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COLUMBIA SCHOOL DISTRICT

Audited Financial Statements  
For the Year Ended June 30, 2013

COLUMBIA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Columbia 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 Columbia School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Columbia 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinion.

***Opinion***

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 Columbia 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 4-12 and 38-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Columbia 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 March 21, 2014, on our consideration of the Columbia 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 Columbia School District's internal control over financial reporting and compliance.

Watkins, Ward and Stafford, PLLC  
Jackson, Mississippi  
March 21, 2014

*Watkins Ward and Stafford, PLLC*

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of Columbia 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 increased \$1,668,478, which represents an 11% increase from fiscal year 2012. Total net position for 2012 increased \$1,312,555, including a prior period adjustment of (\$21,435), which represents a 10% increase from fiscal year 2011.
- General revenues amounted to \$13,261,516 and \$13,212,580, or 76% and 78% 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 \$4,158,616, or 24% of total revenues for 2013, and \$3,809,238, or 22% of total revenues for 2012.
- The District had \$15,751,654 and \$15,687,828 in expenses for fiscal years 2013 and 2012; only \$4,158,616 for 2013 and \$3,809,238 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$13,261,516 for 2013 and \$13,212,580 for 2012 were adequate to provide for these programs.
- Among major funds, the General Fund had \$12,084,737 in revenues and \$11,815,555 in expenditures for 2013, and \$12,118,605 in revenues and \$11,305,319 in expenditures in 2012. The General Fund's fund balance increased by \$442,423 from 2012 to 2013, and increased by \$771,411 from 2011 to 2012.
- Capital assets, net of accumulated depreciation, increased by \$41,375 for 2013 and decreased by \$313,836 for 2012. The increase for 2013 was due primarily to the addition of mobile equipment and furniture and equipment.
- Long-term debt decreased by \$845,801 for 2013 and decreased by \$493,893 for 2012. The decrease for 2013 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by \$5,005 for 2013 and increased by \$9,262 for 2012.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

### **Reconciliation of Government-wide and Fund Financial Statements**

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

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Management's Discussion and Analysis  
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Capital assets used in governmental activities are not reported on governmental funds financial statements.

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

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

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

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$16,783,129 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.

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

**Table 1**  
**Condensed Statement of Net Position**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<b>Percentage Change</b>
Current assets	\$ 3,669,977	\$ 2,255,939	62.68 %
Restricted assets	8,935,529	9,626,260	(7.18) %
Capital assets, net	11,418,564	11,377,189	0.36 %
<b>Total assets</b>	<b><u>24,024,070</u></b>	<b><u>23,259,388</u></b>	<b>3.29 %</b>
Current liabilities	81,513	139,508	(41.57) %
Long-term debt outstanding	7,159,428	8,005,229	(10.57) %
<b>Total liabilities</b>	<b><u>7,240,941</u></b>	<b><u>8,144,737</u></b>	<b>(11.10) %</b>
<b>Net position:</b>			
Net investment in capital assets	7,688,564	6,905,189	11.34 %
Restricted	12,261,985	11,923,106	2.84 %
Unrestricted	(3,167,420)	(3,713,644)	(14.71) %
<b>Total net position</b>	<b><u>\$ 16,783,129</u></b>	<b><u>\$ 15,114,651</u></b>	<b>11.04 %</b>

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

- Increase in net capital assets in the amount of \$41,375.
- The principal retirement of \$850,806 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$17,420,132 and \$17,021,818, respectively. The total cost of all programs and services was \$15,751,654 for 2013 and \$15,687,828 for 2012.

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

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**

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 475,297	\$ 449,790	5.67 %
Operating grants and contributions	3,683,319	3,359,448	9.64 %
General revenues:			
Property taxes	4,439,177	4,527,672	(1.95) %
Grants and contributions not restricted	8,483,344	8,288,239	2.35 %
Investment earnings	40,014	39,319	1.77 %
Sixteenth section sources	271,156	349,420	(22.40) %
Other	27,825	7,930	250.88 %
<b>Total revenues</b>	<b><u>17,420,132</u></b>	<b><u>17,021,818</u></b>	<b>2.34 %</b>
<b>Expenses:</b>			
Instruction	9,054,904	8,684,856	4.26 %
Support services	5,454,585	5,693,203	(4.19) %
Non-instructional	994,366	983,521	1.10 %
Sixteenth section	-	3	(100.00) %
Interest on long-term liabilities	247,799	326,245	(24.05) %
<b>Total expenses</b>	<b><u>15,751,654</u></b>	<b><u>15,687,828</u></b>	<b>0.41 %</b>
<b>Increase (Decrease) in net position</b>	<b><u>1,668,478</u></b>	<b><u>1,333,990</u></b>	<b>25.07 %</b>
<b>Net Position, July 1, as previously reported</b>	<b><u>15,114,651</u></b>	<b><u>13,802,096</u></b>	<b>9.51 %</b>
<b>Prior Period Adjustment</b>	<b><u>-</u></b>	<b><u>(21,435)</u></b>	<b>(100.00) %</b>
<b>Net Position, July 1, as restated</b>	<b><u>15,114,651</u></b>	<b><u>13,780,661</u></b>	<b>9.68 %</b>
<b>Net Position, June 30</b>	<b><u>\$ 16,783,129</u></b>	<b><u>\$ 15,114,651</u></b>	<b>11.04 %</b>

