balance Jul. 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts due within one year
A. Limited obligation bonds payable	\$ 545,000	\$ -	\$ 265,000	\$ 280,000	\$ 280,000
B. Obligations under capital leases	223,741	450,000	125,638	548,103	131,853
C. Shortfall note payable	420,587	-	268,103	152,484	152,484
D. Qualified zone academy bonds payable	900,000	-	-	900,000	-
E. Compensated absences payable	<u>121,064</u>	<u>-</u>	<u>12,307</u>	<u>108,757</u>	<u>43,962</u>
Total	<u>\$ 2,210,392</u>	<u>\$ 450,000</u>	<u>\$ 671,048</u>	<u>\$ 1,989,344</u>	<u>\$ 608,299</u>



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

A. Limited obligation bonds payable

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

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
State aid capital improvement bonds, Series 1998	4.95%	06/01/98	08/01/13	\$ <u>2,660,000</u>	\$ <u>280,000</u>
Total				\$ <u>2,660,000</u>	\$ <u>280,000</u>

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

Limited obligation on bond issue of 1998:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ <u>280,000</u>	\$ <u>6,930</u>	\$ <u>286,930</u>
Total	\$ <u>280,000</u>	\$ <u>6,930</u>	\$ <u>286,930</u>

This debt will be retired from the District's Debt Bond Fund.

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

B. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of school buses at a cost of \$344,611 with no down payment. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of band equipment at a cost of \$174,142 with no down payment. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the acquisition of band equipment at a cost of \$450,000 with no down payment. This lease qualifies as a capital lease for accounting purposes.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2009A School District Sub-lease buses	4.93%	1/22/09	10/1/13	\$ 344,611	\$ 30,734
Band Equipment Lease	6.83%	7/28/11	8/1/15	174,142	104,148
2012A School District Sub-lease buses	3.68%	12/20/12	10/10/18	<u>450,000</u>	<u>413,221</u>
				<u>\$ 968,753</u>	<u>\$ 548,103</u>

The following is a schedule by years of the total payments due on these debts:

Year Ending June 30	Principal	Interest	Total
2014	\$ 131,853	\$ 23,874	\$ 155,727
2015	106,311	17,924	124,235
2016	111,814	12,422	124,236
2017	77,089	6,588	83,677
2018	79,952	3,725	83,677
2019 - 2024	<u>41,084</u>	<u>756</u>	<u>41,840</u>
Total	<u>\$ 548,103</u>	<u>\$ 65,289</u>	<u>\$ 613,392</u>

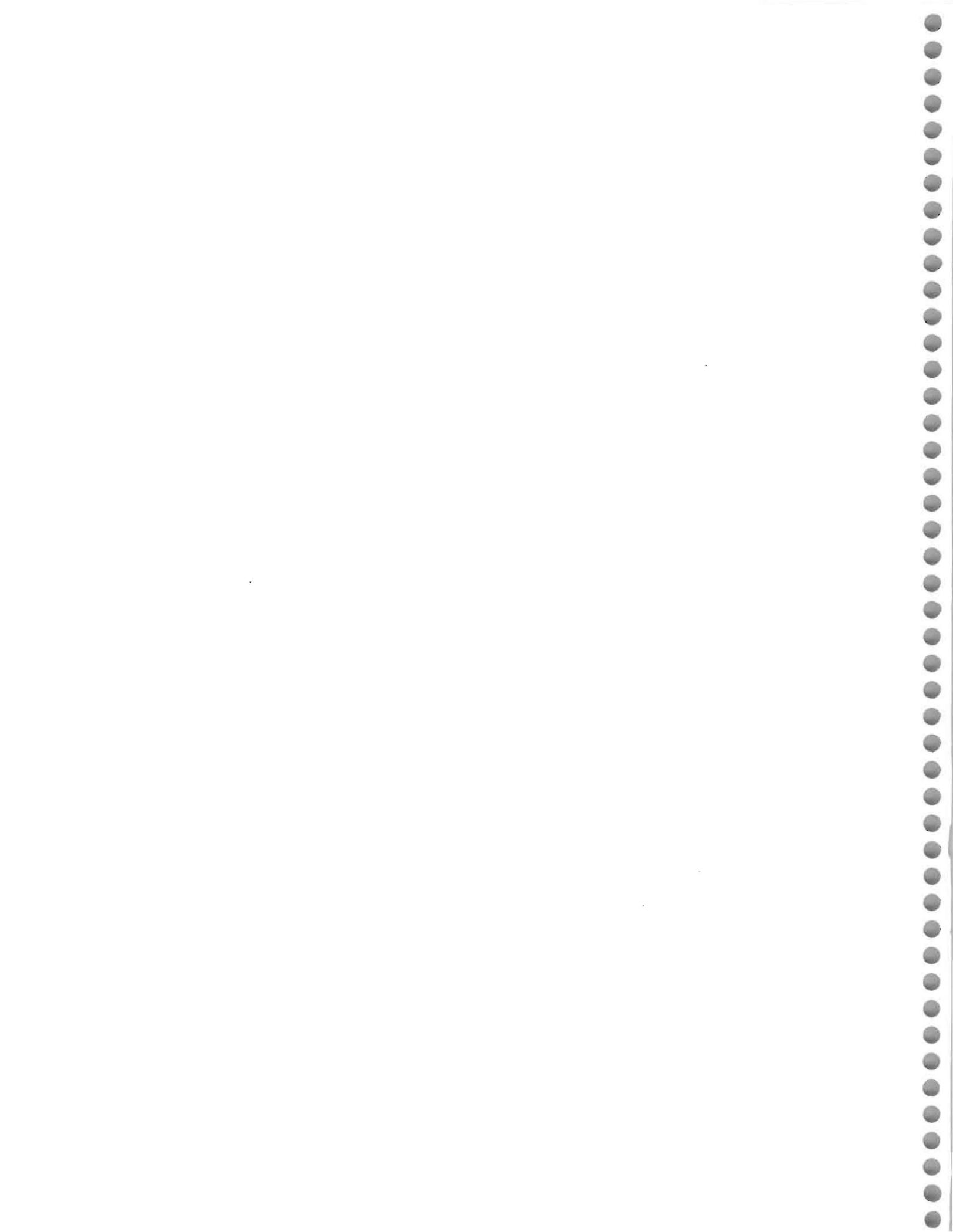
These debts will be retired from the District's Maintenance Fund.

