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LEFLORE COUNTY SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2013

Charles L. Shivers, CPA
Ridgeland, MS

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INDEPENDENT AUDITOR'S REPORT

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CHARLES L. SHIVERS
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INDEPENDENT AUDITOR'S REPORT

Conservator
Leflore County School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Leflore County School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leflore County School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, 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, as required by the Mississippi State Auditor's Office, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 basic 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 my 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, as required by the Mississippi Department of Education, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 9, 2014, on my consideration of the Leflore County School District's internal control over financial reporting and on my 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 my 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 Leflore County School District's internal control over financial reporting and compliance.

Charles L. Shivers, CPA

Ridgeland, MS
September 9, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- Total net position for 2013 decreased $2,277,378, including a prior period adjustment of ($528,025), which represents a 19% decrease from fiscal year 2012. Total net position for 2012 decreased $466,108, including a prior period adjustment of $93,787, which represents a 4% decrease from fiscal year 2011.

- General revenues amounted to $18,047,676 and $17,229,596, or 69% and 67% 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 $8,214,150, or 31% of total revenues for 2013, and $8,625,255, or 33% of total revenues for 2012.

- The District had $28,011,179 and $26,414,746 in expenses for fiscal years 2013 and 2012; only $8,214,150 for 2013 and $8,625,255 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $18,047,676 for 2013 and $17,229,596 for 2012 were not adequate to provide for these programs.

- Among major funds, the General Fund had $17,886,183 in revenues and $19,006,050 in expenditures for 2013, and $17,116,523 in revenues and $17,001,518 in expenditures in 2012. The General Fund's fund balance decreased by $2,049,549, including a prior period adjustment of $24,149, from 2012 to 2013, and increased by $4,419,567 from 2011 to 2012.

- Capital assets, net of accumulated depreciation, decreased by $182,746 for 2013 and increased by $2,578,962 for 2012. The decrease for 2013 was due to the disposal of furniture and equipment coupled with the increase in accumulated depreciation.

- Long-term debt decreased by $206,331 for 2013 and decreased by $196,210 for 2012. This decrease for 2013 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by $23,331 for 2013 and decreased by $17,210 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 and other expenses 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 $9,589,766 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	$ 5,114,137	$ 7,045,109	-27.41 %
Restricted assets	2,391,592	1,544,172	54.88 %
Capital assets, net	6,760,950	6,943,696	-2.63 %
Total assets	**14,266,679**	**15,532,977**	**-8.15 %**
Current liabilities	1,339,433	122,022	997.70 %
Long-term debt outstanding	3,337,480	3,543,811	-5.82 %
Total liabilities	**4,676,913**	**3,665,833**	**27.58 %**
Net position:			
Net investment in capital assets	3,572,950	3,572,696	0.01 %
Restricted	1,152,720	872,894	32.06 %
Unrestricted	4,864,096	7,421,554	-34.46 %
Total net position	**$ 9,589,766**	**$ 11,867,144**	**-19.19 %**

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

- Decrease in net capital assets in the amount of $182,746.
- The principal retirement of $183,000 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 $26,261,826 and $25,854,851, respectively. The total cost of all programs and services was $28,011,179 for 2013 and $26,414,746 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	$ 340,198	$ 308,302	10.35 %
Operating grants and contributions	7,873,952	8,316,953	(5.33) %
General revenues:			
Property taxes	4,410,713	3,653,760	20.72 %
Grants and contributions not restricted	12,417,671	12,409,878	0.06 %
Investment earnings	2,540	12,917	(80.34) %
Sixteenth section sources	1,216,752	1,103,183	10.29 %
Other	0	49,858	(100.00) %
Total revenues	**26,261,826**	**25,854,851**	**1.57 %**
Expenses:			
Instruction	14,984,615	14,383,693	4.18 %
Support services	10,527,403	9,531,336	10.45 %
Non-instructional	2,235,591	2,450,620	(8.77) %
Sixteenth section	71,270	15,278	366.49 %
Interest on long-term liabilities	192,300	33,819	468.62 %
Total expenses	**28,011,179**	**26,414,746**	**6.04 %**
Decrease in net position	**(1,749,353)**	**(559,895)**	**212.44 %**
Net Position, July 1, as previously reported	**11,867,144**	**12,333,252**	(3.78) %
Prior Period Adjustment	**(528,025)**	**93,787**	(663.00) %
Net Position, July 1, as restated	**11,339,119**	**12,427,039**	**(8.75) %**
Net Position, June 30	**$ 9,589,766**	**$ 11,867,144**	**(19.19) %**

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 2013	Total Expenses 2012	Percentage Change
Instruction	$ 14,984,615	$ 14,383,693	4.18 %
Support services	10,527,403	9,531,336	10.45 %
Non-instructional	2,235,591	2,450,620	(8.77) %
Sixteenth section	71,270	15,278	366.49 %
Interest on long-term liabilities	192,300	33,819	468.62 %
Total expenses	**$ 28,011,179**	**$ 26,414,746**	**6.04 %**

	Net (Expense) Revenue		Percentage
	2013	2012	Change
Instruction	$ (12,757,880)	$ (9,793,222)	30.27 %
Support services	(6,612,901)	(7,473,957)	(11.52) %
Non-instructional	(162,678)	(473,215)	(65.62) %
Sixteenth section	(71,270)	(15,278)	366.49 %
Interest on long-term liabilities	(192,300)	(33,819)	468.62 %
Total net (expense) revenue	**$ (19,797,029)**	**$ (17,789,491)**	**11.28 %**

- Net cost of governmental activities ($19,797,029 for 2013 and $17,789,491for 2012) was financed by general revenue, which is primarily made up of property taxes ($4,410,713for 2013 and $3,653,760 for 2012) and state and federal revenues ($12,417,671 for 2013 and $12,409,878 for 2012). In addition, there was $1,216,752 and $1,103,183 in Sixteenth Section sources for 2013 and 2012, respectively.

