The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

HOLLANDALE SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2013

HOLLANDALE SCHOOL DISTRICT

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	14
Government-wide Financial Statements	
Exhibit A – Statement of Net Position	15
Exhibit B – Statement of Activities	16
Governmental Funds Financial Statements	
Exhibit C – Balance Sheet	17
Exhibit C-1 – Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Exhibit D – Statement of Revenues, Expenditures and Changes in Fund Balances	19
Exhibit D-1 – Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Fiduciary Funds Financial Statements	
Exhibit E – Statement of Fiduciary Assets and Liabilities	21
Notes to the Financial Statements	22
REQUIRED SUPPLEMENTAL INFORMATION	36
Budgetary Comparison Schedule – General Fund	37
Budgetary Comparison Schedule – Title I Basic Fund	38
Budgetary Comparison Schedule – School Improvement Fund	39
Budgetary Comparison Schedule – Youth Build Program Fund	40
Notes to the Required Supplemental Information	41
SUPPLEMENTAL INFORMATION	42
Schedule of Expenditures of Federal Awards	43
Schedule of Instructional, Administrative and Other Expenditures – Governmental Funds	44
OTHER INFORMATION	45
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund, Last Four Years	46
Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds, Last Four Years	47
REPORTS ON INTERNAL CONTROL AND COMPLIANCE	48
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*	49
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133	51
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS	53
SCHEDULE OF FINDINGS AND QUESTIONED COST	55
AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS	58

INDEPENDENT AUDITOR'S REPORT

Parker & Associates

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Hollandale 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 Hollandale School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Hollandale School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 Hollandale 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 5-13 and 36-41 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 Hollandale 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 June 30, 2014, on our consideration of the Hollandale 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 Hollandale School District's internal control over financial reporting and compliance.

Parker & Associates, PLLC
Jackson, Mississippi
June 30, 2014

Parker & Associates

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- Total net position for 2013 decreased $249,462, which represents a 7% decrease from fiscal year 2012. Total net position for 2012 increased $345,216, which represents a 10% increase from fiscal year 2011.

- General revenues amounted to $5,181,115 and $5,430,775, or 52% and 54% 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 $4,877,119, or 48% of total revenues for 2013, and $4,539,639, or 46% of total revenues for 2012.

- The District had $10,307,696 and $9,625,198 in expenses for fiscal years 2013 and 2012; only $4,877,119 for 2013 and $4,539,639 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $5,181,115 for 2013 were not adequate to provide for these programs. General revenues of $5,430,775 for 2012 were adequate to provide for these programs.

- Among major funds, the General Fund had $4,761,512 in revenues and $5,734,811 in expenditures for 2013, and $4,937,793 in revenues and $4,588,067 in expenditures in 2012. The General Fund's fund balance decreased by $418,485 from 2012 to 2013, and increased by $443,126 from 2011 to 2012.

- Capital assets, net of accumulated depreciation, increased by $256,838 for 2013 and decreased by $113,175 for 2012. The increase for 2013 was due primarily to the purchase of five new school buses and various items of furniture and equipment.

- Long-term debt increased by $311,034 for 2013 and decreased by $194,718 for 2012. The increase for 2013 was due primarily to the issuance of installment purchases loans payable during the fiscal year. The liability for compensated absences increased by $4,004 for 2013 and decreased by $6,290 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 non-fiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

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 $3,515,024 as of June 30, 2013.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	$ 2,014,221	$ 2,421,543	(16.82) %
Restricted assets	496,813	233,445	112.82 %
Capital assets, net	2,961,072	2,704,234	9.50 %
Total assets	**5,472,106**	**5,359,222**	**2.11 %**
Current liabilities	132,635	81,323	63.10 %
Long-term debt outstanding	1,824,447	1,513,413	20.55 %
Total liabilities	**1,957,082**	**1,594,736**	**22.72 %**
Net position:			
Net investment in capital assets	2,634,042	2,684,234	(1.87) %
Restricted	1,325,682	1,102,463	20.25 %
Unrestricted	(444,700)	(22,211)	1,902.16 %
Total net position	**$ 3,515,024**	**$ 3,764,486**	**(6.63) %**