**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.

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

**Table 3**  
**Net Cost of Governmental Activities**

	<u>Total Expenses</u>		<b>Percentage Change</b>
	<u>2013</u>	<u>2012</u>	
Instruction	\$ 9,054,904	\$ 8,684,856	4.26 %
Support services	5,454,585	5,693,203	(4.19) %
Non-instructional	994,366	983,521	1.10 %
Sixteenth section	-	3	(100.00) %
Interest on long-term liabilities	247,799	326,245	(24.05) %
<b>Total expenses</b>	<b><u>\$ 15,751,654</u></b>	<b><u>\$ 15,687,828</u></b>	<b>0.41 %</b>

  

	<u>Net (Expense) Revenue</u>		<b>Percentage Change</b>
	<u>2013</u>	<u>2012</u>	
Instruction	\$ (6,748,971)	\$ (6,781,092)	(0.47) %
Support services	(4,717,481)	(4,886,500)	(3.46) %
Non-instructional	121,213	115,250	5.17 %
Sixteenth section	-	(3)	(100.00) %
Interest on long-term liabilities	(247,799)	(326,245)	(24.05) %
<b>Total net (expense) revenue</b>	<b><u>\$ (11,593,038)</u></b>	<b><u>\$ (11,878,590)</u></b>	<b>(2.40) %</b>

- Net cost of governmental activities (\$11,593,038 for 2013 and \$11,878,590 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$4,439,177 for 2013 and \$4,527,672 for 2012) and state and federal revenues (\$8,483,344 for 2013 and \$8,288,239 for 2012). In addition, there was \$271,156 and \$349,420 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$40,014 for 2013 and \$39,319 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.

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 \$12,551,556, an increase of \$773,942, which includes an increase in inventory of \$2,482. \$262,008, or 2%, 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 \$12,289,548, or 98%, is either non-spendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$442,423. The fund balance of Other Governmental Funds showed an increase in the amount of \$264,389, which includes an increase in inventory of \$2,482. The increase (decrease) in the fund balances for the other major funds were as follows:

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

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	no increase or decrease
EHA Part B Fund	no increase or decrease
Sixteenth Section Principal Fund	\$ 67,130

**BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2013, the District's total capital assets were \$17,893,466, including land, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of \$456,687 from 2012, due primarily to the purchase of four new school buses and various other items of mobile equipment and furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2013, was \$6,474,902, and total depreciation expense for the year was \$450,916, resulting in total net capital assets of \$11,418,564.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 826,960	\$ 826,960	0.00 %
Buildings	9,532,846	9,775,157	(2.48) %
Improvements other than buildings	41,252	45,216	(8.77) %
Mobile equipment	765,828	517,096	48.10 %
Furniture and equipment	251,678	212,760	18.29 %
<b>Total</b>	<b><u>\$ 11,418,564</u></b>	<b><u>\$ 11,377,189</u></b>	<b>0.36 %</b>

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

**Debt Administration.** At June 30, 2013, the District had \$7,159,428 in outstanding long-term debt, of which \$934,900 is due within one year. The District made principal payments totaling \$850,806 on outstanding long-term debt. The liability for compensated absences increased \$5,005 from the prior year.

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Management's Discussion and Analysis  
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**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
General obligation refunding bonds payable	\$ 1,620,000	\$ 2,125,000	(23.76) %
Limited obligation refunding bonds payable	747,000	868,000	(13.94) %
Three mill notes payable	1,363,000	1,479,000	(7.84) %
Shortfall notes payable	221,484	330,290	(32.94) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	207,944	202,939	2.47 %
<b>Total</b>	<b><u>\$ 7,159,428</u></b>	<b><u>\$ 8,005,229</u></b>	<b>(10.57) %</b>

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

**CURRENT ISSUES**

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

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Columbia School District, 613 Bryan Avenue, Columbia, MS 39429.

FINANCIAL STATEMENTS

**COLUMBIA SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2013**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,511,542
Due from other governments	2,127,979
Inventories	30,456
Restricted assets	8,935,529
Capital assets, non-depreciable:	
Land	826,960
Capital assets, net of accumulated depreciation:	
Buildings	9,532,846
Improvements other than buildings	41,252
Mobile equipment	765,828
Furniture and equipment	251,678
Total Assets	24,024,070
<b>Liabilities</b>	
Accounts payable and accrued liabilities	53,950
Interest payable on long-term liabilities	27,563
Long-term liabilities, due within one year:	
Capital related liabilities	761,000
Non-capital related liabilities	173,900
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,969,000
Non-capital related liabilities	3,255,528
Total Liabilities	7,240,941
<b>Net Position</b>	
Net investment in capital assets	7,688,564
Restricted for:	
Expendable:	
School-based activities	218,241
Debt service	1,295,558
Unemployment benefits	109,645
Non-expendable:	
Sixteenth section	10,638,541
Unrestricted	(3,167,420)
Total Net Position	\$ 16,783,129

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

**COLUMBIA SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2013**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>						
Instruction	\$ 9,054,904	\$ 221,529	\$ 2,084,404	\$ -	\$	(6,748,971)
Support services	5,454,585	-	737,104	-		(4,717,481)
Non-instructional	994,366	253,768	861,811	-		121,213
Interest on long-term liabilities	247,799	-	-	-		(247,799)
<b>Total Governmental Activities</b>	<b>\$ 15,751,654</b>	<b>\$ 475,297</b>	<b>\$ 3,683,319</b>	<b>\$ -</b>	<b>\$</b>	<b>(11,593,038)</b>