- Investment earnings amounted to $2,540 for 2013 and $12,917 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 $6,275,178, a decrease of $1,766,870, which includes a prior period adjustment of $3,067 and a decrease in inventory of $367. $4,754,858 or 76% 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 $1,520,320 or 24% is either nonspendable, 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 $2,049,549, which includes a prior period adjustment of $24,149. The fund balance of Other Governmental Funds showed an increase in the amount of $224,364, which includes a prior period adjustment of ($21,715). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
School foodservice fund	$	58,315
Title 1 Basic	$	no increase or decrease
School Improvement, ARRA		no increase or decrease

BUDGETARY HIGHLIGHTS

During the year, the District did not revise the annual operating budget.

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 $13,879,035, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment. This amount represents an increase of $34,788 from 2012. Total accumulated depreciation as of June 30, 2013, was $7,118,085, and total depreciation expense for the year was $300,649, resulting in total net capital assets of $6,760,950.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2013	June 30, 2012	Percentage Change
Land	$ 149,099	$ 149,099	0.00 %
Buildings	5,737,538	5,881,342	(2.45) %
Building improvements	9,718	9,718	0.00 %
Mobile equipment	712,350	701,010	1.62 %
Furniture and equipment	152,245	202,527	(24.83) %
Total	**$ 6,760,950**	**$ 6,943,696**	**(2.63) %**

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 $3,337,480 in outstanding long-term debt, of which $195,474 is due within one year. The liability for compensated absences decreased $23,331 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2013	June 30, 2012	Percentage Change
Three mill notes payable	$ 188,000	$ 371,000	(49.33) %
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	149,480	172,811	(13.50) %
Total	**$ 3,337,480**	**$ 3,543,811**	**(5.82) %**

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

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. 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 Leflore County School District, 1901 Highway 82 West, Greenwood, MS 38930.

BASIC FINANCIAL STATEMENTS

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

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	$ 3,447,828
Due from other governments	1,640,146
Inventories	26,163
Restricted assets (Note 4)	2,391,592
Non-depreciable capital assets (Note 5)	149,099
Depreciable capital assets, net (Note 5)	6,611,851
Total Assets	14,266,679
Liabilities	
Accounts payable and accrued liabilities	1,072,378
Unearned revenue	13,518
Interest payable on long-term liabilities	108,882
Other payables	144,655
Long-term liabilities (Due within one year) (Note 6)	
Capital related liabilities	188,000
Non-capital related liabilities	7,474
Long-term liabilities (Due beyond one year) (Note 6)	
Capital related liabilities	3,000,000
Non-capital related liabilities	142,006
Total Liabilities	4,676,913
Net Position	
Net investment in capital assets	3,572,950
Restricted net position	
Expendable	
School-based activities	373,384
Debt service	339,080
Capital Projects	141
Forestry improvements	9,172
Unemployment benefits	64,085
Non-expendable	
Sixteenth section	366,858
Unrestricted	4,864,096
Total Net Position	$ 9,589,766

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

LEFLORE COUNTY 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	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 14,984,615	291,090	1,935,645	(12,757,880)
Support services	10,527,403	11,330	3,903,172	(6,612,901)
Non-instructional	2,235,591	37,778	2,035,135	(162,678)
Sixteenth section	71,270			(71,270)
Interest on long-term liabilities	192,300			(192,300)
Total Governmental Activities	28,011,179	340,198	7,873,952	(19,797,029)
General Revenues				
Taxes				
General purpose levies				4,117,207
Debt purpose levies				293,506
Unrestricted grants and contributions				
State				11,969,693
Federal				447,978
Unrestricted investment earnings				2,540
Sixteenth section sources				1,216,752
Total General Revenues				18,047,676
Changes in Net Position				(1,749,353)
Net Position - Beginning, as previously reported				11,867,144
Prior Period Adjustments (Note 9)				(528,025)
Net Position - Beginning - as restated				11,339,119
Net Position - Ending				$ 9,589,766

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

LEFLORE COUNTY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2013

Exhibit C

	Major Funds					
	General Fund	School Food Service Fund	Title I Basic Fund	School Improvement ARRA Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 2)	$ 3,447,826	508,172	376,467		839,847	5,172,312
Investments (Note 2)					667,108	667,108
Due from other governments	169,689		444,570	706,600	319,287	1,640,146
Due from other funds (Note 3)	2,160,170	18,688			3,636	2,182,494
Advances to other funds (Note 3)	38,440					38,440
Inventories		26,163				26,163
Total Assets	5,816,125	553,023	821,037	706,600	1,829,878	9,726,663
Liabilities and Fund Balances						
Liabilities						
Accounts payable & accrued liabilities	889,357	33,631	44,000	12,967	92,423	1,072,378
Due to other funds (Note 3)	105,629	456,917	777,037	693,633	332,373	2,365,589
Unearned revenue					13,518	13,518
Total Liabilities	994,986	490,548	821,037	706,600	438,314	3,451,485
Fund Balances						
Nonspendable						
Inventory		26,163				26,163
Permanent fund principal					366,858	366,858
Advances (Note 3)	38,440					38,440
Restricted						
Debt service					447,962	447,962
Capital projects					141	141
Forestry improvements					9,172	9,172
Unemployment benefits					64,085	64,085
Grant activities		36,312			310,909	347,221
Assigned						
School activities	27,841					27,841
Other purposes					192,437	192,437
Unassigned	4,754,858					4,754,858
Total Fund Balances	4,821,139	62,475	0	0	1,391,564	6,275,178
Total Liabilities and Fund Balances	$ 5,816,125	553,023	821,037	706,600	1,829,878	9,726,663

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

LEFLORE COUNTY SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2013

Exhibit C-1

		Amount
Total Fund Balance - Governmental Funds		$ 6,275,178
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Land	149,099	
Buildings	10,709,551	
Building improvements	48,593	
Mobile equipment	1,973,635	
Furniture and equipment	998,157	
Accumulated depreciation	(7,118,085)	6,760,950
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
Three mill notes payable	(188,000)	
Qualified school construction bonds payable	(3,000,000)	
Compensated absences	(149,480)	
Accrued interest payable	(108,882)	(3,446,362)
Total Net Position - Governmental Activities		$ 9,589,766