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 $256,838.
- The principal retirement of $80,782 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 $10,058,234 and $9,970,414, respectively. The total cost of all programs and services was $10,307,696 for 2013 and $9,625,198 for 2012.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 83,354	$ 115,832	(28.04) %
Operating grants and contributions	4,793,765	4,423,807	8.36 %
General revenues:			
Property taxes	1,147,938	1,141,046	0.60 %
Grants and contributions not restricted	3,744,429	3,907,269	(4.17) %
Investment earnings	6,222	20,896	(70.22) %
Sixteenth section sources	157,906	180,916	(12.72) %
Other	124,620	180,648	(31.02) %
Total revenues	**10,058,234**	**9,970,414**	**0.88 %**
Expenses:			
Instruction	4,952,430	4,639,993	6.73 %
Support services	4,812,151	4,465,440	7.76 %
Non-instructional	524,983	501,778	4.62 %
Sixteenth section	7,130	5,925	20.34 %
Interest on long-term liabilities	11,002	12,062	(8.79) %
Total expenses	**10,307,696**	**9,625,198**	**7.09 %**
Increase (Decrease) in net position	**(249,462)**	**345,216**	**(172.26) %**
Net Position, July 1	**3,764,486**	**3,419,270**	10.10 %
Net Position, June 30	**$ 3,515,024**	**$ 3,764,486**	**(6.63) %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2013	2012	Change
Instruction	$ 4,952,430	$ 4,639,993	6.73 %
Support services	4,812,151	4,465,440	7.76 %
Non-instructional	524,983	501,778	4.62 %
Sixteenth section	7,130	5,925	20.34 %
Interest on long-term liabilities	11,002	12,062	(8.79) %
Total expenses	**$ 10,307,696**	**$ 9,625,198**	**7.09 %**

	Net (Expense) Revenue		Percentage
	2013	2012	Change
Instruction	$ (2,992,392)	$ (2,653,191)	12.78 %
Support services	(2,477,035)	(2,444,749)	1.32 %
Non-instructional	56,982	30,368	87.64 %
Sixteenth section	(7,130)	(5,925)	20.34 %
Interest on long-term liabilities	(11,002)	(12,062)	(8.79) %
Total net (expense) revenue	**$ (5,430,577)**	**$ (5,085,559)**	**6.78 %**

- Net cost of governmental activities ($5,430,577 for 2013 and $5,085,559 for 2012) was financed by general revenue, which is primarily made up of property taxes ($1,147,938 for 2013 and $1,141,046 for 2012) and state and federal revenues ($3,744,429 for 2013 and $3,907,269 for 2012). In addition, there was $157,906 and $180,916 in Sixteenth Section sources for 2013 and 2012, respectively.

- Investment earnings amounted to $6,222 for 2013 and $20,896 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 $2,383,943, a decrease of $189,879, which includes a decrease in inventory of $3,339. $1,041,824, or 44%, 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 $1,342,119, or 56%, 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 decrease in fund balance in the General Fund for the fiscal year was $418,485. The fund balance of Other Governmental Funds showed an increase in the amount of $51,309, which includes a decrease in inventory of $3,339. The increase

(decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I Basic Fund	no increase or decrease
School Improvement Fund	no increase or decrease
Youthbuild Program Fund	no increase or decrease
MAEP Retirement Fund	$ 177,297

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 year were routine in nature and were insignificant when compared to the District's total revenues and expenditures.

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 $5,379,563, including land, school buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of $418,792 from 2012 due primarily to the purchase of five new school buses and various items of furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2013, was $2,418,491, and total depreciation expense for the year was $224,734, resulting in total net capital assets of $2,961,072.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2013	June 30, 2012	Percentage Change
Land	$ 109,178	$ 109,178	0.00 %
Buildings	2,061,036	2,117,192	(2.65) %
Mobile equipment	637,078	345,068	84.62 %
Furniture and equipment	153,780	132,796	15.80 %
Total	**$ 2,961,072**	**$ 2,704,234**	**9.50 %**

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 $1,824,447 in outstanding long-term debt, of which $52,668 is due within one year. During the fiscal year, an installment purchase loans payable totaling $387,812 was obtained for the purchase of new school buses. The District made principal payments totaling $80,782 on outstanding long-term debt. The liability for compensated absences increased $4,004 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2013	June 30, 2012	Percentage Change
Limited obligation bonds payable	$ -	$ 20,000	(100.00) %
Installment purchase loans payable	327,030	-	N/A %
Qualified school construction bonds payable	1,450,000	1,450,000	0.00 %
Compensated absences payable	47,417	43,413	9.22 %
Total	**$ 1,824,447**	**$ 1,513,413**	**20.55 %**

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

CURRENT ISSUES

The Hollandale 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 Hollandale School District, P. O. Box 128, Hollandale, MS 38748.

