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**MOUND BAYOU PUBLIC SCHOOL DISTRICT**  
**Audited Financial Statements**  
**For the Year Ended June 30, 2013**

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Mound Bayou Public School District

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

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

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-14 and 35-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the Mound Bayou Public School District's internal control over financial

reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mound Bayou Public School District's internal control over financial reporting and compliance.



Cunningham CPAs, PLLC  
Belzoni, Mississippi

March 18, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

## MOUND BAYOU PUBLIC SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2013

The following discussion and analysis of Mound Bayou Public 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 \$215,245, including a prior period adjustment of \$5,444, which represents a 5% decrease from fiscal year 2012. Total net position for 2012 increased \$521,181, including a prior period adjustment of \$2,643, which represents a 14% increase from fiscal year 2011.
- General revenues amounted to \$3,939,077 and \$3,919,160, or 71% and 66% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,592,343, or 29% of total revenues for 2013, and \$1,978,571, or 34% of total revenues for 2012.
- The District had \$5,752,109 and \$5,379,193 in expenses for fiscal years 2013 and 2012; only \$1,592,343 for 2013 and \$1,978,571 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$3,939,077 for 2013 were not adequate to provide for these programs and \$3,919,160 for 2012 were adequate to provide for these programs.
- Among major funds, the General Fund had \$3,880,184 in revenues and \$3,952,131 in expenditures for 2013, and \$3,811,237 in revenues and \$3,374,940 in expenditures in 2012. The General Fund's fund balance decreased by \$324,453 from 2012 to 2013, and increased by \$473,547 from 2011 to 2012.
- Capital assets, net of accumulated depreciation, decreased by \$1,605 for 2013 and decreased by \$34,410 for 2012. The decrease for 2013 was due to current additions coupled with the increase in accumulated depreciation.
- The liability for compensated absences increased by \$2,441 for 2013 and decreased by \$8,563 for 2012.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-wide Financial Statements

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

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

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

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

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

**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:

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

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 \$4,036,126 as of June 30, 2013.

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

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

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

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 2,914,743	\$ 3,031,345	-3.85 %
Capital assets, net	1,386,622	1,388,227	-0.12 %
<b>Total assets</b>	<b>4,301,365</b>	<b>4,419,572</b>	<b>-2.67 %</b>
Current liabilities	235,116	140,519	67.32 %
Long-term debt outstanding	30,123	27,682	8.82 %
<b>Total liabilities</b>	<b>265,239</b>	<b>168,201</b>	<b>57.69 %</b>
<b>Net position:</b>			
Net investment in capital assets	1,386,622	1,388,227	-0.12 %
Restricted	413,254	852,692	-51.54 %
Unrestricted	2,236,250	2,010,452	11.23 %
<b>Total net position</b>	<b>\$ 4,036,126</b>	<b>\$ 4,251,371</b>	<b>-5.06 %</b>

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$5,531,420 and \$5,897,731, respectively. The total cost of all programs and services was \$5,752,109 for 2013 and \$5,379,193 for 2012.

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

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

**Table 2**  
**Changes in Net Position**

	<u>Year Ended June 30, 2013</u>	<u>Year Ended June 30, 2012</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 224,543	\$ 191,627	17.18 %
Operating grants and contributions	1,367,800	1,786,944	(23.46) %
General revenues:			
Property taxes	473,181	510,466	(7.30) %
Grants and contributions not restricted	3,132,138	3,142,460	(0.33) %
Investment earnings	5,006	5,674	(11.77) %
Sixteenth section sources	67,263	63,913	5.24 %
Other	261,489	196,647	32.97 %
<b>Total revenues</b>	<b><u>5,531,420</u></b>	<b><u>5,897,731</u></b>	<b>(6.21) %</b>
<b>Expenses:</b>			
Instruction	2,915,758	2,865,697	1.75 %
Support services	2,381,586	2,047,712	16.30 %
Non-instructional	454,765	465,784	(2.37) %
<b>Total expenses</b>	<b><u>5,752,109</u></b>	<b><u>5,379,193</u></b>	<b>6.93 %</b>
<b>Increase (Decrease) in net position</b>	<b><u>(220,689)</u></b>	<b><u>518,538</u></b>	<b>(142.56) %</b>
<b>Net Position, July 1, as previously reported</b>	<b>4,251,371</b>	<b>3,730,190</b>	13.97 %
<b>Prior Period Adjustment</b>	<b><u>5,444</u></b>	<b><u>2,643</u></b>	105.98 %
<b>Net Position, July 1, as restated</b>	<b><u>4,256,815</u></b>	<b><u>3,732,833</u></b>	14.04 %
<b>Net Position, June 30</b>	<b><u>\$ 4,036,126</u></b>	<b><u>\$ 4,251,371</u></b>	<b>(5.06) %</b>

**Governmental activities**

The following table presents the cost of three major District functional activities: instruction, support services and non-instructional. 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.