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

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

Exhibit D

	Major Funds					
	General Fund	School Food Service Fund	Title I Basic Fund	School Improvement ARRA Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$ 4,421,846	38,099	107		290,743	4,750,795
State sources	11,969,693	18,678			505,307	12,493,678
Federal sources	283,278	1,901,000	2,359,360	1,711,235	1,545,728	7,800,601
Sixteenth section sources	1,211,366				5,386	1,216,752
Total Revenues	17,886,183	1,957,777	2,359,467	1,711,235	2,347,164	26,261,826
Expenditures						
Instruction	11,446,848		967,602	760,726	1,696,722	14,871,898
Support services	7,452,043	302	1,235,344	927,876	880,203	10,495,768
Noninstructional services	54,485	1,899,426	141,211	11,680	113,359	2,220,161
Sixteenth section	52,674				18,596	71,270
Debt service						
Principal (Note 6)					183,000	183,000
Interest					187,349	187,349
Other					1,950	1,950
Total Expenditures	19,006,050	1,899,728	2,344,157	1,700,282	3,081,179	28,031,396
Excess (Deficiency) of Revenues Over Expenditures	(1,119,867)	58,049	15,310	10,953	(734,015)	(1,769,570)
Other Financing Sources (Uses)						
Operating transfers in (Note 3)	33,077				986,908	1,019,985
Operating transfers out (Note 3)	(986,908)		(15,310)	(10,953)	(6,814)	(1,019,985)
Total Other Financing Sources (Uses)	(953,831)	0	(15,310)	(10,953)	980,094	0
Net Change in Fund Balances	(2,073,698)	58,049	0	0	246,079	(1,769,570)
Fund Balances						
July 1, 2012, as previously reported	6,870,688	4,160			1,167,200	8,042,048
Prior period adjustments (Note 9)	24,149	633			(21,715)	3,067
July 1, 2012, as restated	6,894,837	4,793	0	0	1,145,485	8,045,115
Decrease in reserve for inventory		(367)				(367)
June 30, 2013	$ 4,821,139	62,475	0	0	1,391,564	6,275,178

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

LEFLORE COUNTY SCHOOL DISTRICT

Exhibit D-1

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

		Amount
Net Change in Fund Balance - Governmental Funds		$ (1,769,570)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, those amounts are:		
Capital outlay	125,000	
Depreciation expense	(300,649)	(175,649)
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 asset sold.		(7,097)
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 cost, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:		
Payments of debt principal	183,000	
Accrued interest payable	(3,001)	179,999
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 the governmental funds. These activities include:		
Change in compensated absences	23,331	
Change in inventory reserve	(367)	22,964
Changes in Net Position of Governmental Activities		$ (1,749,353)

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

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

Exhibit E

	Agency Funds
Assets	
Due from other funds (Note 3)	183,095
Due from other governments	100
Total Assets	183,195
Liabilities	
Accounts payable and accrued liabilities	31,044
Advances from other funds (Note 3)	38,440
Other payables	113,711
Total Liabilities	$ 183,195

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

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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 county district.

For financial reporting purposes, the 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.

School Food Service Fund - This special revenue fund is financed with federal, state and local funds and is used to account for the activities associated with the federal Child Nutrition Program.

Title I Basic Fund - This special revenue fund is financed with federal funds and is used to account for the activities associated with educationally deprived children.

School Improvement ARRA Fund - This special revenue fund is financed with federal funds and is used to account for the activities associated with the improvement of educational services for low performing schools.

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

The District's fiduciary funds include the following:

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

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

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

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

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

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

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

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

D. Encumbrances

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

E. Assets, liabilities and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the

State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

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 Assets because their use is limited by applicable debt statutes. The nonexpendable portion of the Permanent Fund 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. Also, resources for certain federal programs are legally restricted.

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
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years

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.

9. Fund Balances

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

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

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

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

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is documented in the board minutes of 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 of Education and the Business Manager pursuant to authorization established

by the Board of Education.

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 policy of the School District to maintain a minimum fund balance in the General Fund that is not less than 7% of the revenues of the General Fund.

Note 2 – Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

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

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school 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 was $5,762,204 (which includes $589,892 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments).

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.

Investments

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

Investment Type	Rating	Maturities (in years)		Fair Value
QSCB construction bonds common trust fund 2012A	Aaa	More than 10 Years	$	77,216
Certificates of deposit - Regions bank	n/a	Less than one year		35,311
Certificates of deposit - Planters Bank	n/a	Less than one year		43,431
Certificates of deposit - Trustmark National Bank	n/a	Less than one year		511,150
Total			$	667,108

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

Issuer		Fair Value	% of Total Investments
Trustmark National Bank - QSCB construction bonds common trust fund 2012A	$	77,216	12%
Regions bank - Certificates of deposit		35,311	5%
Planters Bank - Certificates of deposit		43,431	6%
Trustmark National Bank - Certificates of deposit		511,150	77%
	$	667,108	100%

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	Major fund - Food service fund	$	450,000
	Major fund - Title I basic fund		751,362
	Major fund - School improvement ARRA fund		682,884
	Other governmental funds		275,924
Major fund - Food service fund	Other governmental funds		18,688
Other governmental funds	General Fund		3,636
Fiduciary funds	General Fund		101,993
	Major fund - Food service fund		6,917
	Major fund - Title I basic fund		25,675
	Major fund - School improvement ARRA fund		10,749
	Other governmental funds		37,761
Total		$	2,365,589

The purpose of the more significant inter-fund loans was to eliminate deficit cash balances in certain federal programs as part of the normal year end closing adjustments. The inter-fund loan associated with the Fiduciary funds represents the accumulation workers compensation insurance which will be paid from the General Fund. Other portions due to Fiduciary funds are primarily accrued payroll.

B. Advances To/From Other Funds

Receivable Fund	Payable Fund		Amount
General Fund	Fiduciary funds	$	38,440

The advance represents the accumulated cash in the clearing accounts that is due to the General Fund.

C. Inter-fund Transfers

Transfers Out	Transfers In		Amount
General Fund	Other governmental funds	$	986,908
Major fund - Title I basic fund	General Fund		15,310
Major fund - School improvement ARRA fund	General Fund		10,953
Other governmental funds	General Fund		6,814
Total		$	1,019,985

The transfer out of the General Fund was for the purpose of funding various programs in the Other Governmental Funds (vocational, extended school year, debt service, etc.). The transfers from the Title I basic fund, School Improvement ARRA fund, and Other governmental funds were for indirect costs due to the General Fund.