FINANCIAL STATEMENTS

HOLLANDALE SCHOOL DISTRICT

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

	Governmental Activities
Assets	
Cash and cash equivalents	$ 1,601,603
Due from other governments	405,136
Accrued interest receivable	1,177
Inventories	6,305
Restricted assets	496,813
Capital assets, non-depreciable:	
Land	109,178
Capital assets, net of accumulated depreciation:	
Buildings	2,061,036
Mobile equipment	637,078
Furniture and equipment	153,780
Total Assets	5,472,106
Liabilities	
Accounts payable and accrued liabilities	126,620
Unearned revenue	471
Interest payable on long-term liabilities	5,544
Long-term liabilities, due within one year:	
Capital related liabilities	50,297
Non-capital related liabilities	2,371
Long-term liabilities, due beyond one year:	
Capital related liabilities	276,733
Non-capital related liabilities	1,495,046
Total Liabilities	1,957,082
Net Position	
Net investment in capital assets	2,634,042
Restricted for:	
Expendable:	
School-based activities	383,785
Debt service	656,718
Capital improvements	216,681
Forestry improvements	13,033
Unemployment benefits	30,288
Non-expendable:	
Sixteenth section	25,177
Unrestricted	(444,700)
Total Net Position	$ 3,515,024

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

HOLLANDALE SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2013

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 4,952,430	$ 57,259	$ 1,902,779	$ -	$ (2,992,392)
Support services	4,812,151	-	2,335,116	-	(2,477,035)
Non-instructional	524,983	26,095	555,870	-	56,982
Sixteenth section	7,130	-	-	-	(7,130)
Interest on long-term liabilities	11,002	-	-	-	(11,002)
Total Governmental Activities	$ 10,307,696	$ 83,354	$ 4,793,765	$ -	$ (5,430,577)

General Revenues:	
Taxes:	
General purpose levies	1,085,642
Debt purpose levies	62,296
Unrestricted grants and contributions:	
State	3,727,445
Federal	16,984
Unrestricted investment earnings	6,222
Sixteenth section sources	157,906
Other	124,620
Total General Revenues	5,181,115
Change in Net Position	(249,462)
Net Position - Beginning	3,764,486
Net Position - Ending	$ 3,515,024

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

HOLLANDALE SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2013

Exhibit C

	Major Funds						
	General Fund	Title I Basic Fund	School Improvement Fund	Youthbuild Program Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 875,243	$ -	$ -	$ -	$ -	$ 751,537	$ 1,626,780
Investments	-	-	-	-	299,442	172,194	471,636
Due from other governments	62,020	51,387	108,764	46,047	99,391	37,527	405,136
Accrued interest receivable	-	-	-	-	-	1,177	1,177
Due from other funds	145,208	-	-	-	-	1,109	146,317
Inventories	-	-	-	-	-	6,305	6,305
Total assets	$ 1,082,471	$ 51,387	$ 108,764	$ 46,047	$ 398,833	$ 969,849	$ 2,657,351
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	$ 29,754	$ -	$ 79,801	$ -	$ -	$ 17,065	$ 126,620
Due to other funds	-	51,387	28,963	46,047	-	19,920	146,317
Unearned revenue	-	-	-	-	-	471	471
Total Liabilities	29,754	51,387	108,764	46,047	-	37,456	273,408
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	-	6,305	6,305
Permanent fund principal	-	-	-	-	-	25,177	25,177
Restricted:							
Debt service	-	-	-	-	398,833	263,429	662,262
Capital projects	-	-	-	-	-	216,681	216,681
Forestry improvement purposes	-	-	-	-	-	13,033	13,033
Grant activities	-	-	-	-	-	35,457	35,457
Unemployment benefits	-	-	-	-	-	30,288	30,288
Child nutrition	-	-	-	-	-	161,420	161,420
Sixteenth section	-	-	-	-	-	40,383	40,383
Assigned:							
Activity	10,893	-	-	-	-	-	10,893
Capital projects	-	-	-	-	-	88,625	88,625
Other purposes	-	-	-	-	-	51,595	51,595
Unassigned	1,041,824	-	-	-	-	-	1,041,824
Total Fund Balances	1,052,717	-	-	-	398,833	932,393	2,383,943
Total Liabilities and Fund Balances	$ 1,082,471	$ 51,387	$ 108,764	$ 46,047	$ 398,833	$ 969,849	$ 2,657,351