C. Shortfall Note Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
2010 Tax shortfall Note	6.40%	8/28/10	9/30/13	\$ 432,148	\$ 152,484
Total				<u>\$ 432,148</u>	<u>\$ 152,484</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

1. Shortfall notes payable issue of 2010:

Year Ending June 30	Principal	Interest	Total
2014	\$ 152,484	\$ 10,667	\$ 163,151
Total	<u>\$ 152,484</u>	<u>\$ 10,667</u>	<u>\$ 163,151</u>

This debt will be retired from the District's Shortfall Note Debt Service Fund.

D. Qualified zone academy bonds payable

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified Zone Academy bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified Zone Academy Bonds	0%	12/28/2005	12/28/2015	\$ 900,000	\$ 900,000
Total				<u>\$ 900,000</u>	<u>\$ 900,000</u>

This debt will be retired from the District's Maintenance Fund.

E. Compensated absences payable

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

NOTE 7 - DEFINED BENEFIT PENSION PLAN

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2013 was 14.26% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2013, 2012, and 2011 were \$1,279,459, \$1,226,526, and \$1,141,764, respectively, which equaled the required contributions for each year.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 8 - SIXTEENTH SECTION LANDS

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

Year Ending June 30	Amount
2014	\$ 238,959
2015	162,053
2016	88,124
2017	25,607
2018	25,542
2019 to 2023	8,436
2024 to 2028	5,990
2029 to 2033	5,214
	\$ 559,925

NOTE 9 - PRIOR PERIOD ADJUSTMENTS

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

Exhibit B - Statement of Activities

Explanation	Amount
Reclassify fund equity - Overstatement of prior year General fund expenditures, understatement of prior year Special Revenue fund expenditures and write-off of prior year receivable	\$ <u>(152,618)</u>



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

<u>Fund</u>	<u>Explanation</u>	<u>Amount</u>
General funds	Reclassify fund - Overstatement of prior year expenditure	\$ 6,854
Other governmental funds	Uderstatement of expenditures prior year	(1,839)
Special Education		
Extended School Year	Write-off of prior year receivable	(157,344)
Titli I Funds	Uderstatement of expenditures prior year	(291)
Total		<u>\$ (152,620)</u>

NOTE 10 - CONTINGENCIES

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

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

NOTE 11 - 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 members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.



CLAIBORNE COUNTY SCHOOL DISTRICT
Notes to the Financial Statements
For the Year Ended June 30, 2013

NOTE 12 - QUALIFIED ZONE ACADEMY BONDS

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Trustmark National Bank, has entered into such an arrangement dated December 28, 2005.

This agreement establishes a method of repayment for a qualified interest-free debt instrument. The agreement requires the school district to deposit funds annually into a sinking fund account on or before December 14. The amount on deposit at June 30, 2013 was \$605,551. The amount accumulated in the sinking fund at the end of the ten-year period will not be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

Year Ending June 30	Amount
2014	\$ 73,245
2015	246,245
Total	\$ <u>319,490</u>

NOTE 13 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Claiborne County School District evaluated the activity of the district through May 12, 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.



CLAIBORNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION



CLAIBORNE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts			Variances	
	Original	Final	Actual (GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	\$ 5,202,889	\$ 4,572,011	\$ 4,624,697	\$ (630,878)	\$ 52,686
State sources	5,915,126	6,179,287	6,161,319	264,161	(17,968)
Federal sources	<u>113,500</u>	<u>57,087</u>	<u>57,087</u>	<u>(56,413)</u>	<u>-</u>
Total Revenues	<u>11,231,515</u>	<u>10,808,385</u>	<u>10,843,103</u>	<u>(423,130)</u>	<u>34,718</u>
Expenditures:					
Instruction	6,525,716	6,756,724	6,753,717	(231,008)	3,007
Support services	4,463,518	4,885,526	5,334,126	(422,008)	(448,600)
Noninstructional services	2,800	219,460	219,460	(216,660)	-
Debt service. Principal	99,825	135,899	125,638	(36,074)	10,261
Interest	<u>33,715</u>	<u>9,480</u>	<u>19,740</u>	<u>24,235</u>	<u>(10,260)</u>
Total Expenditures	<u>11,125,574</u>	<u>12,007,089</u>	<u>12,452,681</u>	<u>(881,515)</u>	<u>(445,592)</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>105,941</u>	<u>(1,198,704)</u>	<u>(1,609,578)</u>	<u>(1,304,645)</u>	<u>(410,874)</u>
Other Financing Sources (Uses):					
Inception of capital lease	-	-	450,000	-	450,000
Insurance recovery	1,500	19,410	19,410	17,910	-
Sale of Property	200	-	-	(200)	-
Operating transfers in	271,405	1,388,640	1,340,820	1,117,235	(47,820)
Operating transfers out	(305,153)	(340,420)	(372,478)	(35,267)	(32,058)
Payment to Qualified Zone Academy debt escrow agent	<u>(14,521)</u>	<u>(14,513)</u>	<u>(14,513)</u>	<u>8</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(46,569)</u>	<u>1,053,117</u>	<u>1,423,239</u>	<u>1,099,686</u>	<u>370,122</u>
Net Change in Fund Balances	<u>59,372</u>	<u>(145,587)</u>	<u>(186,339)</u>	<u>(204,959)</u>	<u>(40,752)</u>
Fund Balances:					
July 1, 2012 as previously reported	980,523	1,252,014	1,115,371	271,491	(136,643)
Prior period adjustments	<u>-</u>	<u>33,736</u>	<u>6,854</u>	<u>33,736</u>	<u>(26,882)</u>
July 1, 2012 as restated	<u>980,523</u>	<u>1,285,750</u>	<u>1,122,225</u>	<u>305,227</u>	<u>(163,525)</u>
June 30, 2013	<u>\$ 1,039,895</u>	<u>\$ 1,140,163</u>	<u>\$ 935,886</u>	<u>\$ 100,268</u>	<u>\$ (204,277)</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Education Fund
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variances Positive (Negative)	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Federal sources	\$ 146,429	\$ 167,241	\$ 167,241	\$ 20,812	\$ -
Total Revenues	<u>146,429</u>	<u>167,241</u>	<u>167,241</u>	<u>20,812</u>	<u>-</u>
Expenditures:					
Instruction	234,818	166,048	166,048	68,770	-
Support services	1,000	1,193	1,193	(193)	-
Total Expenditures	<u>235,818</u>	<u>167,241</u>	<u>167,241</u>	<u>68,577</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(89,389)</u>	<u>-</u>	<u>-</u>	<u>89,389</u>	<u>-</u>
Other Financing Services (Uses)					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(89,389)</u>	<u>-</u>	<u>-</u>	<u>89,389</u>	<u>-</u>
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	<u>\$ (89,389)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,389</u>	<u>\$ -</u>