Note 4 – Restricted Assets

The restricted assets represent the cash and investment balances, totaling $1,724,484 and $667,108, respectively, which is legally restricted (i.e., 16th Section Principal Fund, Debt Service Funds and similar type funds) and may not be used for purposes that support the district's programs.

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	$ 149,099			149,099
Total non-depreciable capital assets	149,099	0	0	149,099
Depreciable capital assets:				
Buildings	10,709,551			10,709,551
Building improvements	48,593			48,593
Mobile equipment	1,927,472	115,000	(68,837)	1,973,635
Furniture and equipment	1,009,532	10,000	(21,375)	998,157
Total depreciable capital assets	13,695,148	125,000	(90,212)	13,729,936
Less accumulated depreciation for:				
Buildings	4,828,209	143,804		4,972,013
Building improvements	38,875			38,875
Mobile equipment	1,226,462	96,776	(61,953)	1,261,285
Furniture and equipment	807,005	60,069	(21,162)	845,912
Total accumulated depreciation	6,900,551	300,649	(83,115)	7,118,085
Total depreciable capital assets, net	6,794,597	(175,649)	(7,097)	6,611,851
Governmental activities capital assets, net	$ 6,943,696	(175,649)	(7,097)	6,760,950

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	$ 112,717
Support services	172,869
Non-instructional	15,063
Total depreciation expense - Governmental activities	$ 300,649

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. Three mill notes payable	$ 371,000		183,000	188,000	188,000
B. Qualified school construction bonds payable	3,000,000			3,000,000	0
C. Compensated absences payable	172,811		23,331	149,480	7,474
Total	$ 3,543,811	0	206,331	3,337,480	195,474

A. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill notes payable, series 2010	1.9	11/1/2010	11/1/2023	$ 550,000	188,000

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

Year Ending June 30	Principal	Interest	Total
2014	$ 188,000	3,572	191,572

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

B. Qualified school construction bonds payable

As more fully explained in Note 12, 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 payable	6.01	12/1/2010	12/1/2025	$ 3,000,000	3,000,000

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

Year Ending June 30	Principal	Interest	Total
2014	$	180,300	180,300
2015		180,300	180,300
2016		180,300	180,300
2017		180,300	180,300
2018		180,300	180,300
2019 – 2023		901,500	901,500
2024 – 2026	3,000,000	360,600	3,360,600
Total	$ 3,000,000	2,163,600	5,163,600

This debt will be retired from the Debt Service Fund.

C. 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 $1,971,632, $1,812,992 and $1,641,661, 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	$	1,008,968
2015		845,025
2016		371,275
2017		273,425
2018		302,425
2019 – 2023		204,875
2024 – 2028		187,125
Thereafter		120,850
Total	$	3,313,968

Note 9 – Prior Period Adjustments

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

Exhibit B - Statement of Activities

Explanation		Amount
Write off of prior year 16th section lease receivable	$	(531,092)
Amount brought forward from Exhibit D		3,067
Total	$	(528,025)

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

Fund	Explanation		Amount
General Fund	Correction of prior year receivable / current year revenue	$	24,149
Major Fund - food service fund	Correction of prior year receivable / current year revenue		633
Other governmental funds	Correction of prior year payable / current year expenditure		(21,715)
Total		$	3,067

Note 10 – Contingencies

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

Note 11 – Risk Management

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

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 90 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to $750,000. For a claim exceeding $750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 12 – Qualified School Construction Bonds

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

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

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2013 was $77,216. 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	$	80,000
2015		237,000
2016		237,000
2017		237,000
2018		237,000
2019 – 2023		1,184,000
2024 – 2026		708,000
Total	$	2,920,000

Note 13 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the School District evaluated the activity of the district through September 9, 2014, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

As noted in the Board Minutes on September 11, 2013 and confirmed by management: In accordance with state laws and regulations, the Mississippi State Board of Education appointed a Conservator to take control of the Leflore County School District. The elected Superintendent and the elected Board of Education of the Leflore County School District were relieved of their duties as a result of this appointment. The Conservator has broad duties and responsibilities in his management of the school district. Shortly after this appointment, the Conservator employed the services of a financial consultant to oversee the financial operations of the school district. The Conservator will serve in this capacity until such time the Mississippi State Board of Education determines that sufficient improvements have occurred in the school district at which time a Superintendent of Education and a School Board will be appointed for their respective positions.

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REQUIRED SUPPLEMENTARY INFORMATION

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LEFLORE COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues					
Local sources	$ 4,192,659	4,192,659	4,421,846	0	229,187
State sources	11,945,698	11,945,698	11,969,693	0	23,995
Federal sources	25,000	25,000	283,278	0	258,278
Sixteenth section sources	0		1,211,366	0	1,211,366
Total Revenues	16,163,357	16,163,357	17,886,183	0	1,722,826
Expenditures					
Instruction	9,833,736	9,833,736	11,446,848	0	(1,613,112)
Support services	7,058,233	7,058,233	7,452,043	0	(393,810)
Noninstructional services	32,456	32,456	54,485	0	(22,029)
Sixteenth section	0	0	52,674	0	(52,674)
Total Expenditures	16,924,425	16,924,425	19,006,050	0	(2,081,625)
Excess (Deficiency) of Revenues Over Expenditures	(761,068)	(761,068)	(1,119,867)	0	(358,799)
Other Financing Sources (Uses)					
Operating transfers in	3,520,336	3,520,336	33,077	0	(3,487,259)
Operating transfers out	(3,075,194)	(3,075,194)	(986,908)	0	2,088,286
Total Other Financing Sources (Uses)	445,142	445,142	(953,831)	0	(1,398,973)
Net Change in Fund Balances			(2,073,698)		
Fund Balances					
July 1, 2012, as previously reported			6,870,688		
Prior period adjustments			24,149		
July 1, 2012, as restated			6,894,837		
June 30, 2013			$ 4,821,139		