The notes to the financial statements are an integral part to the financial statements.

HOLLANDALE SCHOOL DISTRICT
Governmental Funds

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

Total fund balances for governmental funds		$	2,383,943
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	$ 109,178		
Buildings	3,397,556		
Mobile equipment	1,207,429		
Furniture and equipment	665,400		
Accumulated depreciation	(2,418,491)		2,961,072
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:			
Bonds payable	(1,450,000)		
Loans payable	(327,030)		
Compensated absences	(47,417)		
Accrued interest payable	(5,544)		(1,829,991)
Net Position of governmental activities		$	3,515,024

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

HOLLANDALE SCHOOL DISTRICT
Governmental Funds

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

	Major Funds						
	General Fund	Title I Basic Fund	School Improvement Fund	Youthbuild Program Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	$ 1,266,201	$ 6	$ -	$ -	$ 6	$ 95,885	$ 1,362,098
State sources	3,475,968	-	-	-	198,781	242,330	3,917,079
Federal sources	19,343	974,853	2,583,250	-	-	1,043,667	4,621,113
Sixteenth section sources	-	-	-	-	-	157,944	157,944
Total Revenues	4,761,512	974,859	2,583,250	-	198,787	1,539,826	10,058,234
Expenditures:							
Instruction	2,904,471	812,172	632,610	-	-	577,156	4,926,409
Support services	2,769,558	139,127	1,900,519	-	-	296,640	5,105,844
Noninstructional services	-	7,057	-	-	-	497,460	504,517
Sixteenth section	-	-	-	-	-	7,130	7,130
Debt service:							
Principal	60,782	-	-	-	20,000	-	80,782
Interest	-	-	-	-	940	3,625	4,565
Other	-	-	-	-	550	500	1,050
Total Expenditures	5,734,811	958,356	2,533,129	-	21,490	1,382,511	10,630,297
Excess (Deficiency) of Revenues over (under) Expenditures	(973,299)	16,503	50,121	-	177,297	157,315	(572,063)
Other Financing Sources (Uses):							
Bonds and notes issued	387,812	-	-	-	-	-	387,812
Payments held by escrow agent	-	-	-	-	-	85,294	85,294
Payment to QSCB debt escrow agent	-	-	-	-	-	(85,294)	(85,294)
Operating transfers in	271,260	-	-	-	-	130,285	401,545
Operating transfers out	(101,969)	(16,503)	(50,121)	-	-	(232,952)	(401,545)
Other financing uses	(2,289)	-	-	-	-	-	(2,289)
Total Other Financing Sources (Uses)	554,814	(16,503)	(50,121)	-	-	(102,667)	385,523
Net Change in Fund Balances	(418,485)	-	-	-	177,297	54,648	(186,540)
Fund Balances:							
July 1, 2012	1,471,202	-	-	-	221,536	881,084	2,573,822
Increase (Decrease) in inventory	-	-	-	-	-	(3,339)	(3,339)
June 30, 2013	$ 1,052,717	$ -	$ -	$ -	$ 398,833	$ 932,393	$ 2,383,943

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

HOLLANDALE 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		$ (186,540)
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$ 501,103	
Depreciation expense	(224,734)	276,369
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in Net Position differs from the change in fund balance by the cost of the assets sold.		(19,531)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Bonds and notes issued	(387,812)	
Payments of debt principal	80,782	
Accrued interest payable	(5,387)	(312,417)
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:		
Change in compensated absences	(4,004)	
Change in inventory	(3,339)	(7,343)
Change in Net Position of governmental activities		$ (249,462)

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

HOLLANDALE SCHOOL DISTRICT
Fiduciary Funds

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

		Agency Funds
Assets		
Cash and cash equivalents	$	311,975
Total Assets	$	311,975
Liabilities		
Accounts payable and accrued liabilities	$	310,467
Due to student clubs		1,508
Total Liabilities	$	311,975

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 a "primary government." The school district is governed by a five member board to which each member is elected by the citizens of each defined city ward.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

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

School Improvement Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to improve the instruction and curriculum within the school district.