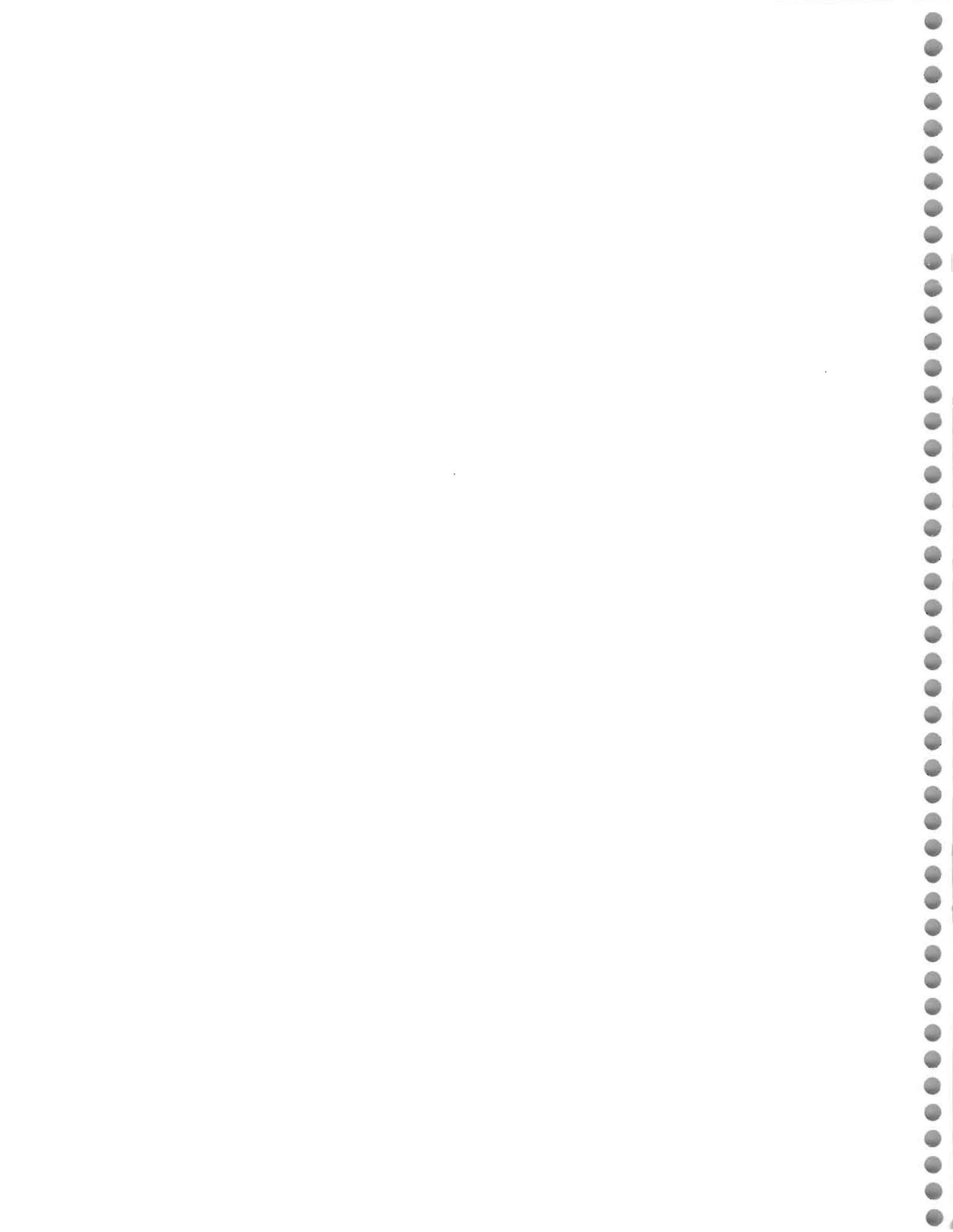
The notes to the required supplementary information are an integral part of this statement.