**General Revenues:**

Taxes:

General purpose levies 3,577,205

Debt purpose levies 861,972

Unrestricted grants and contributions:

State 8,379,790

Federal 103,554

Unrestricted investment earnings 40,014

Sixteenth section sources 271,156

Other 27,825

Total General Revenues 13,261,516

Change in Net Position 1,668,478

Net Position - Beginning 15,114,651

Net Position - Ending \$ 16,783,129

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

**COLUMBIA SCHOOL DISTRICT  
Governmental Funds**

**Balance Sheet  
June 30, 2013**

**Exhibit C**

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	EHA Part B Fund	Sixteenth Section Principal Fund	Other Governmental Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ 637,950	\$ -	\$ 835	\$ 8,391,370	\$ 872,757	\$ 9,902,912	
Cash with fiscal agents	-	-	-	-	544,159	544,159	
Due from other governments	151,308	849,272	426,990	-	700,409	2,127,979	
Due from other funds	1,776,508	-	-	-	100,000	1,876,508	
Advance to other funds	-	-	-	2,252,760	-	2,252,760	
Inventories	-	-	-	-	30,456	30,456	
Total assets	<u>\$ 2,565,766</u>	<u>\$ 849,272</u>	<u>\$ 427,825</u>	<u>\$ 10,644,130</u>	<u>\$ 2,247,781</u>	<u>\$ 16,734,774</u>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 50,998	\$ -	\$ 835	\$ -	\$ 2,117	\$ 53,950	
Due to other funds	-	849,272	426,990	5,589	594,657	1,876,508	
Advances from other funds	2,252,760	-	-	-	-	2,252,760	
Total Liabilities	<u>2,303,758</u>	<u>849,272</u>	<u>427,825</u>	<u>5,589</u>	<u>596,774</u>	<u>4,183,218</u>	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	30,456	30,456	
Permanent fund principal	-	-	-	8,385,781	-	8,385,781	
Advances	-	-	-	2,252,760	-	2,252,760	
<b>Restricted:</b>							
Debt service	-	-	-	-	1,323,121	1,323,121	
Grant activities	-	-	-	-	187,785	187,785	
Unemployment benefits	-	-	-	-	109,645	109,645	
<b>Unassigned</b>	<u>262,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,008</u>	
Total Fund Balances	<u>262,008</u>	<u>-</u>	<u>-</u>	<u>10,638,541</u>	<u>1,651,007</u>	<u>12,551,556</u>	
Total Liabilities and Fund Balances	<u>\$ 2,565,766</u>	<u>\$ 849,272</u>	<u>\$ 427,825</u>	<u>\$ 10,644,130</u>	<u>\$ 2,247,781</u>	<u>\$ 16,734,774</u>	

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

**COLUMBIA SCHOOL DISTRICT  
Governmental Funds**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2013** **Exhibit C-1**

**Total fund balances for governmental funds** **\$ 12,551,556**

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	\$	826,960	
Buildings		13,975,340	
Improvements other than buildings		99,118	
Mobile equipment		2,142,921	
Furniture and equipment		849,127	
Accumulated depreciation		<u>(6,474,902)</u>	11,418,564

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

General obligation refunding bonds		(1,620,000)	
Limited obligation refunding bonds		(747,000)	
Other bonds payable		(3,000,000)	
Notes payable		(1,584,484)	
Compensated absences		(207,944)	
Accrued interest payable		<u>(27,563)</u>	(7,186,991)

**Net Position of governmental activities** **\$ 16,783,129**

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

**COLUMBIA SCHOOL DISTRICT  
Governmental Funds**

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

**Exhibit D**

	Major Funds					
	General Fund	Title I Fund	EHA Part B Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 3,697,512	\$ -	\$ -	\$ -	\$ 1,254,039	\$ 4,951,551
State sources	8,284,171	-	-	-	493,223	8,777,394
Federal sources	103,054	961,837	583,384	-	1,740,995	3,389,270
Sixteenth section sources	-	-	-	97,891	204,026	301,917
<b>Total Revenues</b>	<b>12,084,737</b>	<b>961,837</b>	<b>583,384</b>	<b>97,891</b>	<b>3,692,283</b>	<b>17,420,132</b>
<b>Expenditures:</b>						
Instruction	6,742,369	620,527	369,079	-	1,146,431	8,878,406
Support services	4,981,432	308,416	197,774	-	159,386	5,647,008
Noninstructional services	-	6,332	578	-	1,010,383	1,017,293
Debt service:						
Principal	-	-	-	-	850,806	850,806
Interest	91,754	-	-	-	158,515	250,269
Other	-	-	-	-	4,890	4,890
<b>Total Expenditures</b>	<b>11,815,555</b>	<b>935,275</b>	<b>567,431</b>	<b>-</b>	<b>3,330,411</b>	<b>16,648,672</b>
Excess (Deficiency) of Revenues over (under) Expenditures	269,182	26,562	15,953	97,891	361,872	771,460
<b>Other Financing Sources (Uses):</b>						
Operating transfers in	323,170	-	-	-	208,000	531,170
Operating transfers out	(149,929)	(26,562)	(15,953)	(30,761)	(307,965)	(531,170)
<b>Total Other Financing Sources (Uses)</b>	<b>173,241</b>	<b>(26,562)</b>	<b>(15,953)</b>	<b>(30,761)</b>	<b>(99,965)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>442,423</b>	<b>-</b>	<b>-</b>	<b>67,130</b>	<b>261,907</b>	<b>771,460</b>
<b>Fund Balances:</b>						
July 1, 2012	(180,415)	-	-	10,571,411	1,386,618	11,777,614
Increase (Decrease) in inventory	-	-	-	-	2,482	2,482
<b>June 30, 2013</b>	<b>\$ 262,008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,638,541</b>	<b>\$ 1,651,007</b>	<b>\$ 12,551,556</b>

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

**COLUMBIA 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**

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ 771,460

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

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

Capital outlay	\$ 492,651	
Depreciation expense	<u>(450,916)</u>	41,735

- 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 the change in fund balance by the cost of the assets sold.

