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**Benoit School District**

Audited Financial Statements  
For the Year Ended June 30, 2013

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Benoit School District  
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## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Benoit 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 Benoit School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Benoit 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.

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BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

## **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 Benoit 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 8 to 18 and 50 to 56 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 Benoit 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 January 15, 2014, on our consideration of the Benoit 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 Benoit School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 15, 2014

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

The following discussion and analysis of Benoit 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 \$89,623, including a prior period adjustment of (\$601), which represents a 9% decrease from fiscal year 2012. Total net position for 2012 decreased \$139,144, which represents a 13% decrease from fiscal year 2011.
- General revenues amounted to \$2,623,285 and \$2,562,177, or 75% and 69% 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 \$857,776, or 25% of total revenues for 2013, and \$1,139,800, or 31% of total revenues for 2012.
- The District had \$3,570,083 and \$3,841,121 in expenses for fiscal years 2013 and 2012; only \$857,776 for 2013 and \$1,139,800 for 2012 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$2,623,285 for 2013 and \$2,562,177 for 2012 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$2,224,846 in revenues and \$2,619,991 in expenditures for 2013, and \$2,198,938 in revenues and \$2,764,543 in expenditures for 2012. The General Fund's fund balance decreased by \$46,096, including a prior period adjustment of (\$601), from 2012 to 2013, and increased by \$47,650 from 2011 to 2012.
- Capital assets, net of accumulated depreciation, decreased by \$64,261 for 2013 and decreased by \$30,160 for 2012. The decrease for 2013 was due to the recording of depreciation expense for the year.
- Long-term debt decreased by \$146,283 for 2013 and decreased by \$54,958 for 2012. This decrease for 2013 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences increased by \$4,939 for 2013 and decreased by \$5,532 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.

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

long-term impact of the District's near term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

Capital assets used in governmental activities are not reported on governmental funds financial statements.

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

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

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

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

**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 government's financial position. In the case of the District, assets exceeded liabilities by \$875,895 as of June 30, 2013.

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

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

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Current assets	\$ 366,532	654,588	(44)%
Restricted assets	47,393	37,305	27%
Capital assets, net	<u>628,569</u>	<u>692,830</u>	(9)%
<b>Total assets</b>	<u>1,042,494</u>	<u>1,384,723</u>	(25)%
Current liabilities	16,717	127,979	(87)%
Long-term debt outstanding	<u>149,882</u>	<u>291,226</u>	(49)%
<b>Total liabilities</b>	<u>166,599</u>	<u>419,205</u>	(60)%
<b>Net position:</b>			
Net investment in capital assets	515,472	552,914	(7)%
Restricted	272,579	393,189	(31)%
Unrestricted	<u>87,844</u>	<u>19,415</u>	352%
<b>Total net position</b>	<u>\$ 875,895</u>	<u>965,518</u>	(9)%

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

- Decrease in net capital assets in the amount of \$64,261.
- The principal retirement of \$146,283 of long-term debt.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$3,481,061 and \$3,701,977, respectively. The total cost of all programs and services was \$3,570,083 for 2013 and \$3,841,121 for 2012.

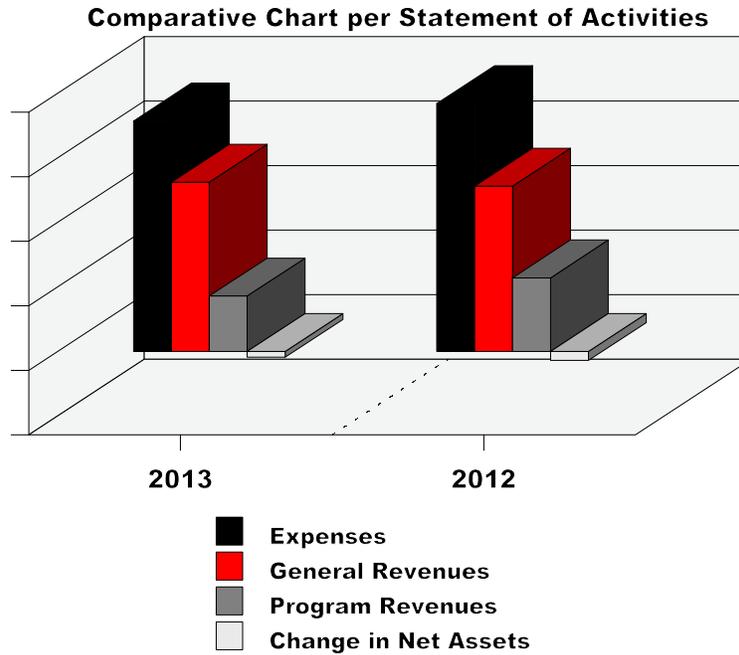
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