CLAIBORNE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Education Fund Extended School Year Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
State sources	\$ 44,986	72,720	72,720	27,734	\$ -
Total Revenue	<u>44,986</u>	<u>72,720</u>	<u>72,720</u>	<u>27,734</u>	<u>-</u>
Expenditures:					
Instruction	-	35,264	35,264	(35,264)	-
Total Expenditures	<u>-</u>	<u>35,264</u>	<u>35,264</u>	<u>(35,264)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>44,986</u>	<u>37,456</u>	<u>37,456</u>	<u>(7,530)</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers in	-	-	78,458	-	78,458
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>78,458</u>	<u>-</u>	<u>78,458</u>
Net Change in Fund Balance	<u>44,986</u>	<u>37,456</u>	<u>115,914</u>	<u>(7,530)</u>	<u>78,458</u>
Fund Balances:					
July 1, 2012, as previously reported	7,356	7,356	41,430	-	34,074
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(157,344)</u>	<u>-</u>	<u>(157,344)</u>
Fund Balances:					
July 1, 2012, as restated	<u>7,356</u>	<u>7,356</u>	<u>(115,914)</u>	<u>-</u>	<u>(123,270)</u>
June 30, 2013	<u>52,342</u>	<u>44,812</u>	<u>-</u>	<u>(7,530)</u>	<u>(44,812)</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 1,250,861	\$ 1,222,509	\$ 1,223,228	\$ (28,352)	\$ 719
Total Revenues	<u>1,250,861</u>	<u>1,222,509</u>	<u>1,223,228</u>	<u>(28,352)</u>	<u>719</u>
Expenditures:					
Instruction	959,590	803,048	803,048	156,542	-
Support services	555,418	334,417	332,780	221,001	1,637
Noninstructional services	<u>264,560</u>	<u>87,810</u>	<u>88,529</u>	<u>176,750</u>	<u>(719)</u>
Total Expenditures	<u>1,779,568</u>	<u>1,225,275</u>	<u>1,224,357</u>	<u>554,293</u>	<u>918</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(528,707)</u>	<u>(2,766)</u>	<u>(1,129)</u>	<u>525,941</u>	<u>1,637</u>
Other Financing Sources (Uses):					
Operating transfers in	-	-	1,420	-	1,420
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,420</u>	<u>-</u>	<u>1,420</u>
Net Change in Fund Balances	<u>(528,707)</u>	<u>(2,766)</u>	<u>291</u>	<u>525,941</u>	<u>3,057</u>
Fund Balances:					
July 1, 2012, as previously reported	1,485	1,485	-	-	(1,485)
Prior period adjustment	<u>(291)</u>	<u>(291)</u>	<u>(291)</u>	<u>-</u>	<u>-</u>
July 1, 2012, as restated	<u>1,194</u>	<u>1,194</u>	<u>(291)</u>	<u>-</u>	<u>(1,485)</u>
June 30, 2013	<u>\$ (527,513)</u>	<u>\$ (1,572)</u>	<u>\$ -</u>	<u>\$ 525,941</u>	<u>\$ 1,572</u>

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



CLAIBORNE COUNTY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Sixteenth Section Interest-Claiborne Fund
 For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variances Positive (Negative)	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Local sources	\$ 2,000	\$ 3,468	\$ -	\$ 1,468	\$ (3,468)
Sixteenth section sources	<u>182,544</u>	<u>253,506</u>	<u>256,974</u>	<u>70,962</u>	<u>3,468</u>
Total Revenues	<u>184,544</u>	<u>256,974</u>	<u>256,974</u>	<u>72,430</u>	<u>-</u>
Expenditures:					
Sixteenth section	<u>20,000</u>	<u>20,792</u>	<u>20,792</u>	<u>(792)</u>	<u>-</u>
Total Expenditures	<u>20,000</u>	<u>20,792</u>	<u>20,792</u>	<u>(792)</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>164,544</u>	<u>236,182</u>	<u>236,182</u>	<u>71,638</u>	<u>-</u>
Other Financing Sources (Uses):					
Operating transfers out	<u>(175,000)</u>	<u>(157,416)</u>	<u>(157,416)</u>	<u>17,584</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(157,416)</u>	<u>(157,416)</u>	<u>17,584</u>	<u>-</u>
Net Change in Fund Balances	<u>(10,456)</u>	<u>78,766</u>	<u>78,766</u>	<u>89,222</u>	<u>-</u>
Fund Balances:					
July 1, 2012	<u>2,051,304</u>	<u>2,051,304</u>	<u>2,051,304</u>	<u>-</u>	<u>-</u>
June 30, 2013	<u>\$ 2,040,848</u>	<u>\$ 2,130,070</u>	<u>\$ 2,130,070</u>	<u>\$ 89,222</u>	<u>\$ -</u>

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



CLAIBORNE COUNTY 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 and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.



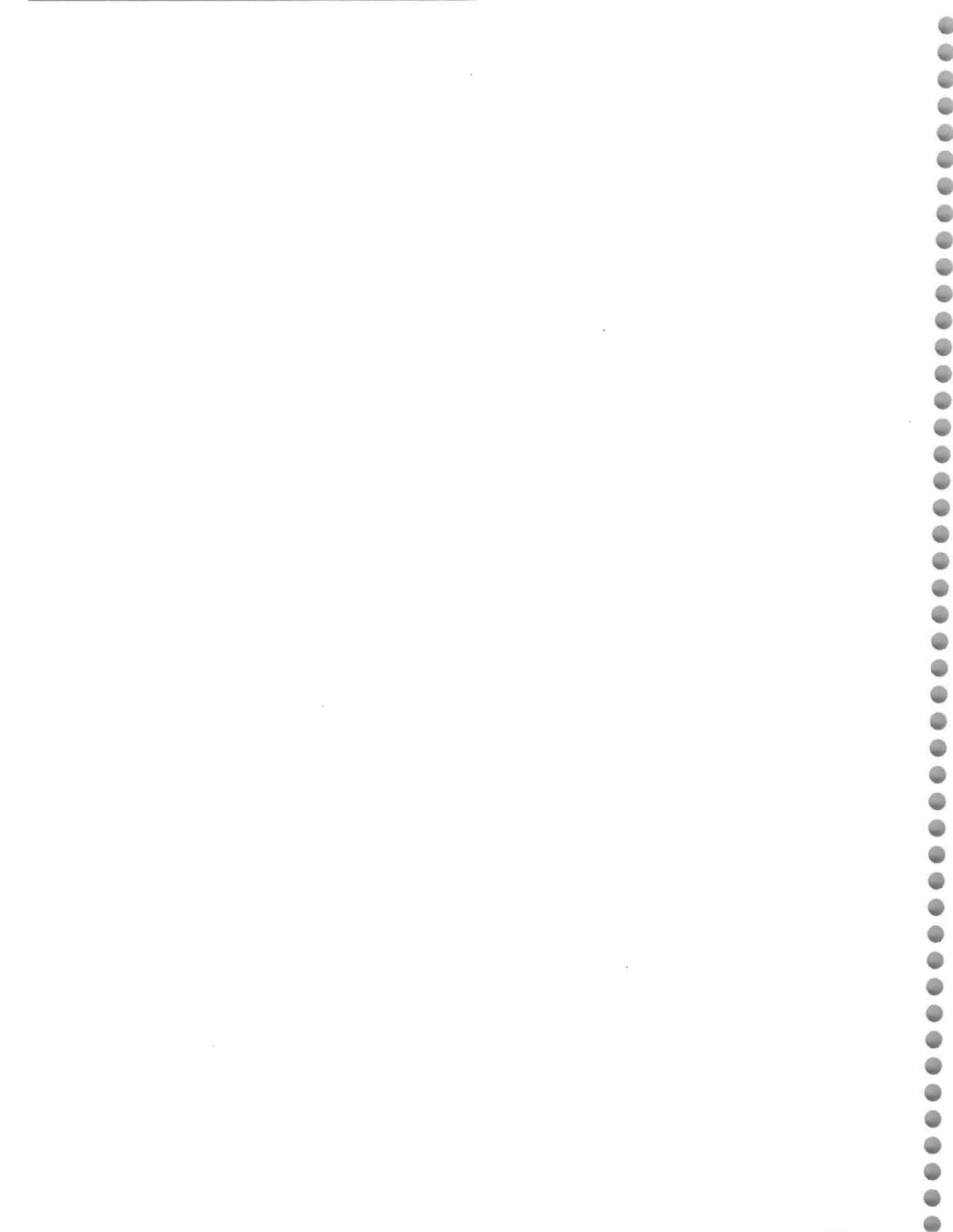
CLAIBORNE COUNTY SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION



CLAIBORNE COUNTY SCHOOL DISTRICT
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed-through MS Department of Education:		
Non-cash Assistance:		
Food donation	10.550	\$ <u>76,895</u>
Child Nutrition Cluster:		
School Breakfast Program	10.553	352,872
National School Lunch Program	10.555	726,139
Summer Food Service Program for Children	10.559	<u>7,106</u>
Total Child Nutrition Cluster		<u>1,086,117</u>
Child and Adult Care Food Program	10.558	<u>59,670</u>
Fresh Fruit and Vegetable Program	10.582	<u>55,524</u>
Total U.S. Department of Agriculture		<u>1,278,206</u>
 <u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I Cluster:		
Title I Grants to Local Educational Agencies	84.010	<u>1,233,958</u>
Total Title I Cluster		<u>1,233,958</u>
Career and Technical Education - Basic Grants to States	84.048	27,043
Twenty-First Century Community Learning Centers	84.287	11,618
Rural education	84.358	50,286
Improving Teacher Quality - State Grants	84.367	167,241
ARRA - School Improvement Grant	84.388	<u>20,554</u>
Total		<u>1,510,700</u>



CLAIBORNE COUNTY SCHOOL DISTRICT
 Supplementary Information
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
Special education cluster:		
Special Education - Grants to States	84.027	\$ 337,891
Special Education - Preschool Grants	84.173	<u>5,711</u>
Total Special Education Cluster		<u>343,602</u>
Total Passed-through Mississippi Department of Education		<u>1,854,302</u>
Total U.S. Department of Education		<u>1,854,302</u>
<u>U. S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.XXX	<u>56,569</u>
Total U. S. Department of Defense		<u>56,569</u>
 TOTAL FOR ALL FEDERAL AWARDS		 <u>\$ 3,189,077</u>



CLAIBORNE COUNTY SCHOOL DISTRICT
Supplementary Information
Schedule of Expenditures of Federal Awards
Notes to Schedule
For the Year Ended June 30, 2013

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



CLAIBORNE COUNTY SCHOOL DISTRICT
 Supplementary Information
 Schedule of Instructional, Administrative and Other Expenditures
 Governmental Funds
 For the Year Ended June 30, 2013

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 12,227,091	\$ 8,809,307	\$ 525,210	\$ 914,520	\$ 1,978,054
Other	<u>5,546,067</u>	<u>937,422</u>	<u>180,937</u>	<u>35,674</u>	<u>4,392,034</u>
Total	<u>\$ 17,773,158</u>	<u>\$ 9,746,729</u>	<u>\$ 706,147</u>	<u>\$ 950,194</u>	<u>\$ 6,370,088</u>
Total number of students*	<u>1,674</u>				
Cost per student	<u>\$ 10,617</u>	<u>\$ 5,822</u>	<u>\$ 422</u>	<u>\$ 568</u>	<u>\$ 3,805</u>

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

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

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

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

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

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



CLAIBORNE COUNTY SCHOOL DISTRICT
OTHER INFORMATION



CLAIBORNE COUNTY SCHOOL DISTRICT
 Other Information
 Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 Last Four Years
 UNAUDITED

	2013	2012*	2011*	2010*
Revenues				
Local sources	\$ 4,624,697	\$ 4,661,593	\$ 4,685,563	\$ 4,973,968
State sources	6,161,319	6,102,587	5,770,904	5,958,175
Federal sources	<u>57,087</u>	<u>89,743</u>	<u>95,737</u>	<u>175,106</u>
Total Revenues	<u>10,843,103</u>	<u>10,853,923</u>	<u>10,552,204</u>	<u>11,107,249</u>
Expenditures:				
Instruction	6,753,717	6,906,000	6,059,134	6,922,106
Support services	5,334,126	4,822,627	4,486,609	4,653,746
Noninstructional services	219,460	194,123	10,350	6,282
Debt services				
Principal	125,638	96,850	100,030	131,006
Interest	<u>19,740</u>	<u>6,689</u>	<u>11,346</u>	<u>17,170</u>
Total Expenditures	<u>12,452,681</u>	<u>12,026,289</u>	<u>10,667,469</u>	<u>11,730,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,609,578)</u>	<u>(1,172,366)</u>	<u>(115,265)</u>	<u>(623,061)</u>
Other Financing Sources (Uses):				
Proceeds from loan	-	-	432,148	313,353
Inception of capital lease	450,000	174,142	-	-
Insurance loss recoveries	19,410	16,521	65,100	-
Operating transfers in	1,340,820	1,089,861	137,884	1,028,745
Other financing sources	-	-	-	8,982
Operating transfers out	(372,478)	(350,153)	(438,077)	(503,703)
Payment to Qualified Zone Academy debt escrow agent	(14,513)	(14,513)	(14,521)	(14,521)
Other uses	<u>-</u>	<u>(214)</u>	<u>-</u>	<u>(12,356)</u>
Total Other Financing Sources (Uses)	<u>1,423,239</u>	<u>915,644</u>	<u>182,534</u>	<u>820,500</u>
Net Change in Fund Balances	<u>(186,339)</u>	<u>(256,722)</u>	<u>67,269</u>	<u>197,439</u>
Fund Balances:				
Beginning of period, as previously reported	1,115,371	1,373,785	1,368,061	1,173,944
Prior period adjustments	<u>6,854</u>	<u>(1,692)</u>	<u>(61,545)</u>	<u>(3,322)</u>
Beginning of period, as restated	<u>1,122,225</u>	<u>1,372,093</u>	<u>1,306,516</u>	<u>1,170,622</u>
End of Period	<u>\$ 935,886</u>	<u>\$ 1,115,371</u>	<u>\$ 1,373,785</u>	<u>\$ 1,368,061</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS



CLAIBORNE COUNTY SCHOOL DISTRICT
 Other Information
 Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Funds
 Last Four Years
 UNAUDITED

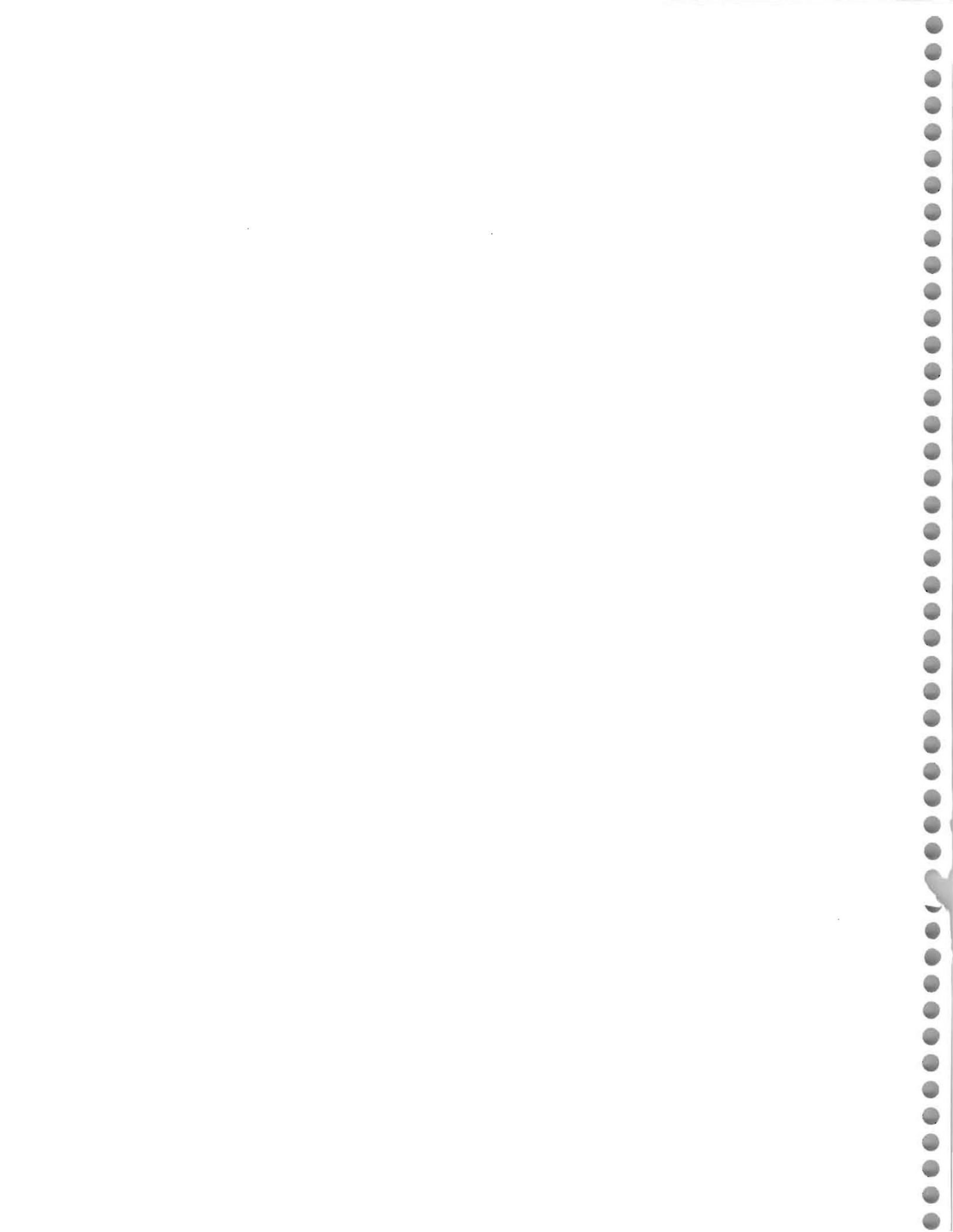
	<u>2013</u>	<u>2012*</u>	<u>2011*</u>	<u>2010*</u>
Revenues				
Local sources	\$ 4,672,642	\$ 4,701,281	\$ 4,947,430	\$ 5,618,230
State sources	7,460,717	7,677,187	7,032,441	7,006,508
Federal sources	3,189,598	4,573,367	5,645,443	4,298,772
Sixteenth section sources	<u>1,104,095</u>	<u>1,583,973</u>	<u>1,504,040</u>	<u>997,587</u>
Total Revenues	<u>16,427,052</u>	<u>18,535,808</u>	<u>19,129,354</u>	<u>17,921,097</u>
Expenditures:				
Instruction	8,657,375	9,946,689	9,695,061	9,587,470
Support services	6,219,127	6,060,775	5,946,920	5,829,370
Noninstructional services	1,708,761	1,543,681	1,425,753	1,148,345
Sixteenth section	459,982	270,438	94,492	163,082
Debt services				
Principal	658,741	763,832	716,418	1,162,404
Interest	68,622	90,619	108,723	149,075
Other	<u>550</u>	<u>1,840</u>	<u>1,235</u>	<u>-</u>
Total Expenditures	<u>17,773,158</u>	<u>18,677,874</u>	<u>17,988,602</u>	<u>18,039,746</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,346,106)</u>	<u>(142,066)</u>	<u>1,140,752</u>	<u>(118,649)</u>
Other Financing Sources (Uses):				
Proceeds from loan	-	-	432,148	352,062
Inception of capital lease	450,000	174,142	-	-
Payment held by escrow agent	73,151	73,151	73,151	73,151
Insurance loss recoveries	19,410	16,521	65,100	-
Other financing sources	-	-	-	8,982
Operating transfers in	1,731,118	1,440,014	613,209	1,632,448
Operating transfers out	(1,731,118)	(1,440,014)	(613,209)	(1,632,448)
Payment to Qualified Zone Academy debt escrow agent	(73,151)	(73,151)	(73,151)	(73,151)
Other uses	<u>-</u>	<u>(214)</u>	<u>(245)</u>	<u>(12,708)</u>
Total Other Financing Sources (Uses)	<u>469,410</u>	<u>190,449</u>	<u>497,003</u>	<u>348,336</u>
Net Change in Fund Balances	<u>(876,696)</u>	<u>48,383</u>	<u>1,637,755</u>	<u>229,687</u>
Fund Balances:				
Beginning of period, as previously reported	6,644,747	6,615,244	5,019,621	4,797,563
Prior period adjustments,	<u>(152,620)</u>	<u>(3,306)</u>	<u>(54,200)</u>	<u>(6,933)</u>
Beginning of period, as restated	<u>6,492,127</u>	<u>6,611,938</u>	<u>4,965,421</u>	<u>4,790,630</u>
Increase (Decrease) in reserve for inventory	3,970	(15,574)	12,068	(696)
End of Period	<u>\$ 5,619,401</u>	<u>\$ 6,644,747</u>	<u>\$ 6,615,244</u>	<u>\$ 5,019,621</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS