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

LEFLORE COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule for the Major Special Revenue Fund - School Food Service Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues					
Local sources	$ 45,750	45,750	38,099	0	(7,651)
State sources	18,500	18,500	18,678	0	178
Federal sources	1,820,000	1,820,000	1,901,000	0	81,000
Total Revenues	1,884,250	1,884,250	1,957,777	0	73,527
Expenditures					
Support services	0	0	302	0	(302)
Noninstructional services	1,884,250	1,884,250	1,899,426	0	(15,176)
Total Expenditures	1,884,250	1,884,250	1,899,728	0	(15,478)
Excess (Deficiency) of Revenues Over Expenditures	0	0	58,049	0	58,049
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances			58,049		
Fund Balances					
July 1, 2012, as previously stated			4,160		
Prior period adjustments			633		
July 1, 2012, as restated			4,793		
Decrease in reserve for inventory			(367)		
June 30, 2013			$ 62,475		

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

LEFLORE COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule for the Major Special Revenue Fund - 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	$ 0	0	107	0	107
Federal sources	2,712,029	2,712,029	2,359,360	0	(352,669)
Total Revenues	2,712,029	2,712,029	2,359,467	0	(352,562)
Expenditures					
Instruction	1,146,616	1,146,616	967,602	0	179,014
Support services	1,409,501	1,409,501	1,235,344	0	174,157
Noninstructional services	131,447	131,447	141,211	0	(9,764)
Total Expenditures	2,687,564	2,687,564	2,344,157	0	343,407
Excess (Deficiency) of Revenues Over Expenditures	24,465	24,465	15,310	0	(9,155)
Other Financing Sources (Uses)					
Operating transfers out	(24,465)	(24,465)	(15,310)	0	9,155
Total Other Financing Sources (Uses)	(24,465)	(24,465)	(15,310)	0	9,155
Net Change in Fund Balances	0	0	0	0	0
Fund Balances					
July 1, 2012			0		
June 30, 2013			$ 0		

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

LEFLORE COUNTY SCHOOL DISTRICT
Budgetary Comparison Schedule for the Major Special Revenue Fund - School Improvement ARRA 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	$ 1,750,000	1,750,000	1,711,235	0	(38,765)
Total Revenues	1,750,000	1,750,000	1,711,235	0	(38,765)
Expenditures					
Instruction	850,239	850,239	760,726	0	89,513
Support services	863,544	863,544	927,876	0	(64,332)
Noninstructional services	20,000	20,000	11,680	0	8,320
Total Expenditures	1,733,783	1,733,783	1,700,282	0	33,501
Excess (Deficiency) of Revenues Over Expenditures	16,217	16,217	10,953	0	(5,264)
Other Financing Sources (Uses)					
Operating transfers out	(16,217)	(16,217)	(10,953)	0	5,264
Total Other Financing Sources (Uses)	(16,217)	(16,217)	(10,953)	0	5,264
Net Change in Fund Balances			0		
Fund Balances					
July 1, 2012			0		
June 30, 2013			$ 0		

The notes to the required supplementary information are an integral part of this 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 following the end of the fiscal year. A budgetary comparison is presented for the general fund and each major special revenue fund on the same basis of accounting as the budget which is consistent with accounting principles generally accepted in the United States of America.

(3) Individual Fund Disclosures.

Excess Expenditures over Budget.

Individual funds that have an excess of expenditures over budget, including amounts of the excess, are as follows:

Individual Fund	Amount
District Maintenance Fund	$ (1,808,153)
Special Education Fund	$ (83,598)
Alternative School Fund	$ (64,909)
At Risk Program Fund	$ (23,266)
Elzy High Activity	$ (37,728)
Leflore Activity	$ (7,315)
Brown Activity	$ (2,351)
Leflore Elementary Activity	$ (3,337)
Food Service Fund	$ (15,845)
Fresh Fruit and Vegetables	$ (73,531)
Summer Feeding Program	$ (4,098)
Summer Feeding Program	$ (34,742)
School Improvement Fund	$ (34,170)
EEF Building and Bus Fund	$ (30,812)
Vocational Education	$ (50,773)
Tech Prep Fund	$ (1,188)
Homeless Grant	$ (20,052)
Save Grant	$ (928)
Dropout Prevention	$ (2,660)
Youth Detention	$ (3,329)
K-3 Screeners	$ (13,213)
Social Services Grant	$ (47,129)

Since available resources are present for each fund listed, the excess expenditures over budget are not in violation of state law.

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SUPPLEMENTARY INFORMATION

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	$ 566,103
National school lunch program	10.555	1,333,992
Summer food service program for children	10.559	38,840
Total child nutrition cluster		1,938,935
Fresh fruit and vegetable program	10.582	73,531
Total U.S. Department of Agriculture		2,012,466
Federal Communications Commission		
Administered through the Universal Service Administrative Company:		
The school and libraries program of the universal service fund	32.XXX	283,278
Total Federal Communications Commission		283,278
U.S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I - grants to local educational agencies	84.010	2,471,886
Career and technical education - basic grants to states	84.048	45,175
Education for homeless children and youth	84.196	20,053
Twenty first century community learning centers	84.287	92,502
Rural education	84.358	22,597
Improving teacher quality - state grants	84.367	216,282
ARRA - school improvement grant, recovery act	84.388	1,711,235
Total		4,579,730
Special education cluster:		
Special education - grants to states	84.027	677,093
Special education - preschool grants	84.173	32,323
Total special education cluster		709,416
Total passed-through Mississippi Department of Education		5,289,146
Total U.S. Department of Education		5,289,146

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
U.S. Department of Health and Human Services		
Passed-through Mississippi Department of Human Services:		
Temporary assistance for needy families	93.558	47,129
Total U.S. Department of Health and Human Services		47,129
Total for All Federal Awards		$ 7,632,019

NOTES TO SCHEDULE

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

LEFLORE COUNTY SCHOOL DISTRICT
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 Administrative	School Administration	Other
Salaries and fringe benefits	$ 20,753,187	15,316,187	1,181,890	1,183,495	3,071,615
Other	7,278,209	2,620,982	582,477	48,037	4,026,713
Total	28,031,396	17,937,169	1,764,367	1,231,532	7,098,328
Total number of students	2,850				
Cost per student	$ 9,836	$ 6,294	$ 619	$ 432	$ 2,491

Notes to the schedule.

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.

Total number of students - the ADA report submission for month 9, which is the final submission for the school year.