**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	\$ 29,830	55,226	(46)%
Operating grants and contributions	827,946	1,084,574	(24)%
<b>Total program revenues</b>	<u>857,776</u>	<u>1,139,800</u>	(25)%
General revenues:			
Property taxes	1,031,450	964,809	7%
Grants and contributions not restricted	1,250,018	1,271,655	(2)%
Unrestricted investment earnings	827	1,634	(49)%
Sixteenth section	324,459	311,935	4%
Other	16,531	12,144	36%
<b>Total general revenues</b>	<u>2,623,285</u>	<u>2,562,177</u>	2%
<b>Total revenues</b>	<u>3,481,061</u>	<u>3,701,977</u>	(6)%
<b>Expenses:</b>			
Instruction	1,397,183	1,576,364	(11)%
Support services	1,864,143	1,901,219	(2)%
Non-instructional	251,924	328,337	(23)%
Sixteenth section	48,255	24,688	95%
Interest on long-term liabilities	8,578	10,513	(18)%
<b>Total expenses</b>	<u>3,570,083</u>	<u>3,841,121</u>	(7)%
Increase (Decrease) in net position	(89,022)	(139,144)	(36)%
Net Position, July 1, as previously reported	965,518	1,104,662	(13)%
Prior Period Adjustment	(601)		
Net Position, July 1, as restated	<u>964,917</u>	<u>1,104,662</u>	(13)%
Net Position, June 30	<u>\$ 875,895</u>	<u>965,518</u>	(9)%

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013



**Governmental activities**

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

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

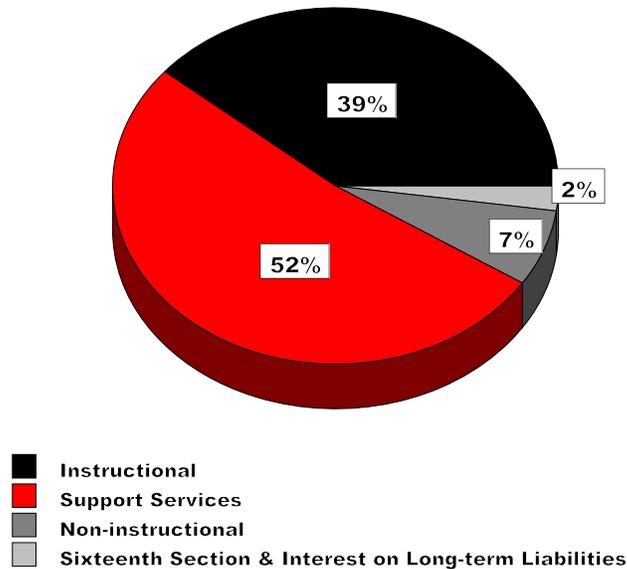
	<b>Total Expenses</b>		
	<b>2013</b>	<b>2012</b>	<b>Percentage Change</b>
Instruction	\$ 1,397,183	1,576,364	(11)%
Support services	1,864,143	1,901,219	(2)%
Non-instructional	251,924	328,337	(23)%
Sixteenth section	48,255	24,688	95%
Interest on long-term liabilities	8,578	10,513	(18)%
<b>Total expenses</b>	<b>\$ 3,570,083</b>	<b>3,841,121</b>	<b>(7)%</b>