(360)

- 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:

Payments of debt principal	850,806	
Accrued interest payable	<u>7,360</u>	858,166

- Some items reported in the statement of activities do not provide or require the

Change in compensated absences	(5,005)	
Change in inventory	<u>2,482</u>	(2,523)

**Change in Net Position of governmental activities** \$ 1,668,478

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

**COLUMBIA SCHOOL DISTRICT  
Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities  
June 30, 2013**

**Exhibit E**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 690,598
Total Assets	<u>\$ 690,598</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 647,044
Due to student clubs	<u>43,554</u>
Total Liabilities	<u>\$ 690,598</u>

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

## **Note 1 – Summary of Significant Accounting Policies**

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

### **A. Financial Reporting Entity**

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

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

### **B. Government-wide and Fund Financial Statements**

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

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

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

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

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

program revenues are reported instead as general revenues.

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

The school district reports the following major governmental funds:

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

Title I Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred related to the District's Title I Program.

EHA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to assist the District in providing a free appropriate public education to all children with disabilities.

Sixteenth Section Principal Fund - This is a permanent fund used to account for the non-expendable resources generated from the sale of non-renewable resources on sixteenth section lands.

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

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

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

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

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

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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.

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

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.

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

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

**D. Encumbrances**

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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.

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

COLUMBIA 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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

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

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

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

fund balance policy. 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.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 10% of general revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

## **Note 2 – Cash and Cash Equivalents and Cash with Fiscal Agents**

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

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

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

COLUMBIA 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 \$9,902,912 and \$690,598, 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 \$11,013,438 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$544,159.

**Note 3 – Inter-fund Receivables, Payables and Transfers**

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

**A. Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	\$ 849,272
	EHA Part B Fund	326,990
	Sixteenth Section Principal Fund	5,589
	Other governmental funds	594,657
Other governmental funds	EHA Part B Fund	<u>100,000</u>
Total		<u>\$ 1,876,508</u>

The primary purpose of the inter-fund balances is to eliminate deficit cash balances in certain special revenue funds caused by negative federal award program cash flows.

**B. Advances To/From Other Funds**

Receivable Fund	Payable Fund	Amount
Sixteenth Section Principal Fund	General Fund	<u>\$ 2,252,760</u>
Total		<u>\$ 2,252,760</u>

Sixteenth section principal loans payable

The sixteenth section principal loans payable are not reflected on the Statement of Net Position because these funds were borrowed by the General Fund from the Sixteenth Section Trust Fund (Permanent Trust) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions are reflected on the Statement of Revenues, Expenditures and Changes in Fund Balances.

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

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 348,041	\$ 90,110	\$ 438,151
2015	317,119	76,189	393,308
2016	329,804	63,504	393,308
2017	221,941	50,312	272,253
2018	68,938	41,434	110,372
2019 - 2023	388,328	163,535	551,863
2024 - 2028	472,461	79,402	551,863
2029	106,128	4,245	110,373
<b>Total</b>	<b>\$ 2,252,760</b>	<b>\$ 568,731</b>	<b>\$ 2,821,491</b>

**C. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General Fund	Other governmental funds	\$ 149,929
Title I Fund	General Fund	26,562
EHA Part B Fund	General Fund	15,953
Sixteenth Section Principal Fund	General Fund	30,761
Other governmental funds	General Fund	249,894
	Other governmental funds	58,071
<b>Total</b>		<b>\$ 531,170</b>

Operating transfers were primarily for the following: indirect cost transfers, the transfer of expendable sixteenth section sources, debt service transfers, unemployment compensation transfers, and other routine operating transfers.

**Note 4 – Restricted Assets**

The restricted assets represent the cash balance totaling \$8,391,370 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 cash with fiscal agent balance totaling \$66,891 of the MAEP Note Retirement Fund. In addition, the restricted assets represent the cash with fiscal agent balance totaling \$477,268 of the QSCB Bond Retirement Fund.

COLUMBIA 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:

	Balance 7/1/2012	Increases	Decreases	Adjustments	Balance 6/30/2013
<b>Governmental Activities:</b>					
<u>Non-depreciable capital assets:</u>					
Land	\$ 826,960	\$	\$	\$	\$ 826,960
Total non-depreciable capital assets	826,960	-	-	-	826,960
<u>Depreciable capital assets:</u>					
Buildings	13,975,340				13,975,340
Improvements other than buildings	99,118				99,118
Mobile equipment	1,755,468	340,940		46,513	2,142,921
Furniture and equipment	779,893	151,711	35,964	(46,513)	849,127
Total depreciable capital assets	16,609,819	492,651	35,964	-	17,066,506
<u>Less accumulated depreciation for:</u>					
Buildings	4,200,183	242,311			4,442,494
Improvements other than buildings	53,902	3,964			57,866
Mobile equipment	1,238,372	104,247		34,474	1,377,093
Furniture and equipment	567,133	100,394	35,604	(34,474)	597,449
Total accumulated depreciation	6,059,590	450,916	35,604	-	6,474,902
Total depreciable capital assets, net	10,550,229	41,735	360	-	10,591,604
Governmental activities capital assets, net	\$ 11,377,189	\$ 41,735	\$ 360	\$ -	\$ 11,418,564

Adjustments were needed to properly reclassify items as mobile equipment.