CLAIBORNE COUNTY SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE





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

Dr. Jayne Sargent, Conservator
Claiborne County School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne County School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Claiborne County School District's basic financial statements, and have issued our report thereon dated May 12, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

Barr, Fry, White & Co.

May 12, 2014
Ridgeland, Mississippi





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

Dr. Jayne Sargent, Conservator
Claiborne County School District

Report on Compliance for Each Major Federal Program

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

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

Basis for Qualified Opinion on Special Education Cluster

As described in the accompanying schedule of findings and questioned costs, Claiborne County School District did not comply with requirements regarding its Special Education Cluster CFDA 84.027 Special Education-Grants to States and CFDA 84.173 Special Education-Preschool Grants as described in finding number 2013-1 for suspension and debarment. Compliance with such requirements is necessary, in our opinion, for Claiborne County School District to comply with the requirements applicable to that program.



Qualified Opinion on Special Education Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Claiborne County School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Special Education Cluster for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Claiborne County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Claiborne County School District's response to the noncompliance finding identified in our audit is described in the accompanying auditee's corrective action plan. Claiborne County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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



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

Barr, Fry, White & Co.

May 12, 2014
Ridgeland, Mississippi



CLAIBORNE COUNTY SCHOOL DISTRICT

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





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

Dr. Jayne Sargent, Conservator
Claiborne County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Claiborne County School District as of and for the year ended June 30, 2013, which collectively comprise the Claiborne County School District's basic financial statements and have issued our report thereon dated May 12, 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 \$8,062 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 instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:



1. Finding

During our testwork of the unemployment compensation fund, we noted that the district did not maintain the required cash balance as required by Section 71-5-359 Miss. Code Ann. (1972).

Recommendation

The District should adopt procedures to comply with Section 71-5-359, Miss. Code Ann. (1972).

School District's Response

The District will develop and implement internal control procedures to ensure that the unemployment compensation fund maintains the required cash balance to comply with section 71-5-359 Miss. Code Ann. (1972).

2. Finding

The District did not obtain at least two competitive written bids for one purchase as required by Section 31-7-13, Miss. Code Ann. (1972).

Recommendation

The district should comply with Section 31-7-13, Miss. Code Ann. (1972).

School District's Response

The district will implemented procedures to ensure compliance with Section 31-7-13, Miss Code Ann. (1972).

3. Finding

The district did not allocate (share) expendable revenues with other school districts as required by Section 29-3-119, Miss. Code Ann. (1972).

Recommendation

The district should comply with Section 29-3-119, Miss. Code Ann. (1972), which requires that in cases where a township is occupied by two or more school districts, the expendable/nonexpendable revenues shall be shared with/from the other districts.

School District's Response

The district will comply with Section 29-3-119, Miss . Code Ann. (1972), and the expendable/nonexpendable revenues will be shared with/from the other districts.

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

The Claiborne County 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.

Barr, Fry, White & Co.

May 12, 2014



CLAIBORNE COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



CLAIBORNE COUNTY 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: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified | None Reported |
| 3. | Noncompliance material to the 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 federal programs | |
| | Unmodified for all major programs except for its Special Education Cluster : CFDA #84.027, and CFDA #84.173, which is qualified. | |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | Yes |
| 7. | Identification of major programs: | |

CFDA NUMBERS	Name of Federal Program or Cluster
CFDA #10.553, CFDA #10.555 and CFDA #10.559	Child Nutrition Cluster
CFDA #84.010	Title I, Part A Cluster
CFDA #84.027, CFDA #84.173	Special Education Cluster
CFDA #84.367	Improving Teacher Quality State Grant



CLAIBORNE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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

Section II: Findings Relating to the Financial Statements

The results of our test did not disclosed any findings related to the financial statements.

Section III: Federal Award Findings and Questioned Costs

2013-1 Finding (Repeat Finding)

U. S. Department of Education
Special Education Cluster: CFDA # 84. 027 and # 84.173

Material noncompliance

Condition

During the suspension and debarment testing, we noted that the district entered into two (2) contracts with a contractor for amounts in excess of \$25,000, in which no documentation was maintained to determine that the contractor was not listed on the General Services Administration's Excluded Parties List.