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

**Net (Expense) Revenue**

	<u>2013</u>	<u>2012</u>	<u>Percentage Change</u>
Instruction	\$ (1,103,042)	(1,168,685)	(6)%
Support services	(1,517,473)	(1,397,642)	9%
Non-instructional	(34,959)	(99,793)	(65)%
Sixteenth section	(48,255)	(24,688)	95%
Interest on long-term liabilities	(8,578)	(10,513)	(18)%
<b>Total net (expense) revenue</b>	<b>\$ (2,712,307)</b>	<b>(2,701,321)</b>	<b>0%</b>

**Expenses per Statement of Activities**



- Net cost of governmental activities (\$2,712,307 for 2013 and \$2,701,321 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$1,031,450 for 2013 and \$964,809 for 2012) and state and federal revenues (\$1,250,018 for 2013 and \$1,271,655 for 2012). In addition, there was \$324,459 and \$311,935, in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$827 for 2013 and \$1,634 for 2012.

**Benoit School District**  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2013

**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 \$399,930, a decrease of \$169,439, which includes a prior period adjustment of (\$601) and an increase in inventory of \$106. \$124,100 or 31% 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 \$275,830 or 69% 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.

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 \$46,096, including a prior period adjustment of (\$601). The fund balance of Other Governmental Funds showed a decrease in the amount of \$30,522, which includes an increase in inventory of \$106. The increase (decrease) in the fund balance for the other major fund was as follows:

Major Fund	Increase (Decrease)
Summer Feeding Program Fund	no increase or decrease
Title I Basic Fund	no increase or decrease
21 <sup>st</sup> Century Grant Fund	no increase or decrease
Sixteenth Section Interest Fund	\$ (88,468)
Shortfall 2009 Fund	\$ (4,353)

**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.

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

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 \$1,675,077, including land, school buildings, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount remained the same when compared to the total capital assets in 2012. Total accumulated depreciation as of June 30, 2013, was \$1,046,508, and total depreciation expense for the year was \$64,261, resulting in total net capital assets of \$628,569.

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Land	\$ 1,000	1,000	0%
Buildings	302,525	307,950	(2)%
Improvements other than buildings	40,308	42,995	(6)%
Mobile equipment	249,589	284,216	(12)%
Furniture and equipment	35,147	56,669	(38)%
<b>Total</b>	<b>\$ <u>628,569</u></b>	<b><u>692,830</u></b>	<b><u>(9)%</u></b>

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

**Debt Administration.** At June 30, 2013, the District had \$149,882 in outstanding long-term debt, of which \$73,097 is due within one year. The liability for compensated absences increased \$4,939 from the prior year.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Shortfall notes payable	\$ 80,038	146,405	(45)%
Obligations under capital leases	0	24,901	(100)%
Qualified zone academy bonds payable	60,000	80,000	(25)%
Other loans payable	0	35,015	(100)%
Compensated absences payable	9,844	4,905	101%
<b>Total</b>	<b>\$ <u>149,882</u></b>	<b><u>291,226</u></b>	<b><u>(49)%</u></b>

**Benoit School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

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

**CURRENT ISSUES**

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

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

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

Enrollment for the 2012-2013 year decreased by 9% to 252 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Benoit School District, Box 789, Benoit, MS 38725.

## FINANCIAL STATEMENTS

**BENOIT SCHOOL DISTRICT**  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	Governmental Activities
<b>Assets</b>	
<i>Cash and cash equivalents</i>	\$ 306,650
<i>Due from other governments</i>	58,005
<i>Inventories</i>	1,877
<i>Restricted assets</i>	47,393
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	1,000
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	302,525
<i>Improvements other than buildings</i>	40,308
<i>Mobile equipment</i>	249,589
<i>Furniture and equipment</i>	35,147
Total Assets	<u>1,042,494</u>
<b>Liabilities</b>	
<i>Accounts payable and accrued liabilities</i>	13,995
<i>Interest payable on long-term liabilities</i>	2,722
Long-term liabilities (due within one year):	
<i>Capital related liabilities</i>	73,097
Long-term liabilities (due beyond one year):	
<i>Capital related liabilities</i>	40,000
<i>Non-capital related liabilities</i>	36,785
Total Liabilities	<u>166,599</u>
<b>Net Position</b>	
Net Investment in Capital Assets	515,472
Restricted For:	
Expendable:	
School based activities	145,018
Debt service	79,322
Forestry improvements	4,666
Unemployment benefits	6,232
Nonexpendable:	
Sixteenth section	37,341
Unrestricted	87,844
Total Net Position	<u>\$ 875,895</u>

The accompanying notes are an integral part of this statement.