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

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

	<u>Total Expenses</u>		<u>Percentage Change</u>
	<u>2013</u>	<u>2012</u>	
Instruction	\$ 2,915,758	\$ 2,865,697	1.75 %
Support services	2,381,586	2,047,712	16.30 %
Non-instructional	454,765	465,784	(2.37) %
<b>Total expenses</b>	<b>\$ 5,752,109</b>	<b>\$ 5,379,193</b>	<b>6.93 %</b>

  

	<u>Net (Expense) Revenue</u>		<u>Percentage Change</u>
	<u>2013</u>	<u>2012</u>	
Instruction	\$ (2,336,507)	\$ (1,645,876)	41.96 %
Support services	(2,014,566)	(1,723,389)	16.90 %
Non-instructional	191,307	(31,357)	(710.09) %
<b>Total net (expense) revenue</b>	<b>\$ (4,159,766)</b>	<b>\$ (3,400,622)</b>	<b>22.32 %</b>

- Net cost of governmental activities (\$4,159,766 for 2013 and \$3,400,622 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$437,181 for 2013 and \$510,466 for 2012) and state and federal revenues (\$3,132,138 for 2013 and \$3,142,460 for 2012). In addition, there was \$67,263 and \$63,913 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$5,006 for 2013 and \$5,674 for 2012.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,679,627, a decrease of \$211,199, which includes an increase in inventory of \$2,707. \$1,708,217 or 64% 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 \$971,410 or 36% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

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

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 \$324,453. The fund balance of Other Governmental Funds showed an increase in the amount of \$14,447, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
Child Nutrition Fund	\$	30,568
Title I Fund		No increase or decrease
Sixteenth Section Interest Fund	\$	68,239

**BUDGETARY HIGHLIGHTS**

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

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 \$3,726,634, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$135,538 from 2012. Total accumulated depreciation as of June 30, 2013, was \$2,340,012, and total depreciation expense for the year was \$128,904, resulting in total net capital assets of \$1,386,622.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Construction in progress	\$ 35,773	\$ -	N/A %
Buildings	339,670	345,669	(1.74) %
Building improvements	569,506	596,858	(4.58) %
Improvements other than buildings	31,647	33,903	(6.65) %
Mobile equipment	343,605	375,971	(8.61) %
Furniture and equipment	66,421	35,826	85.40 %
<b>Total</b>	<b><u>\$ 1,386,622</u></b>	<b><u>\$ 1,388,227</u></b>	<b>(0.12) %</b>

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

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

**Debt Administration.** At June 30, 2013, the District had \$30,123 in outstanding long-term debt. The liability for compensated absences increased \$2,441 from the prior year.

**Table 5  
 Outstanding Long-Term Debt**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Compensated absences payable	\$ 30,123	\$ 27,682	8.82 %
<b>Total</b>	<b>\$ 30,123</b>	<b>\$ 27,682</b>	<b>8.82 %</b>

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

**CURRENT ISSUES**

In accordance with Senate Bill 2760, the Mound Bayou School District will no longer exist and will be part of North Bolivar Consolidated School District beginning July 1, 2014.

**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 Mound Bayou Public School District, 201 Green Street, Mound Bayou, MS 38762.

FINANCIAL STATEMENTS

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

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

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 2,771,529
Due from other governments	131,862
Inventories	11,352
Capital assets, non-depreciable:	
Construction in progress	35,773
Capital assets, net of accumulated depreciation:	
Buildings	339,670
Building improvements	569,506
Improvements other than buildings	31,647
Mobile equipment	343,605
Furniture and equipment	66,421
Total Assets	<u>4,301,365</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	235,116
Long-term liabilities, due beyond one year:	
Non-capital related liabilities	30,123
Total Liabilities	<u>265,239</u>
<b>Net Position</b>	
Net investment in capital assets	1,386,622
Restricted for:	
Expendable:	
School-based activities	164,669
Debt service	156,760
Capital improvements	73,687
Unemployment benefits	18,138
Unrestricted	2,236,250
Total Net Position	<u>\$ 4,036,126</u>