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 262,025
Support services	157,257
Non-instructional	31,634
Total depreciation expense - Governmental activities	\$ 450,916

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

**Note 6 – Long-term Liabilities**

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Amounts due within one year
A. General obligation refunding bonds payable	\$ 2,125,000		\$ 505,000	\$ 1,620,000	\$ 515,000
B. Limited obligation refunding bonds payable	868,000		121,000	747,000	125,000
C. Three mill notes payable	1,479,000		116,000	1,363,000	121,000
D. Shortfall notes payable	330,290		108,806	221,484	163,503
E. Qualified school construction bonds payable	3,000,000			3,000,000	-
F. Compensated absences payable	202,939	5,005		207,944	10,397
Total	<u>\$ 8,005,229</u>	<u>\$ 5,005</u>	<u>\$ 850,806</u>	<u>\$ 7,159,428</u>	<u>\$ 934,900</u>

**A. General obligation refunding bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2011	2.00%	9/15/2011	3/15/2017	\$ 2,595,000	\$ 1,620,000
Total				<u>\$ 2,595,000</u>	<u>\$ 1,620,000</u>

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 515,000	\$ 32,400	\$ 547,400
2015	530,000	22,100	552,100
2016	545,000	11,500	556,500
2017	30,000	600	30,600
Total	<u>\$ 1,620,000</u>	<u>\$ 66,600</u>	<u>\$ 1,686,600</u>

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

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2013, the amount of outstanding bonded indebtedness was equal to 2% of property assessments as of October 1, 2012.

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

**B. Limited obligation refunding 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:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bonds, Series 2008	3.40%	7/17/2008	2/1/2018	\$ 1,132,000	\$ 747,000
Total				<u>\$ 1,132,000</u>	<u>\$ 747,000</u>

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 125,000	\$ 23,273	\$ 148,273
2015	130,000	18,938	148,938
2016	134,000	14,450	148,450
2017	138,000	9,826	147,826
2018	220,000	5,049	225,049
Total	<u>\$ 747,000</u>	<u>\$ 71,536</u>	<u>\$ 818,536</u>

This debt will be retired from the MAEP Note Retirement Fund (Debt Service Fund).

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

**C. Three mill notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill note, Series 2009	3.85%	6/17/2008	6/1/2023	\$ 1,900,000	\$ 1,363,000
Total				<u>\$ 1,900,000</u>	<u>\$ 1,363,000</u>

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

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 121,000	\$ 52,475	\$ 173,475
2015	126,000	47,817	173,817
2016	132,000	42,966	174,966
2017	137,000	37,884	174,884
2018	143,000	32,609	175,609
2019 – 2023	704,000	79,656	783,656
<b>Total</b>	<b>\$ 1,363,000</b>	<b>\$ 293,407</b>	<b>\$ 1,656,407</b>

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

**D. Shortfall notes payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall note, Series 2010	2.39%	8/25/2010	8/25/2013	\$ 160,376	\$ 106,876
Shortfall note, Series 2011	2.39%	9/15/2011	9/15/2014	169,914	114,608
<b>Total</b>				<b>\$ 330,290</b>	<b>\$ 221,484</b>

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

1. Shortfall notes payable issued on August 25, 2010:

Year Ending June 30	Principal	Interest	Total
2014	\$ 106,876	\$ 4,596	\$ 111,472
<b>Total</b>	<b>\$ 106,876</b>	<b>\$ 4,596</b>	<b>\$ 111,472</b>

The school district did not make a required note payment for the 2012 fiscal year due to the financial institution's failure to remit a payment notice to the school district. This failure to make a note payment was not considered default on the debt in prior year. The 2012 payment due was not paid in fiscal year 2013 and is therefore included in the amount to be paid in fiscal year 2014. This debt will be retired from the Shortfall Note Retirement Fund (Debt Service Fund).

2. Shortfall notes payable issued on September 15, 2011:

Year Ending June 30	Principal	Interest	Total
2014	\$ 56,627	\$ 2,739	\$ 59,366
2015	57,981	1,386	59,367
<b>Total</b>	<b>\$ 114,608</b>	<b>\$ 4,125</b>	<b>\$ 118,733</b>

This debt will be retired from the Shortfall Note Retirement Fund (Debt Service Fund).

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

Total shortfall notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2014	\$ 163,503	\$ 335	\$ 163,838
2015	57,981	1,386	59,367
<b>Total</b>	<b>\$ 221,484</b>	<b>\$ 1,721</b>	<b>\$ 223,205</b>

**E. Qualified school construction bonds payable**

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Qualified school construction bonds, Series 2010	0.84%	1/15/2010	9/15/2024	\$ 3,000,000	\$ 3,000,000
<b>Total</b>				<b>\$ 3,000,000</b>	<b>\$ 3,000,000</b>

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

Year Ending June 30	Principal	Interest	Total
2014	\$ -	\$ 25,200	\$ 25,200
2015	-	25,200	25,200
2016	-	25,200	25,200
2017	-	25,200	25,200
2018	-	25,200	25,200
2019 – 2023	-	126,000	126,000
2024 – 2025	3,000,000	50,400	3,050,400
<b>Total</b>	<b>\$ 3,000,000</b>	<b>\$ 302,400</b>	<b>\$ 3,302,400</b>

**F. Compensated absences payable**

As more fully explained in Note 1(F)(8), 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.