**BENOIT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities:</b>				
<i>Instruction</i>	1,397,183	23,777	270,364	(1,103,042)
<i>Support services</i>	1,864,143	--	346,670	(1,517,473)
<i>Noninstructional services</i>	251,924	6,053	210,912	(34,959)
<i>Sixteenth section</i>	48,255	--	--	(48,255)
<i>Interest on long-term liabilities</i>	8,578	--	--	(8,578)
<b>Total Governmental Activities</b>	<u>\$ 3,570,083</u>	<u>\$ 29,830</u>	<u>\$ 827,946</u>	<u>(2,712,307)</u>
<b>General Revenues:</b>				
<b>Taxes:</b>				
<i>General purpose levies</i>				1,031,450
<b>Unrestricted grants and contributions:</b>				
<i>State</i>				1,239,605
<i>Federal</i>				10,413
<i>Unrestricted investment earnings</i>				827
<i>Sixteenth section sources</i>				324,459
<i>Other</i>				16,531
<b>Total General Revenues</b>				<u>2,623,285</u>
				<u>Change in Net Position (89,022)</u>
				Net Position - Beginning, as previously reported 965,518
				Prior Period Adjustment (601)
				Net Position - Beginning, as restated 964,917
				<u>Net Position - Ending \$ 875,895</u>

The accompanying notes are an integral part of this statement.

**BENOIT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General Fund	Summer Feeding Program Fund	Title I Basic Fund
<b>Assets</b>			
<i>Cash and cash equivalents</i>	\$ 82,261	\$ --	\$ --
<i>Investments</i>	--	--	--
<i>Due from other governments</i>	19,907	12,019	9,009
<i>Due from other funds</i>	36,456	--	--
<i>Inventories</i>	--	--	--
<b>Total Assets</b>	<b>\$ 138,624</b>	<b>\$ 12,019</b>	<b>\$ 9,009</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
<i>Accounts payable and accrued liabilities</i>	\$ 13,995	\$ --	\$ --
<i>Due to other funds</i>	--	12,019	9,009
<b>Total Liabilities</b>	<b>13,995</b>	<b>12,019</b>	<b>9,009</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
<i>Permanent fund principal</i>	--	--	--
<i>Inventory</i>	--	--	--
<b>Restricted:</b>			
<i>Unemployment benefits</i>	--	--	--
<i>Forestry improvement purposes</i>	--	--	--
<i>Debt service</i>	--	--	--
<i>Grant activities</i>	--	--	--
<i>Food services</i>	--	--	--
<i>Sixteenth section interest</i>	--	--	--
<b>Assigned:</b>			
<i>Activity fund</i>	529	--	--
<b>Unassigned</b>	<b>124,100</b>	<b>--</b>	<b>--</b>
<b>Total Fund Balances</b>	<b>124,629</b>	<b>--</b>	<b>--</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,624</b>	<b>\$ 12,019</b>	<b>\$ 9,009</b>

The accompanying notes are an integral part of this statement.