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

**Statement of Activities**

**Exhibit B**

**For the Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>						
Instruction	\$ 2,915,758	\$ 42,459	\$ 536,792	\$ -	\$ (2,336,507)	
Support services	2,381,586	-	367,020	-	(2,014,566)	
Non-instructional	454,765	182,084	463,988	-	191,307	
<b>Total Governmental Activities</b>	<b>\$ 5,752,109</b>	<b>\$ 224,543</b>	<b>\$ 1,367,800</b>	<b>\$ -</b>	<b>\$ (4,159,766)</b>	
<b>General Revenues:</b>						
Taxes:						
					473,181	
Unrestricted grants and contributions:						
					3,060,894	
					71,244	
					5,006	
					67,263	
					261,489	
					<u>3,939,077</u>	
					<u>(220,689)</u>	
					4,251,371	
					5,444	
					<u>4,256,815</u>	
					<u>\$ 4,036,126</u>	

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Governmental Funds

Exhibit C

Balance Sheet  
June 30, 2013

	Major Funds						Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	Sixteenth Section Interest Fund	Other Governmental Funds		
<b>Assets</b>							
Cash and cash equivalents	\$ 1,756,762	\$ 55,259	\$ 58,575	\$ 522,126	\$ 378,807	\$ 2,771,529	
Due from other governments	36,011	-	121	36,030	18,224	90,386	
Due from other funds	186,161	40,071	-	-	2,510	228,742	
Inventories	-	11,352	-	-	-	11,352	
<b>Total assets</b>	<b>\$ 1,978,934</b>	<b>\$ 106,682</b>	<b>\$ 58,696</b>	<b>\$ 558,156</b>	<b>\$ 399,541</b>	<b>\$ 3,102,009</b>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 221,999	\$ 139	\$ 3,511	\$ -	\$ 9,559	\$ 235,208	
Due to other funds	43,254	62,379	55,185	-	26,356	187,174	
<b>Total Liabilities</b>	<b>265,253</b>	<b>62,518</b>	<b>58,696</b>	<b>-</b>	<b>35,915</b>	<b>422,382</b>	
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Inventory	-	11,352	-	-	-	11,352	
<b>Restricted:</b>							
Debt service	-	-	-	-	156,760	156,760	
Capital projects	-	-	-	-	73,687	73,687	
Grant activities	-	32,812	-	-	115,041	147,853	
Unemployment benefits	-	-	-	-	18,138	18,138	
<b>Assigned:</b>							
School based activities	5,464	-	-	-	-	5,464	
Sixteenth section activities	-	-	-	558,156	-	558,156	
<b>Unassigned</b>							
	1,708,217	-	-	-	-	1,708,217	
<b>Total Fund Balances</b>	<b>1,713,681</b>	<b>44,164</b>	<b>-</b>	<b>558,156</b>	<b>363,626</b>	<b>2,679,627</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,978,934</b>	<b>\$ 106,682</b>	<b>\$ 58,696</b>	<b>\$ 558,156</b>	<b>\$ 399,541</b>	<b>\$ 3,102,009</b>	

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds \$ 2,679,627

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

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Construction in progress	\$ 35,773	
Buildings	1,563,656	
Building improvements	703,326	
Improvements other than buildings	56,513	
Mobile equipment	1,024,740	
Furniture and equipment	342,626	
Accumulated depreciation	<u>(2,340,012)</u>	1,386,622

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

Compensated absences payable	<u>(30,123)</u>	<u>(30,123)</u>
------------------------------	-----------------	-----------------

Net position of governmental activities \$ 4,036,126

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Governmental Funds

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

**Exhibit D**

	Major Funds						Total Governmental Funds
	General Fund	Child Nutrition Fund	Title I Fund	Sixteenth Section Interest Fund	Other Governmental Funds		
<b>Revenues:</b>							
Local sources	\$ 741,080	\$ 14,018	\$ -	\$ 976	\$ 168,808	\$ 924,882	
State sources	3,067,860	4,078	-	-	73,969	3,145,907	
Federal sources	71,244	411,432	541,117	-	330,241	1,354,034	
Sixteenth section sources	-	-	-	67,263	-	67,263	
<b>Total Revenues</b>	<b>3,880,184</b>	<b>429,528</b>	<b>541,117</b>	<b>68,239</b>	<b>573,018</b>	<b>5,492,086</b>	
<b>Expenditures:</b>							
Instruction	2,188,552	-	330,453	-	345,329	2,864,334	
Support services	1,727,806	55,182	146,875	-	431,124	2,360,987	
Noninstructional services	-	385,974	64,498	-	33,760	484,232	
Facilities acquisition and construction	35,773	-	-	-	-	35,773	
<b>Total Expenditures</b>	<b>3,952,131</b>	<b>441,156</b>	<b>541,826</b>	<b>-</b>	<b>810,213</b>	<b>5,745,326</b>	
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(71,947)</b>	<b>(11,628)</b>	<b>(709)</b>	<b>68,239</b>	<b>(237,195)</b>	<b>(253,240)</b>	
<b>Other Financing Sources (Uses):</b>							
Other financing sources	37,158	-	-	-	2,176	39,334	
Operating transfers in	37,260	63,383	8,709	-	254,832	364,184	
Operating transfers out	(326,924)	(23,894)	(8,000)	-	(5,366)	(364,184)	
<b>Total Other Financing Sources (Uses)</b>	<b>(252,506)</b>	<b>39,489</b>	<b>709</b>	<b>-</b>	<b>251,642</b>	<b>39,334</b>	
<b>Net Change in Fund Balances</b>	<b>(324,453)</b>	<b>27,861</b>	<b>-</b>	<b>68,239</b>	<b>14,447</b>	<b>(213,906)</b>	
<b>Fund Balances:</b>							
July 1, 2012	2,038,134	13,596	-	489,917	349,179	2,890,826	
Increase in reserve for inventory	-	2,707	-	-	-	2,707	
<b>June 30, 2013</b>	<b>\$ 1,713,681</b>	<b>\$ 44,164</b>	<b>\$ -</b>	<b>\$ 558,156</b>	<b>\$ 363,626</b>	<b>\$ 2,679,627</b>	