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

**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 \$1,266,585, \$1,069,044 and \$1,018,463, respectively, which equaled the required contributions for each year.

**Note 8 – Sixteenth Section Lands**

By agreement, the Marion County School Board manages the 16th section lands that are located within the boundaries of the Columbia School District. Sufficient information is not available to disclose future rentals from these lands. However, during the year the district collected insignificant amounts from rents and leases from these lands and does not expect any substantial increase in future years.

**Note 9 – Deficit Fund Balance of Individual Funds**

A general listing of the individual funds that have a deficit fund balance, including amounts of the deficit, is as follows:

<u>Fund</u>	<u>Fund Balance</u>
District Maintenance Fund	\$ (121,893)
CHS Band Fund	(22,793)
Transportation Fund	(335,940)

These funds are included in the General Fund for financial reporting purposes. The deficit fund balance in the District Maintenance Fund and the Transportation Fund are a result of advances from the 16th Section Principal Fund totaling \$2,252,760. The deficit fund balance in the CHS Band Fund is a result of an advance from the District Improvement Fund, which is also a General Fund, and this advance was eliminated within the General Fund for financial reporting purposes. These deficit fund balances are not in violation of state law.

**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

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

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. The district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 12 – Qualified School Construction Bonds**

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

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

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2013 was \$477,268. The amount accumulated in the sinking fund at the end of the seventeen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

2014	\$ 175,000
2015	175,000
2016	175,000
2017	200,000
2018	200,000
2019 – 2023	1,062,394
2024 – 2025	441,595
Total	<u>\$ 2,428,989</u>

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

**Note 13 – Vocational School Consortium**

The school district entered into a Vocational Educational Agreement dated April 4, 1991 creating the Columbia-Marion County Career Center. This center was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The center includes the Columbia School District and the Marion County School District.

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

The Marion County School District has been designated as the fiscal agent for the Columbia-Marion County Career Center, and the operations of the center are included in its financial statements.

**Note 14 - Subsequent Events**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Columbia School District evaluated the activity of the district through March 21, 2014, (the date the financial statements were available to be issued), and determined that there were no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**COLUMBIA SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 3,485,044	\$ 3,697,512	\$ 3,697,512	\$ 212,468	\$ -
State sources	8,285,460	8,284,171	8,284,171	(1,289)	-
Federal sources	150,000	103,054	103,054	(46,946)	-
<b>Total Revenues</b>	<b>11,920,504</b>	<b>12,084,737</b>	<b>12,084,737</b>	<b>164,233</b>	<b>-</b>
<b>Expenditures:</b>					
Instruction	7,037,242	6,741,266	6,742,369	295,976	(1,103)
Support services	4,756,644	4,959,429	4,981,432	(202,785)	(22,003)
Noninstructional services				-	-
Sixteenth section				-	-
Facilities acquisition and construction		16,686	-	(16,686)	16,686
Debt service:					
Principal	351,363	351,363	-	-	351,363
Interest	91,754	91,754	91,754	-	-
<b>Total Expenditures</b>	<b>12,237,003</b>	<b>12,160,498</b>	<b>11,815,555</b>	<b>76,505</b>	<b>344,943</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(316,499)	(75,761)	269,182	240,738	344,943
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	615,245	815,171	323,170	199,926	(492,001)
Operating transfers out	(339,745)	(641,930)	(149,929)	(302,185)	492,001
<b>Total Other Financing Sources (Uses)</b>	<b>275,500</b>	<b>173,241</b>	<b>173,241</b>	<b>(102,259)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(40,999)</b>	<b>97,480</b>	<b>442,423</b>	<b>138,479</b>	<b>344,943</b>
<b>Fund Balances:</b>					
July 1, 2012		158,939	(180,415)	158,939	(339,354)
June 30, 2013	\$ (40,999)	\$ 256,419	\$ 262,008	\$ 297,418	\$ 5,589

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

**COLUMBIA 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
<b>Revenues:</b>					
Federal sources	\$ 999,651	\$ 953,169	\$ 961,837	\$ (46,482)	\$ 8,668
Total Revenues	999,651	953,169	961,837	(46,482)	8,668
<b>Expenditures:</b>					
Instruction	657,992	620,527	620,527	37,465	-
Support services	312,882	308,416	308,416	4,466	-
Noninstructional services	11,686	6,332	6,332	5,354	-
Total Expenditures	982,560	935,275	935,275	47,285	-
Excess (Deficiency) of Revenues over (under) Expenditures	17,091	17,894	26,562	803	8,668
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(20,000)	(26,562)	(26,562)	(6,562)	-
Total Other Financing Sources (Uses)	(20,000)	(26,562)	(26,562)	(6,562)	-
Net Change in Fund Balances	(2,909)	(8,668)	-	(5,759)	8,668
<b>Fund Balances:</b>					
July 1, 2012		8,668	-	8,668	(8,668)
June 30, 2013	\$ (2,909)	\$ -	\$ -	\$ 2,909	\$ -