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OTHER INFORMATION

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LEFLORE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Last Four Years

UNAUDITED

	2013	2012*	2011*	2010*
Revenues				
Local sources	$ 4,421,846	3,715,907	3,691,305	3,311,830
State sources	11,969,693	12,229,004	11,218,812	11,611,195
Federal sources	283,278	180,874	204,607	152,891
Sixteenth section sources	1,211,366	990,738	0	0
Total Revenues	17,886,183	17,116,523	15,114,724	15,075,916
Expenditures				
Instruction	11,446,848	10,329,122	8,640,248	9,792,509
Support services	7,452,043	6,533,522	6,404,048	6,360,535
Noninstructional services	54,485	128,158	113,856	0
Sixteenth section	52,674	10,716	0	0
Total Expenditures	19,006,050	17,001,518	15,158,152	16,153,044
Excess (Deficiency) of Revenues Over Expenditures	(1,119,867)	115,005	(43,428)	(1,077,128)
Other Financing Sources (Uses)				
Insurances loss recoveries	0	49,858	0	0
Operating transfers in	33,077	5,227,210	77,497	91,817
Operating transfers out	(986,908)	(972,506)	(645,198)	(168,997)
Total Other Financing Sources (Uses)	(953,831)	4,304,562	(567,701)	(77,180)
Net Change in Fund Balances	(2,073,698)	4,419,567	(611,129)	(1,154,308)
Fund Balances				
July 1, as previously reported	6,870,688	2,451,121	3,062,250	4,216,558
Prior period adjustments	24,149	0	0	0
July 1, as restated	6,894,837	2,451,121	3,062,250	4,216,558
June 30	$ 4,821,139	6,870,688	2,451,121	3,062,250

* Source - Prior year audit reports.

LEFLORE COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Funds
Last Four Years

UNAUDITED

	2013	2012*	2011*	2010*
Revenues				
Local sources	$ 4,750,795	3,974,980	4,070,273	3,686,083
State sources	12,493,678	12,812,588	12,079,103	12,539,919
Federal sources	7,800,601	7,914,242	10,976,831	8,653,321
Sixteenth section sources	1,216,752	1,008,771	772,358	832,897
Total Revenues	26,261,826	25,710,581	27,898,565	25,712,220
Expenditures				
Instruction	14,871,898	14,195,423	14,690,605	14,408,203
Support services	10,495,768	9,454,786	10,597,772	8,953,593
Noninstructional services	2,220,161	2,436,686	2,397,510	2,275,545
Sixteenth section	71,270	15,278	48,870	48,660
Facilities acquisition and construction	0	2,782,269	884,269	0
Debt service				
Principal	183,000	179,000	310,000	290,000
Interest	187,349	25,357	14,570	28,055
Other	1,950	7,640	1,940	1,940
Total Expenditures	28,031,396	29,096,439	28,945,536	26,005,996
Excess (Deficiency) of Revenues Over Expenditures	(1,769,570)	(3,385,858)	(1,046,971)	(293,776)
Other Financing Sources (Uses)				
Proceeds of loans	0	0	3,550,000	0
Insurances loss recoveries	0	49,858	0	0
Operating transfers in	1,019,985	6,372,837	722,695	270,367
Operating transfers out	(1,019,985)	(6,372,837)	(722,695)	(270,367)
Total Other Financing Sources (Uses)	0	49,858	3,550,000	0
Net Change in Fund Balances	(1,769,570)	(3,336,000)	2,503,029	(293,776)
Fund Balances				
July 1, as previously reported	8,042,048	11,376,918	8,860,071	9,159,293
Prior period adjustments	3,067	0	0	0
July 1, as restated	8,045,115	11,376,918	8,860,071	9,159,293
Increase (Decrease) in reserve for inventory	(367)	1,130	13,818	(5,446)
June 30	$ 6,275,178	8,042,048	11,376,918	8,860,071

* Source - Prior year audit reports.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE

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CHARLES L. SHIVERS

Certified Public Accountant

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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*

Independent Auditor's Report

Conservator
Leflore County School District

I 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 Leflore County School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Leflore County School District's basic financial statements, and have issued my report thereon dated September 9, 2014.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 2013-01, 2013-02 and 2013-03.

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. I consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2013-04 and 2014-05.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Leflore County School District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Leflore County School District's Response to Findings

Leflore County School District's responses to the findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. Leflore County School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Charles L. Shivers, CPA

Ridgeland, MS
September 9, 2014

CHARLES L. SHIVERS

Certified Public Accountant

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Consevator
Leflore County School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Leflore County School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Leflore County School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Leflore County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Leflore County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and

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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, I do not express an opinion on the effectiveness of Leflore County School District's internal control over compliance.

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2013-06] that I consider to be a material deficiency.

Leflore County School District's response to the internal control over compliance findings identified in my audit are described in the accompanying Auditee's Corrective Action Plan. Leflore County School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Charles L. Shivers, CPA

Ridgeland, MS
September 9, 2014

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

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CHARLES L. SHIVERS

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

Conservator
Leflore County School District

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Leflore County School District as of and for the year ended June 30, 2013, which collectively comprise Leflore County School District's basic financial statements and have issued my report thereon dated September 9, 1014. I conducted my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of my 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 $79,814 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 my 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, I 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 my audit and, accordingly, I do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and my audit of the financial statements disclosed the following immaterial instances of noncompliance with other state laws and regulations. My finding and recommendation and Leflore County School District's response are as follows:

CONDITION: In November 2012, a $750,000 inter-fund loan was made from the 16th Section Fund to the District Maintenance Fund. This transfer of funds was not approved by the school board as required by state law.
CRITERIA: Section 29-3-117, Mississippi Code of 1972 requires that transfers to the District Maintenance Fund from the 16th Section Interest Fund be approved by the school board.
CAUSE OF CONDITION: The cause of the condition appears to be the absence of this matter being presented to the school board.
EFFECT OF CONDITION: The effect of this condition is a violation of state law that will require the funds be returned to the 16th Section Interest Fund.
RECOMMENDATION: It is recommended that $750,000 be transferred from the District maintenance Fund to the 16th Section Interest Fund to correct this matter.

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DISTRICT RESPONSE: We will make the recommended transfer and ensure that all future transfers from the 16th Section Interest Fund to a governmental fund be approved by the school board or district conservator in accordance with state law.