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit D-1**

**Net change in fund balances - total governmental funds** \$ (213,906)

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

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

Capital outlay	\$ 121,855	
Depreciation expense	<u>(128,904)</u>	(7,049)

2. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(2,441)	
Change in inventory reserve	<u>2,707</u>	<u>266</u>

**Change in net position of governmental activities** \$ (220,689)

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities  
June 30, 2013

Exhibit E

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 260,810
Due from other funds	713
Total Assets	<u>\$ 261,523</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 211,359
Due to other funds	42,281
Due to student clubs	7,883
Total Liabilities	<u>\$ 261,523</u>

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

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

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

**A. Financial Reporting Entity**

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

For financial reporting purposes, Mound Bayou Public 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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

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.

Child Nutrition Fund – This fund is used to account for the revenues and expenditures of the child nutrition program

Title I Fund – This is the school district's federal reimbursable fund that serves to fund remedial mathematics and reading services to low-income, program eligible students.

Sixteenth section interest fund – This fund is used to account for financial resources received and spent related to the district's sixteenth section land.

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

The District's fiduciary funds include the following:

Accounts Payable Clearing Fund – This fund is used to report the accounts payable resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Payroll Clearing Fund - This fund is used to report the payroll resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Student Club Fund Agency Funds – These funds are used to report student club resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

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

# MOUND BAYOU PUBLIC SCHOOL DISTRICT

## Notes to the Financial Statements For Year Ended June 30, 2013

restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

### FIDUCIARY FUNDS

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

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

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

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

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

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

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

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

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

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

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

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

**D. Encumbrances**

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

7. Compensated Absences

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

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

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

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 5 for details.

9. Fund Balances

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

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. 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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

and Business Manager pursuant to authorization established by the policy adopted by the school district.

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

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

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 7% of revenues. If the unassigned fund balance at fiscal year-end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

**Note 2 – Cash and Cash Equivalents**

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.

**Cash and Cash Equivalents**

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,771,529 and \$260,810, respectively.

**Custodial Credit Risk - Deposits.** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district.

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

**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	Child nutrition fund	\$ 62,379
	Title I fund	55,185
	Other governmental funds	26,356
	Fiduciary funds	42,241
Child nutrition fund	General fund	40,071
Other governmental funds	General fund	2,470
	Fiduciary funds	40
Fiduciary funds	General fund	713
	<b>Total</b>	<b>\$ 229,455</b>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end and amounts due from and amounts due to agency funds. Payments are made of amounts due between funds within three months.

**B. Inter-fund Transfers**

Transfers Out	Transfers In	Amount
General fund	Child nutrition fund	\$ 63,383
	Title I fund	8,709
	Other governmental funds	254,832
Child nutrition fund	General fund	23,894
Title I fund	General fund	8,000
Other governmental funds	General fund	5,366
<b>Total</b>		<b>\$ 364,184</b>

The primary purpose of the interfund transfers out of the general fund and into the other governmental funds was to finance basic operations of the district that are not directly funded. The primary reason for the transfer out of the other governmental funds is the indirect cost allocation from the general fund.