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

**COLUMBIA SCHOOL DISTRICT**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**EHA Part B Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 545,284	\$ 581,562	\$ 583,384	\$ 36,278	\$ 1,822
<b>Total Revenues</b>	<b>545,284</b>	<b>581,562</b>	<b>583,384</b>	<b>36,278</b>	<b>1,822</b>
<b>Expenditures:</b>					
Instruction	331,864	369,079	369,079	(37,215)	-
Support services	158,500	197,774	197,774	(39,274)	-
Noninstructional services	500	578	578	(78)	-
<b>Total Expenditures</b>	<b>490,864</b>	<b>567,431</b>	<b>567,431</b>	<b>(76,567)</b>	<b>-</b>
Excess (Deficiency) of Revenues over (under) Expenditures	54,420	14,131	15,953	(40,289)	1,822
<b>Other Financing Sources (Uses):</b>					
Operating transfers out		(15,953)	(15,953)	(15,953)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(15,953)</b>	<b>(15,953)</b>	<b>(15,953)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>54,420</b>	<b>(1,822)</b>	<b>-</b>	<b>(56,242)</b>	<b>1,822</b>
<b>Fund Balances:</b>					
July 1, 2012		1,822	-	1,822	(1,822)
June 30, 2013	\$ 54,420	\$ -	\$ -	\$ (54,420)	\$ -

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

COLUMBIA 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.

SUPPLEMENTAL INFORMATION

**COLUMBIA SCHOOL DISTRICT**  
**Supplemental Information**

**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 258,316
National school lunch program	10.555	637,663
		895,979
Total child nutrition cluster		895,979
Total passed-through Mississippi Department of Education		895,979
<b>Total U.S. Department of Agriculture</b>		895,979
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	76,433
<b>Total Federal Communications Commission</b>		76,433
<b><u>U.S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	961,836
Twenty-First Century Community Learning Centers	84.287	553,572
Education Technology state grants	84.318	9,527
Improving teacher quality state grants	84.367	173,884
Subtotal		1,698,819
Special education cluster:		
Special education - grants to states	84.027	583,385
Special education - preschool grants	84.173	24,638
Total special education cluster		608,023
Total passed-through Mississippi Department of Education		2,306,842
<b>Total U.S. Department of Education</b>		2,306,842
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	26,621
Total passed-through Mississippi Department of Education		26,621
<b>Total U.S. Department of Health and Human Services</b>		26,621
Total for All Federal Awards		\$ 3,305,875

**NOTES TO SCHEDULE**

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.

**COLUMBIA SCHOOL DISTRICT  
Supplemental Information**

**Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2013**

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 12,103,867	9,307,611	336,917	697,788	1,761,551
Other	4,544,805	1,372,910	19,957	18,491	3,133,447
Total	<u>\$ 16,648,672</u>	<u>10,680,521</u>	<u>356,874</u>	<u>716,279</u>	<u>4,894,998</u>
Total number of students *	<u>1,767</u>				
Cost per student	<u>\$ 9,422</u>	<u>6,045</u>	<u>202</u>	<u>405</u>	<u>2,770</u>

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

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

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

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

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

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

OTHER INFORMATION

**COLUMBIA SCHOOL DISTRICT  
Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**General Fund**

**Last Four Years**

**UNAUDITED**

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 3,697,512	\$ 3,696,178	\$ 3,412,238	\$ 3,315,934
State sources	8,284,171	7,929,280	7,442,108	7,635,044
Federal sources	103,054	268,209	88,874	63,793
Sixteenth Section sources		224,938		
<b>Total Revenues</b>	<b>12,084,737</b>	<b>12,118,605</b>	<b>10,943,220</b>	<b>11,014,771</b>
<b>Expenditures:</b>				
Instruction	6,742,369	6,548,868	5,387,097	6,499,518
Support services	4,981,432	4,642,355	4,873,272	5,392,465
Debt Service:				
Principal		8,700	32,950	30,181
Interest	91,754	105,396	120,623	115,731
<b>Total Expenditures</b>	<b>11,815,555</b>	<b>11,305,319</b>	<b>10,413,942</b>	<b>12,037,895</b>
Excess (Deficiency) of Revenues over (under) Expenditures	269,182	813,286	529,278	(1,023,124)
<b>Other Financing Sources (Uses):</b>				
Proceeds of loans		169,914	160,376	
Operating transfers in	323,170	90,162	317,772	545,295
Operating transfers out	(149,929)	(301,951)	(192,033)	(80,084)
Other financing sources			(18,750)	
<b>Total Other Financing Sources (Uses)</b>	<b>173,241</b>	<b>(41,875)</b>	<b>267,365</b>	<b>465,211</b>
<b>Net Change in Fund Balances</b>	<b>442,423</b>	<b>771,411</b>	<b>796,643</b>	<b>(557,913)</b>
<b>Fund Balances:</b>				
July 1 ,	(180,415)	(951,826)	(1,748,469)	(1,190,556)
End of Period	\$ 262,008	\$ (180,415)	\$ (951,826)	\$ (1,748,469)

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**COLUMBIA SCHOOL DISTRICT**