Cause

Failure to document that a search was performed to ascertain that the contractor was not suspended or debarred.

Effect

Non-compliance with grant requirements.

Criteria

The OMB Circular A-133 Compliance Supplement states that entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred.

Recommendation

We recommend that the organization strengthen internal administrative controls as it relates to the certification for suspension and debarment on contracts involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.



AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section _____.315(c) of OMB Circular A-133, the Claiborne County School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2013:





CLAIBORNE COUNTY PUBLIC SCHOOL DISTRICT

Dr. Jayne Sargent, Conservator

May 23, 2014

Banks, Finley, White & Co.
308 Highland Park Cove
Ridgeland, MS 39157

Dear Mr. Brown:

Section III: Federal Award Findings and Questioned Costs

2013-1 Finding (Repeat Finding)

U.S. Department Of Education
Special Education Cluster: CFDA #84.027 AND #84.173

Material noncompliance

Condition

During the suspension and debarment testing, we noted that the district entered into two (2) contracts with a contractor for amounts in excess of \$25,000, in which no documentation was maintained to determine that the contractor was not listed on the General Services Administration's Excluded Parties List.

Cause

Failure to document that a search was performed to ascertain that the contractor was not suspended or debarred.

Effect

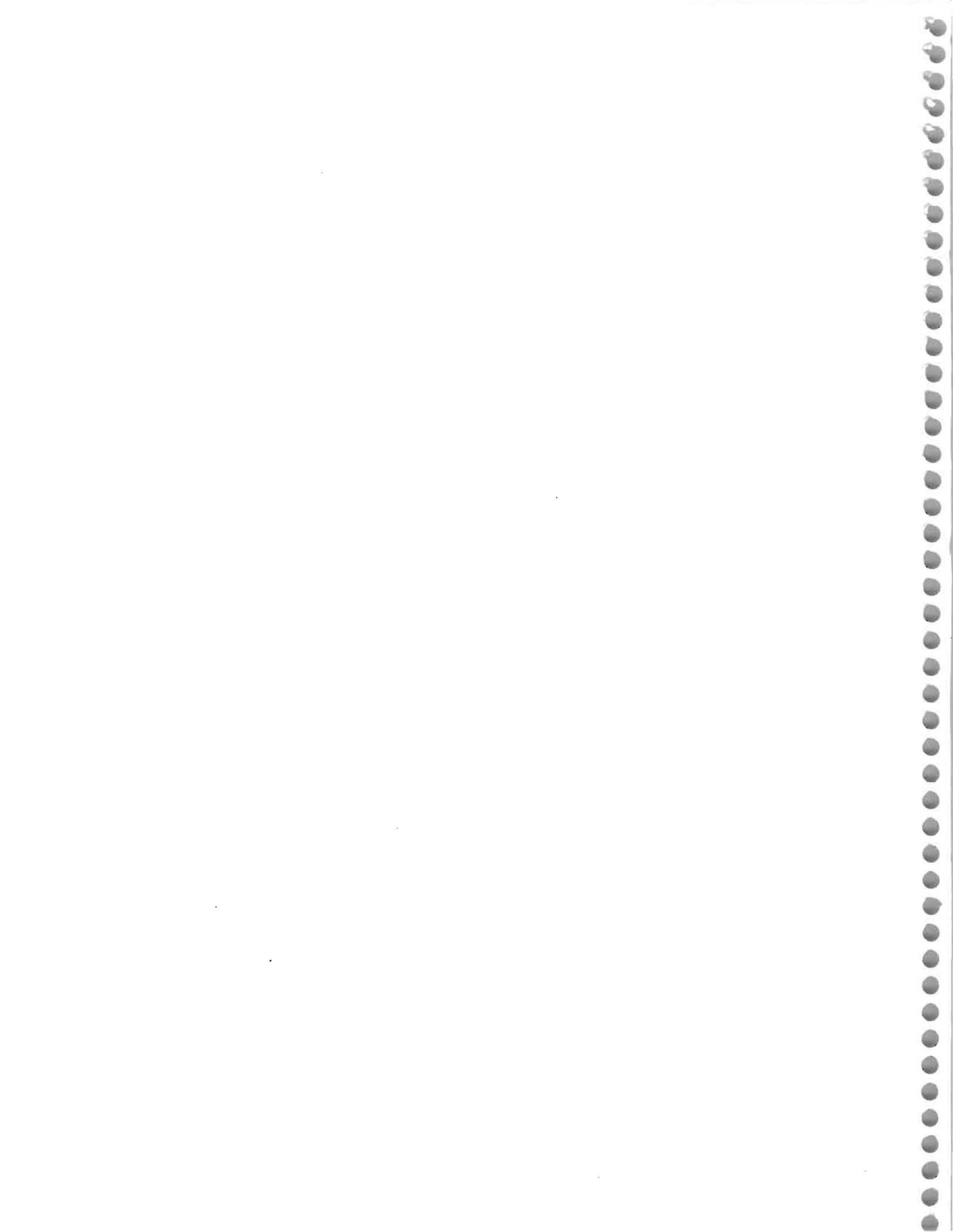
Non-compliance with grant requirements.

Criteria

The OMB Circular A-133 Compliance Supplement states that entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred.

Recommendation

We recommend that the organization strengthen internal administrative controls as it relates to the certification for suspension and debarment on contract involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.



School District's Response

As required by Section __.315(c) of OMB Circular A-133, the Claiborne County School District will strengthen its internal controls as it relates to certification for suspension and debarment on contracts involving federal funds.

Sincerely,

A handwritten signature in cursive script that reads "Jayne Sargent". The signature is written in black ink and is positioned above the printed name.

Dr. Jayne Sargent, Conservator





CLAIBORNE COUNTY PUBLIC SCHOOL DISTRICT

Dr. Jayne Sargent, Conservator

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As required by Section .315(b) of OMB Circular A-133, the Claiborne County School District has prepared and hereby submits the following summary schedule of prior audit findings as of June 30, 2013 :

<u>Finding</u>	<u>Status</u>
2012-1	Corrective action was not taken (repeated as finding 2013-1)
2012-2	Corrective action was taken