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

**Note 4 – Capital Assets**

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

	Balance 7/1/2012	Increases	Decreases	Adjustments	Balance 6/30/2013
<b>Governmental Activities:</b>					
<b>Non-depreciable capital assets:</b>					
Construction-in-progress	\$ -	\$ 35,773	\$ -	\$ -	\$ 35,773
Total non-depreciable capital assets	-	35,773	-	-	35,773
<b>Depreciable capital assets:</b>					
Buildings	1,563,657	-	-	(1)	1,563,656
Building improvements	699,934	-	-	3,392	703,326
Improvements other than buildings	56,513	-	-	-	56,513
Mobile equipment	980,619	34,700	-	9,421	1,024,740
Furniture and equipment	290,373	51,382	-	871	342,626
Total depreciable capital assets	3,591,096	86,082	-	13,683	3,690,861
<b>Less accumulated depreciation for:</b>					
Buildings	1,217,988	6,208	-	(210)	1,223,986
Building improvements	103,076	28,133	-	2,611	133,820
Improvements other than buildings	22,610	2,261	-	(5)	24,866
Mobile equipment	604,648	76,680	-	(193)	681,135
Furniture and equipment	254,547	15,622	-	6,036	276,205
Total accumulated depreciation	2,202,869	128,904	-	8,239	2,340,012
Total depreciable capital assets, net	1,388,227	(42,822)	-	5,444	1,350,849
Governmental activities capital assets, net	\$ 1,388,227	\$ (7,049)	\$ -	\$ 5,444	\$ 1,386,622

Adjustments were made to balance to subsidiary records.

Depreciation expense was charged to the following governmental functions:

	Amount
<b>Governmental activities:</b>	
Instruction	\$ 48,983
Support services	72,186
Non-instructional	7,735
Total depreciation expense - Governmental activities	\$ 128,904

**Note 5 – Long-term Liabilities**

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Amounts due within one year
A. Compensated absences payable	\$ 27,682	\$ 2,441	\$ -	\$ 30,123	-
Total	\$ 27,682	\$ 2,441	\$ -	\$ 30,123	-

## MOUND BAYOU PUBLIC SCHOOL DISTRICT

### Notes to the Financial Statements For Year Ended June 30, 2013

#### **A. Compensated absences payable**

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

#### **Note 6 – Defined Benefit Pension Plan**

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

**Funding Policy.** PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate 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 \$436,740, \$350,133 and \$337,076, respectively, which equaled the required contributions for each year.

#### **Note 7 – Contingencies**

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

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

#### **Note 8 – Risk Management**

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

##### **Participation in Public Entity Risk Pool**

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

**Note 9 – Alternative School Consortium**

The school district entered into an Alternative School Agreement dated November 6, 1996 creating the North Delta Alternative School. This consortium was created pursuant to the provisions of Section 37-13-92 (6), Miss. Code Ann. (1972), and approved by the Mississippi Department of Education and includes the West Tallahatchie School District, Coahoma County School District, Quitman County School District and Sunflower County School District.

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

The West Tallahatchie School District has been designated as the lead school district for the North Delta Alternative School, and the operations of the consortium are included in its financial statements.

**Note 10 - 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 Mound Bayou Public School District evaluated the activity of the district through March 18, 2014, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

In accordance with Senate Bill 2760, the Mound Bayou School District will no longer exist and will be part of North Bolivar Consolidated School District beginning July 1, 2014.

**Note 11- Prior Period Adjustments**

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanations	Amount
1. To balance capital assets to subsidiary ledger.	\$ 5,444
Total	<u>\$ 5,444</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 782,628	\$ 782,628	\$ 741,080	\$ -	(41,548)
State sources	2,834,912	2,834,912	3,067,860	-	232,948
Federal sources	35,000	35,000	71,244	-	36,244
<b>Total Revenues</b>	<b>3,652,540</b>	<b>3,652,540</b>	<b>3,880,184</b>	<b>-</b>	<b>227,644</b>
<b>Expenditures:</b>					
Instruction	2,195,557	2,195,557	2,188,552	-	7,005
Support services	1,921,273	1,921,273	1,727,806	-	193,467
Facilities acquisition and construction	200,000	200,000	35,773	-	164,227
<b>Total Expenditures</b>	<b>4,316,830</b>	<b>4,316,830</b>	<b>3,952,131</b>	<b>-</b>	<b>364,699</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(664,290)</b>	<b>(664,290)</b>	<b>(71,947)</b>	<b>-</b>	<b>592,343</b>
<b>Other Financing Sources (Uses):</b>					
Other financing sources	-	-	37,158	-	37,158
Operating transfers in	99,820	99,820	37,260	-	(62,560)
Operating transfers out	(74,213)	(74,213)	(326,924)	-	(252,711)
<b>Total Other Financing Sources (Uses)</b>	<b>25,607</b>	<b>25,607</b>	<b>(252,506)</b>	<b>-</b>	<b>(278,113)</b>
<b>Net Change in Fund Balances</b>	<b>(638,683)</b>	<b>(638,683)</b>	<b>(324,453)</b>	<b>-</b>	<b>314,230</b>
<b>Fund Balances:</b>					
July 1, 2012	2,038,134	2,038,134	2,038,134	-	-
June 30, 2013	\$ 1,399,451	\$ 1,399,451	\$ 1,713,681	\$ -	\$ 314,230