CONDITION: The district collected $76,116 of ad valorem taxes in excess of the allowable amount for the current year. This amount was not placed in escrow for the purpose of reducing the next fiscal year's ad valorem request.
CRITERIA: Section 37-57-107, Mississippi Code of 1972 requires that excess ad valorem collections be placed in escrow and the next fiscal year's ad valorem request be reduced by the amount of the escrow.
CAUSE OF CONDITION: The cause of the condition is an oversight by school district management.
EFFECT OF CONDITION: The effect is non-compliance with state laws.
RECOMMENDATION: It is recommended that the ad valorem request for the 2015-2016 fiscal year be reduced by $76,116.
DISTRICT RESPONSE: We will reduce the ad valorem request for the 2015-2016 year as requested. Further, we will perform detailed calculations near to or at fiscal year end to make sure that such escrows are recorded in a timely manner.

CONDITION: The school district was unable to locate the collateral security reports for two financial institutions.
CRITERIA: Section 27-105-5, Mississippi Code of 1972 requires that financial institutions prepare and submit collateral security reports to the school district on an annual basis with the intent that management review the reports for sufficient collateral.
CAUSE OF CONDITION: The cause of the condition is the apparent loss or misplacement of documents.
EFFECT OF CONDITION: The effect of the condition could result in insufficient collateral being pledged by the financial institution.
RECOMMENDATION: It is recommended that collateral security reports be reviewed by school district management and retained for a sufficient period of time.
DISTRICT RESPONSE: The business manager will begin a new filing system that captures all collateral reports and secures the reports for future audit inspection.

CONDITION: The submission of financial data to the Mississippi Department of Education occurred after the required statutory deadline.
CRITERIA: Section 37-61-21(2) Mississippi Code of 1972 requires that the district's financial data be submitted to the Mississippi Department of Education by October 15 after the close of the fiscal year.
CAUSE OF CONDITION: The cause of the condition is an oversight by the business office.
EFFECT OF CONDITION: The effect of the condition is a violation of state law and could result in sanctions placed on the district by the Mississippi Department of Education.
RECOMMENDATION: It is recommended that the school district comply with the October 15 deadline for submission of financial data to the Mississippi Department of Education.
DISTRICT RESPONSE: All future submissions of financial data to the state of Mississippi Department of Education will be made on or before the October 15 deadline.

CONDITION: The district incurred a timber sale on 16th section lands of $72,824. The required fifteen percent ($10,923) was not credited to the Forestry Escrow Fund as required by state law.
CRITERIA: Section 29-3-47, Miss. Code of 1972, requires that fifteen percent of timber sales on 16th section lands be deposited into the Forestry Escrow Fund.
CAUSE OF CONDITION: The cause of the condition is the result of an oversight by business office staff.
EFFECT OF CONDITION: The effect of this condition results in non-compliance with state laws.
RECOMMENDATION: It is recommended that the district transfer $10,923 from the 16th section interest fund (fund number 2840) to the Forestry Escrow Fund (fund number 2830).
DISTRICT RESPONSE: The recommended transfer will be made. All future timber sales will be pro-rated 85/15 between the 16th Section Interest Fund and the Forestry Escrow Fund in accordance with state law.

CONDITION: The central office individuals acting in the capacity of purchasing agents did not have surety bond coverage from January 1, 2013 through June 30, 2013.
CRITERIA: Section 37-39-21 (b), Mississippi Code of 1972 requires that purchasing agents have surety bond coverage of $50,000.
CAUSE OF CONDITION: The cause of the condition is an oversight by management.
EFFECT OF CONDITION: The effect of the condition could result in a financial loss to the district in the event collection was necessary on a surety bond.
RECOMMENDATION: It is recommended that purchasing agents be bonded in the amount of $50,000.
DISTRICT RESPONSE: All purchasing agents will be bonded in the penal amount of $50,000.

CONDITION: Four school principals did not have surety bonds as school principals. Two school principals did not have surety bonds as purchasing agents.

CRITERIA: Section 37-9-31, Mississippi Code of 1972 requires school principals to have surety bond coverage of $50,000. School staff acting in the capacity of a purchasing agent must be bonded for $50,000 as required by Section 37-39-21, Mississippi Code of 1972.
CAUSE OF CONDITION: The cause of the condition is an oversight by management.
EFFECT OF CONDITION: The effect of the condition could result in a financial loss to the district in the event collection was necessary on a surety bond.
RECOMMENDATION: It is recommended that school principals have surety bond converge of $50,000 and that purchasing agents be bonded at $50,000.
DISTRICT RESPONSE: All principals will be bonded as required by state law in the penal amount of $50,000. For principals acting in the capacity of purchasing agents, a second bond in the penal amount of $50,000 will be secured.

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

The Leflore County School District's responses to the findings included in this report were not audited and, accordingly, I express no opinion on them.

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

Charles L. Shivers, CPA

Ridgeland, MS
September 9, 2014

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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LEFLORE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2013

Section I: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the basic financial statements:	Unmodified
2.	Noncompliance material to the basic financial statements noted?	No
3.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiency identified that are not considered to be material weaknesses?	Yes

Federal Awards:

4.	Type of auditor's report issued on compliance for major federal programs:	Unmodified
5.	Internal control over major programs:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiency identified that are not considered to be material weaknesses?	None Reported
6.	Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes
7.	Federal program identified as major program:	
	a. Special education cluster CFDA #: 84.027 CFDA#: 84.173	
	b. ARRA, school improvement grants, recovery act CFDA#: 84.388	
8.	The dollar threshold used to distinguish between type A and type B programs:	$300,000
9.	Auditee qualified as a low-risk auditee?	Yes
10	Prior fiscal year audit findings and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ____.315(b) of OMB Circular A-133?	No

Section II: Financial Statement Findings

Deficiencies identified that are considered to be material weaknesses.

Finding 2013-01

CONDITION: There was a repayment of an inter-fund loan from 16th Section Interest Fund to the Title I Basic Fund for $376,467 in February 2013 for which there was no supporting documentation. This transaction initially occurred in the 2012 fiscal year and was never corrected (reversed) in the current fiscal year. The transaction was recorded in the accounting records; however a check was never written to actually transfer the cash. The transaction was presented as an unsupported reconciling item on the bank reconciliation for both funds.
CRITERIA: Transactions of this nature must be supported by written checks and corresponding deposits within the respective funds.
CAUSE OF CONDITION: The cause of the condition appears to be an oversight on the part of school district management.