Youthbuild Program Fund - This is a special revenue fund that accounts for revenue received from federal sources and expenditures incurred to assist at-risk youth ages 16-24 who are interested in obtaining their GED and/or a skill in carpentry.

MAEP Retirement Fund - This debt service fund accounts for the accumulation of resources for, and the payment of principal, interest, and related costs of the District's limited obligation bonds.

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.

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

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.

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and

various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

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

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

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 16th Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have 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

See Note 5 for details.

7. Compensated Absences

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

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 Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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.

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 $1,626,780 and $311,975, respectively. The carrying amount of deposits reported in the government-wide financial statements included cash and cash equivalents of $1,601,603 and a portion of restricted assets in the amount of $25,177. The bank balance was $2,257,061.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2013, none of the district's bank balance of $2,257,061 was exposed to custodial credit risk.

Investments

As of June 30, 2013, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
U.S. Treasury SLGS		less than 1	$ 170,494
Federal Govt Oblg Money Market Funds		less than 1	1,700
Federated U.S. Treasury Cash Reserve		less than 1	299,442
Total			$ 471,636

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2013, the district did not have any investments to which this would apply.

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

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 Basic Fund	$	51,387
	School Improvement Fund		28,963
	Youthbuild Program Fund		46,047
	Other governmental funds		18,811
Other governmental funds	Other governmental funds		1,109
Total		$	146,317

The inter-fund loans were made mainly to cover the initial payments of reimbursable expenditures of federal and state programs.

B. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	101,969
Title I Basic Fund	General Fund		16,503
School Improvement Fund	General Fund		50,121
Other governmental funds	General Fund		204,636
	Other governmental funds		28,316
Total		$	401,545

Operating transfers were primarily for the following: indirect cost transfers, vocational education expenditure transfers, unemployment transfers, debt service transfers, and the transfer of expendable resources from the Sixteenth Section Interest Fund to the General Fund.

Note 4 – Restricted Assets

The restricted assets represent the cash balance totaling $25,177 of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs. In addition, the restricted assets represent the investment balance totaling $299,442 of the MAEP Limited Obligation Bond Fund. The restricted assets also represent the investment balance totaling $172,194 of the QSCB Bond Retirement Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013
Governmental Activities:				
Non-depreciable capital assets:				
Land	$ 109,178	$	$	$ 109,178
Total non-depreciable capital assets	109,178	-	-	109,178
Depreciable capital assets:				
Buildings	3,397,556			3,397,556
Mobile equipment	901,928	387,812	82,311	1,207,429
Furniture and equipment	552,109	113,291		665,400
Total depreciable capital assets	4,851,593	501,103	82,311	5,270,385
Less accumulated depreciation for:				
Buildings	1,280,364	56,156		1,336,520
Mobile equipment	556,860	76,271	62,780	570,351
Furniture and equipment	419,313	92,307		511,620
Total accumulated depreciation	2,256,537	224,734	62,780	2,418,491
Total depreciable capital assets, net	2,595,056	276,369	19,531	2,851,894
Governmental activities capital assets, net	$ 2,704,234	$ 276,369	$ 19,531	$ 2,961,072

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 124,337
Support services	83,470
Non-instructional	16,927
Total depreciation expense - Governmental activities	$ 224,734

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. Limited obligation bonds payable	$ 20,000	$	$ 20,000	$ -	$ -
B. Installment purchases loans payable		387,812	60,782	327,030	50,297
C. Qualified school construction bonds payable	1,450,000			1,450,000	-
D. Compensated absences payable	43,413	4,004		47,417	2,371
Total	$ 1,513,413	$ 391,816	$ 80,782	$ 1,824,447	$ 52,668

A. Limited obligation bonds payable

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds fully matured during the fiscal year are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series 1998	Varies	5/1/1998	5/1/2013	$ 1,750,000	$ -
Total				$ 1,750,000	$ -

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. This debt was retired from the MAEP Retirement Fund (Debt Service Fund).