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 16,900	\$ 16,900	\$ 14,018	\$ -	\$ (2,882)
State sources	4,000	4,000	4,078	-	78
Federal sources	360,000	360,000	411,432	-	51,432
Total Revenues	<u>380,900</u>	<u>380,900</u>	<u>429,528</u>	<u>-</u>	<u>48,628</u>
<b>Expenditures:</b>					
Support services	55,874	55,874	55,182	-	692
Noninstructional services	317,221	317,221	385,974	-	(68,753)
Total Expenditures	<u>373,095</u>	<u>373,095</u>	<u>441,156</u>	<u>-</u>	<u>(68,061)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>7,805</u>	<u>7,805</u>	<u>(11,628)</u>	<u>-</u>	<u>(19,433)</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	63,383	-	63,383
Operating transfers out	(5,000)	(5,000)	(23,894)	-	(18,894)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>39,489</u>	<u>-</u>	<u>44,489</u>
Net Change in Fund Balances	2,805	2,805	27,861	-	25,056
Fund Balances:					
July 1, 2012	13,596	13,596	13,596	-	-
Increase in reserve for inventory	-	-	2,707	-	2,707
June 30, 2013	<u>\$ 16,401</u>	<u>\$ 16,401</u>	<u>\$ 44,164</u>	<u>\$ -</u>	<u>\$ 27,763</u>

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Required Supplementary Information

**Budgetary Comparison Schedule**

**Title I Fund**

**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 456,644	\$ 456,644	\$ 541,117	\$ -	\$ 84,473
Total Revenues	456,644	456,644	541,117	-	84,473
<b>Expenditures:</b>					
Instruction	229,940	229,940	330,453	-	(100,513)
Support services	158,830	158,830	146,875	-	11,955
Noninstructional	54,274	54,274	64,498	-	(10,224)
Total Expenditures	443,044	443,044	541,826	-	(98,782)
Excess (Deficiency) of Revenues over (under) Expenditures	13,600	13,600	(709)	-	(14,309)
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	-	-	8,709	-	8,709
Operating transfers out	(13,600)	(13,600)	(8,000)	-	5,600
Total Other Financing Sources (Uses)	(13,600)	(13,600)	709	-	14,309
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	\$ -	\$ -	\$ -	\$ -	\$ -

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Required Supplementary Information

**Budgetary Comparison Schedule  
Sixteenth Section Interest Fund  
For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 900	\$ 900	\$ 976	\$ -	76
Sixteenth section sources	23,300	23,300	67,263	-	43,963
<b>Total Revenues</b>	<b>24,200</b>	<b>24,200</b>	<b>68,239</b>	<b>-</b>	<b>44,039</b>
Net Change in Fund Balances	24,200	24,200	68,239	-	44,039
Fund Balances:					
July 1, 2012	489,917	489,917	489,917	-	-
June 30, 2013	\$ 514,117	\$ 514,117	\$ 558,156	\$ -	44,039

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

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Supplementary Information

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 110,821
National school lunch program	10.555	316,926
Summer food service program for children	10.559	19,276
Total child nutrition cluster		<u>447,023</u>
Total passed-through Mississippi Department of Education		<u>447,023</u>
<b>Total U.S. Department of Agriculture</b>		<u>447,023</u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	68,842
<b>Total Federal Communications Commission</b>		<u>68,842</u>
<b><u>U.S. Department of Education</u></b>		
Direct program:		
Impact aid	84.040	2,402
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	576,122
Career and technical education - basic grants to states	84.048	16,689
Improving teacher quality-State Grants	84.367	87,657
Subtotal		<u>680,468</u>
Special education cluster:		
Special education - grants to states	84.027	152,569
Special education - preschool grants	84.173	15,830
Total special education cluster		<u>168,399</u>
Total passed-through Mississippi Department of Education		<u>848,867</u>
<b>Total U.S. Department of Education</b>		<u>851,269</u>
Total for All Federal Awards		<u>\$ 1,367,134</u>

**NOTES TO SCHEDULE**

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Supplementary Information

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 4,248,276	2,981,536	505,192	246,304	515,244
Other	1,497,050	348,216	97,581	-	1,051,253
Total	<u>\$ 5,745,326</u>	<u>3,329,752</u>	<u>602,773</u>	<u>246,304</u>	<u>1,566,497</u>
Total number of students *	<u>510</u>				
Cost per student	\$ 11,265	6,529	1,182	483	3,072