**Other Information**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 4,951,551	\$ 4,994,451	\$ 4,586,926	\$ 4,472,280
State sources	8,777,394	8,325,979	7,921,567	7,920,235
Federal sources	3,389,270	3,321,707	3,791,615	3,929,307
Sixteenth section sources	301,917	379,681	352,154	673,721
<b>Total Revenues</b>	<b>17,420,132</b>	<b>17,021,818</b>	<b>16,652,262</b>	<b>16,995,543</b>
<b>Expenditures:</b>				
Instruction	8,878,406	8,490,985	7,790,063	9,261,341
Support services	5,647,008	5,523,764	8,063,031	6,847,216
Noninstructional services	1,017,293	1,009,022	967,063	997,801
Sixteenth section		3		
Debt service:				
Principal	850,806	718,069	679,677	572,821
Interest	250,269	293,129	358,109	357,768
Advance refunding escrow		48,115	11,385	
Other	4,890			3,687
<b>Total Expenditures</b>	<b>16,648,672</b>	<b>16,083,087</b>	<b>17,869,328</b>	<b>18,040,634</b>
Excess (Deficiency) of Revenues over (under) Expenditures	771,460	938,731	(1,217,066)	(1,045,091)
<b>Other Financing Sources (Uses):</b>				
Proceeds of refunding bonds		2,595,000		
Proceeds of loans		169,914	160,376	3,000,000
Operating transfers in	531,170	450,184	512,805	625,379
Other financing sources		12,995	24,540	
Operating transfers out	(531,170)	(450,184)	(512,805)	(625,379)
Payment to refunded bond escrow agent		(2,565,583)		
Other financing sources			(18,750)	
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>212,326</b>	<b>166,166</b>	<b>3,000,000</b>
<b>Net Change in Fund Balances</b>	<b>771,460</b>	<b>1,151,057</b>	<b>(1,050,900)</b>	<b>1,954,909</b>
<b>Fund Balances:</b>				
July 1, as originally reported	11,777,614	10,662,703	11,710,555	9,761,296
Prior period adjustments		(21,435)		
Beginning of period, restated	11,777,614	10,641,268	11,710,555	9,761,296
Increase (Decrease) in reserve for inventory	2,482	(14,711)	3,048	(5,650)
<b>End of Period</b>	<b>\$ 12,551,556</b>	<b>\$ 11,777,614</b>	<b>\$ 10,662,703</b>	<b>\$ 11,710,555</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



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

Superintendent and School Board  
Columbia 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Columbia School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Columbia School District's basic financial statements, and have issued our report thereon dated March 21, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Columbia 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia 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 Columbia 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*.

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

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
March 21, 2014

*Watkins Ward and Stafford, PLLC*



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**Independent Auditor’s Report  
on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance  
Required by OMB Circular A-133**

Superintendent and School Board  
Columbia School District

**Report on Compliance for Each Major Federal Program**

We have audited Columbia 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 Columbia School District’s major federal programs for the year ended June 30, 2013. Columbia 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 Columbia 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 Columbia 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 Columbia School District’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Columbia School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of Columbia 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 Columbia 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 Columbia 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.

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
March 21, 2014

*Watkins Ward and Stafford, PLLC*

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



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**INDEPENDENT AUDITOR’S REPORT**

**ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Superintendent and School Board  
Columbia School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Columbia School District as of and for the year ended June 30, 2013, which collectively comprise Columbia School District’s basic financial statements and have issued our report thereon dated March 21, 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 \$2,645 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

Miss. Code Section 37-9-31 provides that all school principals and attendance center principals shall furnish good and sufficient surety bonds in like manner as required of superintendents. The amount of such bonds shall be not less than Fifty Thousand Dollars (\$ 50,000.00), with sufficient surety. The premium upon said bond shall be paid from the maintenance funds of the district served by such principal. Such bond shall be payable, conditioned and approved in the manner

provided by law. All such bonds shall be filed and recorded in the office of the clerk of the chancery court of the county in which the school district is located.

During test work on surety bonds, we were provided documentation that the principals had a \$25,000 bond instead of the required \$50,000 surety bond for the school district.

The state law changed from \$25,000 to \$50,000 in 2008 and bonds have not been updated to reflect new requirements.

The district did not comply with Miss Code Section 37-9-31.

We recommend that the district implement policies and procedures to ensure that all personnel required to have surety bonds maintain the proper amount and comply with Section 37-9-27 and Section 37-9-31, Mississippi Code Ann. (1972).

#### District's Response

The district will implement policies and procedures to ensure all personnel have adequate surety bond coverage and comply with Section 37-9-27 and 37-9-31, Mississippi Code Ann. (1972). The district has already updated the surety bonds for the appropriate amount at the time of this report.

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 Columbia 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.

Watkins, Ward, and Stafford, PLLC  
Jackson, Mississippi  
March 21, 2014

*Watkins Ward and Stafford, PLLC*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I: Summary of Auditor's Results

Financial Statements:

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued:                      | Unqualified   |
| 2. | Internal control over financial reporting:            |               |
|    | a. Material weaknesses identified?                    | No            |
|    | b. Significant deficiencies identified?               | None reported |
| 3. | Noncompliance material to financial statements noted? | No            |

Federal Awards:

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

7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Cluster
84.027; 84.173	Special Education Cluster
84.287	Twenty-First Century Community Learning Centers

- |     |   |           |
|-----|---|-----------|
| 8.  | Dollar threshold used to distinguish between type A and type B programs:  | \$300,000 |
| 9.  | Auditee qualified as low-risk auditee?  | No        |
| 10. | Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133. | No        |

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

Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Section III: Federal Award Findings and Questioned Costs

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