B. Installment purchases loans payable

The school district has entered into an installment purchases agreement as listed below. Property under this installment purchases agreement is composed of:

1. Four 2014 Thomas buses
2. One 2012 Thomas bus

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Installment purchase agreement	3.14%	12/19/2012	12/19/2018	$ 387,812	$ 327,030
Total				$ 387,812	$ 327,030

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

Year Ending June 30	Principal	Interest	Total
2014	$ 50,297	$ 10,485	$ 60,782
2015	51,910	8,872	60,782
2016	53,574	7,208	60,782
2017	55,291	5,491	60,782
2018	57,064	3,718	60,782
2019	58,894	1,888	60,782
Total	$ 327,030	$ 37,662	$ 364,692

This debt will be retired from the District Maintenance Fund (General Fund).

C. Qualified school construction bonds payable

As more fully explained in Note 11, 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	0.25%	9/15/2010	9/15/2027	$ 1,450,000	$ 1,450,000
Total				$ 1,450,000	$ 1,450,000

D. Compensated absences payable

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

Note 7 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 $655,150, $576,850 and $508,678, respectively, which equaled the required contributions for each year.

Note 8 – Sixteenth Section Lands

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

Year Ending June 30		Amount
2014	$	139,883
2015		135,403
2016		15,351
2017		14,818
Total	$	305,455

Note 9 – Contingencies

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

Note 10 – 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 11 – 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 $173,371, which included accrued income of $1,177. 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.

Year Ending June 30		Amount
2014	$	85,294
2015		85,294
2016		85,294
2017		85,294
2018		85,294
2019 – 2023		426,470
2024 – 2028		426,472
Total	$	1,279,412

Note 12 – Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated May 5, 2008, creating the Area Vocational School Consortium. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Leland School District, Shaw School District and Hollandale 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 Leland School District has been designated as the fiscal agent for the Area Vocational School Consortium, and the operations of the consortium are included in its financial statements.

Note 13 - Subsequent Events

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the Hollandale School District evaluated the activity of the district through June 30, 2014, and determined that there were no subsequent events that should be noted in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HOLLANDALE SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 1,262,311	$ 1,266,201	$ 1,266,201	$ 3,890	$ -
State sources	3,627,236	3,475,968	3,475,968	(151,268)	-
Federal sources	40,000	19,343	19,343	(20,657)	-
Total Revenues	4,929,547	4,761,512	4,761,512	(168,035)	-
Expenditures:					
Instruction	2,794,211	2,904,471	2,904,471	(110,260)	-
Support services	2,258,412	2,381,746	2,769,558	(123,334)	(387,812)
Debt service:					
Principal	11,417	60,782	60,782	(49,365)	-
Total Expenditures	5,064,040	5,346,999	5,734,811	(282,959)	(387,812)
Excess (Deficiency) of Revenues over (under) Expenditures	(134,493)	(585,487)	(973,299)	(450,994)	(387,812)
Other Financing Sources (Uses):					
Bonds and notes issued	-	-	387,812	-	387,812
Operating transfers in	369,000	382,326	271,260	13,326	(111,066)
Operating transfers out	(234,701)	(213,035)	(101,969)	21,666	111,066
Other financing uses	-	(2,289)	(2,289)	(2,289)	-
Total Other Financing Sources (Uses)	134,299	167,002	554,814	32,703	387,812
Net Change in Fund Balances	(194)	(418,485)	(418,485)	(418,291)	-
Fund Balances:					
July 1, 2012	1,393,935	1,471,202	1,471,202	77,267	-
June 30, 2013	$ 1,393,741	$ 1,052,717	$ 1,052,717	$ (341,024)	$ -

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

HOLLANDALE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Title I Basic Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ -	$ 6	$ 6	$ 6	$ -
Federal sources	820,889	974,853	974,853	153,964	-
Total Revenues	820,889	974,859	974,859	153,970	-
Expenditures:					
Instruction	604,134	812,172	812,172	(208,038)	-
Support services	200,337	139,127	139,127	61,210	-
Noninstructional services	8,209	7,057	7,057	1,152	-
Total Expenditures	812,680	958,356	958,356	(145,676)	-
Excess (Deficiency) of Revenues over (under) Expenditures	8,209	16,503	16,503	8,294	-
Other Financing Sources (Uses):					
Operating transfers out	(8,209)	(16,503)	(16,503)	(8,294)	-
Total Other Financing Sources (Uses)	(8,209)	(16,503)	(16,503)	(8,294)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	$ -	$ -	$ -	$ -