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

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

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

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

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

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

OTHER INFORMATION

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Other Information

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

**General Fund**

**Last Four Years**

**UNAUDITED**

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 741,080	\$ 738,761	\$ 659,053	\$ 535,600
State sources	3,067,860	2,961,935	2,667,914	2,659,824
Federal sources	71,244	110,541	44,417	195,621
<b>Total Revenues</b>	<b>3,880,184</b>	<b>3,811,237</b>	<b>3,371,384</b>	<b>3,391,045</b>
<b>Expenditures:</b>				
Instruction	2,188,552	1,959,918	1,629,895	2,045,119
Support services	1,727,806	1,319,004	1,477,249	1,657,125
Noninstructional services	-	2,745	-	48
Facilities acquisition and construction	35,773	93,273	-	8,040
<b>Total Expenditures</b>	<b>3,952,131</b>	<b>3,374,940</b>	<b>3,107,144</b>	<b>3,710,332</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(71,947)</b>	<b>436,297</b>	<b>264,240</b>	<b>(319,287)</b>
<b>Other Financing Sources (Uses):</b>				
Other financing sources	37,158	-	13	-
Operating transfers in	37,260	37,250	29,839	32,987
Operating transfers out	(326,924)	-	(18,985)	(17,183)
<b>Total Other Financing Sources (Uses)</b>	<b>(252,506)</b>	<b>37,250</b>	<b>10,867</b>	<b>15,804</b>
<b>Net Change in Fund Balances</b>	<b>(324,453)</b>	<b>473,547</b>	<b>275,107</b>	<b>(303,483)</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,038,134	1,564,587	1,300,347	1,607,723
Prior period adjustments	-	-	(10,867)	(3,893)
<b>Beginning of period, as restated</b>	<b>2,038,134</b>	<b>1,564,587</b>	<b>1,289,480</b>	<b>1,603,830</b>
<b>End of Period</b>	<b>\$ 1,713,681</b>	<b>\$ 2,038,134</b>	<b>\$ 1,564,587</b>	<b>\$ 1,300,347</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

Other Information

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

**All Governmental Funds**

**Last Four Years**

**UNAUDITED**

	2013	2012*	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 924,882	\$ 904,458	\$ 869,647	\$ 868,148
State sources	3,145,907	3,154,276	2,877,042	3,009,813
Federal sources	1,354,034	1,694,747	2,294,580	2,261,033
Sixteenth section sources	67,263	63,913	72,155	9,241
<b>Total Revenues</b>	<b>5,492,086</b>	<b>5,817,394</b>	<b>6,113,424</b>	<b>6,148,235</b>
<b>Expenditures:</b>				
Instruction	2,864,334	2,819,721	3,208,072	3,616,124
Support services	2,360,987	1,915,747	2,060,529	2,248,397
Noninstructional services	484,232	444,114	417,101	447,875
Facilities acquisition and construction	35,773	93,273	-	8,040
Debt service:				
Principal	-	-	855,000	-
Other	-	-	-	500
<b>Total Expenditures</b>	<b>5,745,326</b>	<b>5,272,855</b>	<b>6,540,702</b>	<b>6,320,936</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(253,240)</b>	<b>544,539</b>	<b>(427,278)</b>	<b>(172,701)</b>
<b>Other Financing Sources (Uses):</b>				
Other financing sources	39,334	-	13	-
Operating transfers in	364,184	37,250	48,824	104,170
Operating transfers out	(364,184)	(37,250)	(48,824)	(104,170)
<b>Total Other Financing Sources (Uses)</b>	<b>39,334</b>	<b>-</b>	<b>13</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(213,906)</b>	<b>544,539</b>	<b>(427,265)</b>	<b>(172,701)</b>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	2,890,826	2,343,798	2,760,529	2,921,401
Prior period adjustments	-	2,643	9,883	13,606
Beginning of period, as restated	<b>2,890,826</b>	<b>2,346,441</b>	<b>2,770,412</b>	<b>2,935,007</b>
<b>Increase (Decrease) in reserve for inventory</b>	<b>2,707</b>	<b>(154)</b>	<b>651</b>	<b>(1,777)</b>
<b>End of Period</b>	<b>\$ 2,679,627</b>	<b>\$ 2,890,826</b>	<b>\$ 2,343,798</b>	<b>\$ 2,760,529</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

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

Superintendent and School Board  
Mound Bayou Public School District  
Mound Bayou, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mound Bayou Public School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Mound Bayou Public School District's basic financial statements, and have issued our report thereon dated March 18, 2014.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. [Finding 2013-1].