EFFECT OF CONDITION: The effect of the condition resulted in materially misstated financial statements. The material misstatement was, however, corrected by an auditor adjustment presented to and approved by school district management.
RECOMMENDATION: It is recommended that the repayment of inter-fund loans from one fund to another be supported by appropriate documentation.

Finding 2013-02

CONDITION: There was a transfer of funds from the 16th Section Interest Fund to the District Maintenance Fund for $1,000,000 for which there was no supporting documentation. The transaction was recorded in the accounting records; however a check was never written to actually transfer the cash. The transaction was presented as an unsupported reconciling item on the bank reconciliation for both funds.
CRITERIA: Transactions of this nature must be supported by written checks and corresponding deposits within the respective funds.
CAUSE OF CONDITION: The cause of the condition appears to be for the purpose of presenting the General Fund with a more sound financial position than actually existed.
EFFECT OF CONDITION: The effect of the condition resulted in materially misstated financial statements. The material misstatement was, however, corrected by an auditor adjustment presented to and approved by school district management.
RECOMMENDATION: It is recommended that the transfer of funds from one fund to another be supported by appropriate documentation.

Finding 2013-03

CONDITION: The business manager initiates, prepares, approves and enters all journal entries to correct, post, or otherwise cause the proper statement of the account balances and/or classes of transactions.
CRITERIA: An appropriately and properly designed system of accounting controls would have these duties segregated to the greatest extent possible.
CAUSE OF CONDITION: This condition exists due to the limited staff available with adequate fund and governmental accounting knowledge.
EFFECT OF CONDITION: This condition could lead to errors being made and those errors not being prevented or detected.
RECOMMENDATION: It is recommended that the duties of the business manager relating to journal entries be segregated to the greatest extent possible.

Significant deficiencies identified that are not considered to be material weaknesses.

Finding 2013-04

CONDITION: The school district was unable to provide documentation to support the accounting for ticket sales at two school athletic events.
CRITERIA: A well designed system of accounting controls would be such that record retention of vital supporting documentation be implemented and reviewed periodically.
CAUSE OF CONDITION: This condition was the result of the district's inability to retain vital records to support activity event transactions.
EFFECT OF CONDITION: This control deficiency results in unsupported transactions that could lead to improper accounting or misappropriation of funds.
RECOMMENDATION: It is recommended that documentation to support the accounting for ticket sales at school events be retained by the district.

Finding 2013-05

CONDITION: The child nutrition cashier and the cafeteria manager were not approving the Cash Collection/Daily Reconciliation Reports for one of the schools tested.
CRITERIA: A well designed system of accounting controls would have both individuals approving the Cash Collection/Daily Reconciliation Reports and documenting such approval by initialing and dating the report.

CAUSE OF CONDITION: The cause of this condition is an inadequately designed system of accounting controls.
EFFECT OF CONDITION: This condition could result in errors occurring and not being detected by management.
RECOMMENDATION: It is recommended that the cafeteria cashier and the cafeteria manager document their review and approval of the Cash Collection/Daily Reconciliation Reports by initialing and dating the reports.

Section III: Federal Award Findings and Questioned Costs

Deficiencies identified that are considered to be material weaknesses.

Finding 2013-06

Program CFDA No.: 84.010 CFDA program title: Title I Basic Fund

Compliance Requirement: Allowable Costs / Cost Principles (Reasonable Costs)

CONDITION: The district paid a total of $56,095 to three program consultants for which no substantial documentation exists to support that services were performed.
CRITERIA: According to OMB Circular A-87 Attachment A, Section C, expenditures from Federal programs must be supported by appropriate documentation to establish that the cost to the Federal program was considered reasonable.
EFFECT: This condition could result in payments to service providers when no services where provided to the school district
QUESTIONED COSTS: $56,095
CAUSE OF THE CONDITION: The cause of the condition is the result of control deficiencies surrounding the maintenance of supporting detail to substantiate the work performed by program consultants.
RECOMMENDATION: It is recommended that the work performed by program consultants (progress reports, observations, recommendations, final reports, etc.) be maintained on file to corroborate the work performed.

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AUDITEE'S CORRECTIVE ACTION PLAN

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LEFLORE COUNTY SCHOOL DISTRICT
MR. ROBERT A. STREBECK, CONSERVATOR
1901 HWY 82 WEST * GREENWOOD, MS 38930
662-453-8566 (OFFICE) * 662-459-7265 (FAX)

September 5, 2014

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

Finding 2013-01

Corrective Action Plan

a. Sheila Freeman, Business Manager
b. Interfund loans will be supported by actual transfers of monies from one fund to another and will be repaid within a timely manner.
c. Immediately

Finding 2013-02

Corrective Action Plan

a. Sheila Freeman, Business Manager
b. All future transfers from the 16th Section Interest Fund will be approved by the school board or district conservator. Transfers will be documented through electronic transfers of funds or actual warrants issued.
c. Immediately

Finding 2013-03

Corrective Action Plan

a. Sheila Freeman, Business Manager
b. Journal entries posted by the business manager will be reviewed by the financial advisor prior to actual posting.
c. Immediately

Finding 2013-04

Corrective Action Plan

a. Sheila Freeman, Business Manager

b. Training will be provided to high school bookkeepers. This instruction will help to ensure that all events expected to generate $100 or more will issue tickets and that ticket sales will be controlled and reconciled to the actual number of tickets issued.

c. October 1, 2014

Finding 2013-05

Corrective Action Plan

a. Jacqueline Howard, Food Service Administrator
b. Daily Cash Collection/Daily Reconciliation Reports will be generated and signed by both the cashier on site and the site manager. The signatures will be dated.
c. Immediately

Finding 2013-06

Corrective Action Plan

a. Sheila Freeman, Business Manager; Cynthia House, Title I Administrator
b. The use of educational consultants in the district will be supported by daily detailed work reports. These reports will be maintained on file for audit.
c. Immediately

Sincerely,

Robert Strebeck
Conservator