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

HOLLANDALE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
School Improvement Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 2,700,116	$ 2,583,250	$ 2,583,250	$ (116,866)	$ -
Total Revenues	2,700,116	2,583,250	2,583,250	(116,866)	-
Expenditures:					
Instruction	724,712	632,610	632,610	92,102	-
Support services	1,915,653	1,900,519	1,900,519	15,134	-
Total Expenditures	2,640,365	2,533,129	2,533,129	107,236	-
Excess (Deficiency) of Revenues over (under) Expenditures	59,751	50,121	50,121	(9,630)	-
Other Financing Sources (Uses):					
Operating transfers out	(59,751)	(50,121)	(50,121)	9,630	-
Total Other Financing Sources (Uses)	(59,751)	(50,121)	(50,121)	9,630	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	$ -	$ -	$ -	$ -

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

HOLLANDALE SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Youthbuild Program Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-
Expenditures:					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Noninstructional services	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	$ -	$ -	$ -	$ -

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

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

HOLLANDALE 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
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 178,970
National school lunch program	10.555	319,801
Summer Food Service Program for Children	10.559	56,868
Total child nutrition cluster		555,639
Total passed-through Mississippi Department of Education		555,639
Total U.S. Department of Agriculture		555,639
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	16,984
Total Federal Communications Commission		16,984
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	976,747
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	2,359
Rural education	84.358	23,195
Improving Teacher Quality State grants	84.367	102,326
Subtotal		1,104,627
Special education cluster:		
Special education - grants to states	84.027	302,545
Special education - preschool grants	84.173	24,016
Total special education cluster		326,561
School Improvement Grant cluster:		
School Improvement Grant	84.377	2,583,250
Total School Improvement Grant Cluster		2,583,250
Education for homeless children and youth cluster:		
ARRA - Education for homeless children and youth, Recovery Act	84.387	249
Total Education for homeless children and youth cluster		249
Total passed-through Mississippi Department of Education		4,014,687
Total U.S. Department of Education		4,014,687
Corporation for National and Community Service		
Direct Program:		
Learn and serve America - school and community based programs	94.004	2,662
Total Corporation for National and Community Service		2,662
Total for All Federal Awards		$ 4,589,972

NOTES TO SCHEDULE

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

HOLLANDALE 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	$	6,980,118	5,462,633	682,080	276,345	559,060
Other		3,650,179	1,769,479	349,992	3,892	1,526,816
Total	$	10,630,297	7,232,112	1,032,072	280,237	2,085,876
Total number of students *		682				
Cost per student	$	15,587	10,605	1,513	411	3,058

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

HOLLANDALE SCHOOL DISTRICT
Other Information

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 1,266,201	$ 1,284,411	$ 1,328,442	$ 1,197,338
State sources	3,475,968	3,555,770	3,349,825	3,586,621
Federal sources	19,343	97,612	262,869	69,359
Total Revenues	4,761,512	4,937,793	4,941,136	4,853,318
Expenditures:				
Instruction	2,904,471	2,495,354	2,607,521	2,811,673
Support services	2,769,558	2,089,285	1,924,170	2,228,304
Debt service:				
Principal	60,782	3,428	11,415	11,415
Other	0	0	222	430
Total Expenditures	5,734,811	4,588,067	4,543,328	5,051,822
Excess (Deficiency) of Revenues over (under) Expenditures	(973,299)	349,726	397,808	(198,504)
Other Financing Sources (Uses):				
Bonds and notes issued	387,812			
Operating transfers in	271,260	264,632	200,765	284,739
Operating transfers out	(101,969)	(171,232)	(165,022)	(184,552)
Other financing uses	(2,289)		(480)	
Total Other Financing Sources (Uses)	554,814	93,400	35,263	100,187
Net Change in Fund Balances	(418,485)	443,126	433,071	(98,317)
Fund Balances:				
Beginning of period,	1,471,202	1,028,076	595,005	693,322
End of Period	$ 1,052,717	$ 1,471,202	$ 1,028,076	$ 595,005