### **Compliance and Other Matters**

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

However, we did note certain immaterial instances of noncompliance with state laws and regulations that we reported to management of the school district in a separate letter dated March 18, 2014, which is included in this report.

The Mound Bayou School District's response to the finding identified in our audit is described in the accompanying Auditee Corrective Action Plan. We did not audit Mound Bayou School District's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

March 18, 2014

# CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Superintendent and School Board  
Mound Bayou Public School District  
Mound Bayou, Mississippi

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

We have audited Mound Bayou Public 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 Mound Bayou Public School District's major federal programs for the year ended June 30, 2013. Mound Bayou Public School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, Mound Bayou Public 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 Mound Bayou Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mound Bayou Public School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mound Bayou Public School District's internal control over compliance.

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

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

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



Cunningham CPAs, PLLC

Belzoni, Mississippi  
March 18, 2014

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

# CUNNINGHAM CPAs, PLLC

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

Superintendent and School Board  
Mound Bayou Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mound Bayou Public School District as of and for the year ended June 30, 2013, which collectively comprise Mound Bayou Public School District's basic financial statements and have issued our report thereon dated March 18, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$8,230 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following instance of noncompliance with other state laws and regulations:

Finding

Code Section 37-61-21, Miss. Code Ann. (1972), states that final budget revisions, pertinent to a fiscal year, shall be approved on or before October 15<sup>th</sup> of each year. The District failed to amend its FY 2013 budget by the required October 15<sup>th</sup> deadline.

Recommendation

Code Section 37-61-21 should be followed.

School District's Response

The District shall have the final budget revisions approved on or before October 15<sup>th</sup> of each year.

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

This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, 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.



Cunningham CPAs, PLLC

Belzoni, Mississippi

March 18, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

Section 1: Summary of Auditor's Results

Financial Statements:

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified   |
| 2. | Internal control over financial reporting:                   |               |
|    | a. Material weakness(es) identified?                         | Yes           |
|    | b. Significant deficiency(ies) identified?                   | None reported |
| 3. | Noncompliance material to the financial statements noted?    | No            |

Federal Awards:

- |    |  |               |
|----|--|---------------|
| 4. | Internal control over major programs:  |               |
|    | a. Material weakness(es) identified?   | No            |
|    | b. Significant deficiency(ies) identified?   | None reported |
| 5. | Type of auditor's report issued on compliance for major programs:  | Unqualified   |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No            |
| 7. | Identification of major programs:  |               |
|    | A. Title I - Grants to local educational agencies:   |               |
|    | CFDA #   | 84.010        |
|    | B. Child Nutrition Cluster:  |               |
|    | CFDA #   | 10.553        |
|    | CFDA #   | 10.555        |
|    | CFDA #   | 10.559        |
| 8. | Dollar threshold used to distinguish between type A and type B programs:   | \$ 300,000    |
| 9. | Auditee qualified as a low-risk auditee?   | No            |

MOUND BAYOU PUBLIC SCHOOL DISTRICT

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

Section II: Financial Statement Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported under *Government Auditing Standards*:

**Material Weakness:**

Finding 2013-1:

Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of accurate accounting records. During the audit, we noted several discrepancies with the information provided on the accounting records.

- (1) During our testing of cash, we noted several errors in the recording of journal of entries that affected the carrying amount of cash and caused the bank reconciliations to be incorrect. Approximately \$76,000 of year-end revenue accruals were debited to cash rather than due from other governments. This caused cash to be overstated by approximately \$76,000. Additionally, the district recorded a transfer of approximately \$40,000 from district maintenance to the food service account. However, a transfer of assets never happened, thereby, causing the district maintenance account to be understated and the food service account to be overstated. These errors were corrected by auditor adjustment.
- (2) During our testing of accounts payable, we noted that the District accrued into accounts payable the entire July 2013 claims docket. However, there were approximately \$106,000 of expenditures that related to FY 2014 and should not have been accrued. This error was corrected by auditor adjustment.
- (3) During our testing of capital assets, we noted approximately \$122,000 of current year additions were not capitalized and recorded as capital assets by the District. This error was corrected by auditor adjustment.

Recommendation

We recommend management implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.

Section III: Federal Award Findings and Questioned Costs

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

**MOUND BAYOU PUBLIC SCHOOL DISTRICT**

201 Green Street  
Mound Bayou, MS 38762

**William Crockett – Superintendent**  
**Johnny Dumas – Business Manager**

**AUDITEE'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR AUDIT FINDINGS**

As required by Section .315(c) of OMB Circular A-133, the Mound Bayou Public 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:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2013-1	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Johnny Dumas, Business Manager, 662-741-2555</p> <p>b. Corrective Action Planned:</p> <p>Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>