*SOURCE - PRIOR YEAR AUDIT REPORTS

HOLLANDALE SCHOOL DISTRICT
Other Information

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 1,362,098	$ 1,458,170	$ 1,403,591	$ 1,252,997
Intermediate sources			11,513	30,308
State sources	3,917,079	3,993,168	3,774,907	4,148,957
Federal sources	4,621,113	4,337,907	4,556,479	4,551,027
Sixteenth section sources	157,944	181,169	177,790	261,506
Total Revenues	10,058,234	9,970,414	9,924,280	10,244,795
Expenditures:				
Instruction	4,926,409	4,577,982	4,954,782	5,452,355
Support services	5,105,844	4,423,156	4,887,606	3,999,007
Noninstructional services	504,517	498,173	497,335	590,083
Sixteenth section	7,130	5,925	6,040	30,582
Debt service:				
Principal	80,782	188,428	186,415	196,415
Interest	4,565	12,430	17,325	25,560
Other	1,050	1,050	772	980
Total Expenditures	10,630,297	9,707,144	10,550,275	10,294,982
Excess (Deficiency) of Revenues over (under) Expenditures	(572,063)	263,270	(625,995)	(50,187)
Other Financing Sources (Uses):				
Bonds and notes issued	387812		1,450,000	
Payments held by escrow agent	85294	85,294		
Payment to QSCB debt escrow agent	(85,294)	(85,294)		
Operating transfers in	401,545	496,065	373,146	495,437
Operating transfers out	(401,545)	(496,065)	(373,146)	(495,437)
Other financing uses	(2,289)		(480)	
Total Other Financing Sources (Uses)	385,523	0	1,449,520	0
Net Change in Fund Balances	(186,540)	263,270	823,525	(50,187)
Fund Balances:				
Beginning of period,	2,573,822	2,311,567	1,485,840	1,532,959
Increase (Decrease) in reserve for inventory	(3,339)	(1,015)	2,202	3,068
End of Period	$ 2,383,943	$ 2,573,822	$ 2,311,567	$ 1,485,840

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Parker & Associates

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

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
Hollandale School District

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

Internal Control Over Financial Reporting

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

Parker & Associates, PLLC
Jackson, Mississippi
June 30, 2014

Parker & Associates

Parker & Associates

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

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
Hollandale School District

Report on Compliance for Each Major Federal Program

We have audited Hollandale 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 Hollandale School District's major federal programs for the year ended June 30, 2013. Hollandale 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 Hollandale 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*, is-sued 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 Hollandale 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 Hollandale School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Hollandale 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 Hollandale School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning

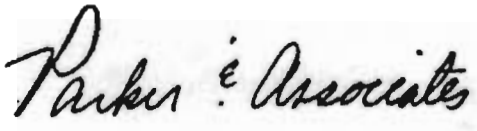
and performing our audit of compliance, we considered Hollandale School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances 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 Hollandale 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.

Parker & Associates, PLLC
Jackson, Mississippi
June 30, 2014



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

Parker & Associates

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIMITED LIABILITY COMPANY

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

Superintendent and School Board
Hollandale School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollandale School District as of and for the year ended June 30, 2013, which collectively comprise Hollandale School District's basic financial statements and have issued our report thereon dated June 30, 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 $15,875 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 did not disclose any instances of noncompliance with other state laws and regulations.

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.

Parker & Associates, PLLC
Jackson, Mississippi
June 30, 2014

Parker & Associates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

HOLLANDALE 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:	Unmodified
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:	Unmodified
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:

CFDA Numbers	Name of Federal Program or Cluster
84.377	SIG Cluster
84.010	Title I Cluster
10.553; 10.555; 10.559	Child Nutrition Cluster

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

HOLLANDALE 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.

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

Hollandale School District
101 W. President Street
Hollandale, MS 38748
Angela F. Johnson, Superintendent
Vera Blue, Business Manager

AUDITEE'S SUMMARY OF PRIOR YEAR AUDIT FINDINGS

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

Findings	Status
2012-01	Corrected
2012-02	Corrected
2012-03	Corrected