21st Century Grant Fund	Sixteenth Section Interest Fund	Shortfall 2009 Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 114,166	\$ 67,627	\$ 52,648	\$ 316,702
--	--	--	37,341	37,341
7,393	--	--	9,677	58,005
--	--	--	--	36,456
--	--	--	1,877	1,877
<u>\$ 7,393</u>	<u>\$ 114,166</u>	<u>\$ 67,627</u>	<u>\$ 101,543</u>	<u>\$ 450,381</u>
\$ --	\$ --	\$ --	\$ --	\$ 13,995
7,393	--	--	8,035	36,456
<u>7,393</u>	<u>--</u>	<u>--</u>	<u>8,035</u>	<u>50,451</u>
--	--	--	37,341	37,341
--	--	--	1,877	1,877
--	--	--	6,232	6,232
--	--	--	4,666	4,666
--	--	67,627	14,417	82,044
--	--	--	22,425	22,425
--	--	--	6,550	6,550
--	114,166	--	--	114,166
--	--	--	--	529
--	--	--	--	124,100
<u>--</u>	<u>114,166</u>	<u>67,627</u>	<u>93,508</u>	<u>399,930</u>
<u>\$ 7,393</u>	<u>\$ 114,166</u>	<u>\$ 67,627</u>	<u>\$ 101,543</u>	<u>\$ 450,381</u>

**BENOIT SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013*

Total fund balances for governmental funds	\$ 399,930
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	628,569
Liabilities due in one year are not reported in the funds.	(73,097)
Payables for bond principal which are not due in the current period are not reported in the funds.	(40,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,722)
Payables for notes which are not due in the current period are not reported in the funds.	(26,941)
Payables for compensated absences not due in the current period are not reported in the funds.	<u>(9,844)</u>
Net position of governmental activities	<u>\$ 875,895</u>

The accompanying notes are an integral part of this statement.

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**BENOIT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Summer Feeding Program Fund	Title I Basic Fund
<b>Revenues:</b>			
Local sources	\$ 973,726	\$ 66	\$ --
State sources	1,240,707	--	--
Federal sources	10,413	13,439	271,390
Sixteenth section sources	--	--	--
Total Revenues	<u>2,224,846</u>	<u>13,505</u>	<u>271,390</u>
<b>Expenditures:</b>			
Instruction	1,050,573	--	200,824
Support services	1,486,465	--	70,566
Noninstructional services	21,832	13,505	--
Sixteenth section	--	--	--
Debt service:			
Principal	59,916	--	--
Interest	1,205	--	--
Other	--	--	--
Total Expenditures	<u>2,619,991</u>	<u>13,505</u>	<u>271,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(395,145)</u>	<u>--</u>	<u>--</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	379,385	--	--
Transfers out	(29,735)	--	--
Total Other Financing Sources (Uses)	<u>349,650</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(45,495)</u>	<u>--</u>	<u>--</u>
<b>Fund Balances:</b>			
July 1, 2012, as previously reported	170,725	--	--
Prior period adjustments	(601)	--	--
July 1, 2012, as restated	<u>170,124</u>	<u>--</u>	<u>--</u>
Increase (decrease) in inventory	--	--	--
June 30, 2013	<u>\$ 124,629</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

21st Century Grant Fund	Sixteenth Section Interest Fund	Shortfall 2009 Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ 84	\$ 14,649	\$ 89,869	\$ 1,078,394
--	--	--	62,433	1,303,140
179,230	--	--	300,352	774,824
--	324,703	--	--	324,703
<u>179,230</u>	<u>324,787</u>	<u>14,649</u>	<u>452,654</u>	<u>3,481,061</u>
37,239	--	--	63,564	1,352,200
128,881	--	--	160,440	1,846,352
2,880	--	--	207,387	245,604
--	48,255	--	--	48,255
--	--	18,116	68,251	146,283
--	--	886	9,170	11,261
--	--	--	50	50
<u>169,000</u>	<u>48,255</u>	<u>19,002</u>	<u>508,862</u>	<u>3,650,005</u>
10,230	276,532	(4,353)	(56,208)	(168,944)
--	--	--	29,735	409,120
(10,230)	(365,000)	--	(4,155)	(409,120)
<u>(10,230)</u>	<u>(365,000)</u>	<u>--</u>	<u>25,580</u>	<u>--</u>
--	(88,468)	(4,353)	(30,628)	(168,944)
--	202,634	71,980	124,030	569,369
--	--	--	--	(601)
<u>--</u>	<u>202,634</u>	<u>71,980</u>	<u>124,030</u>	<u>568,768</u>
--	--	--	106	106
<u>\$ --</u>	<u>\$ 114,166</u>	<u>\$ 67,627</u>	<u>\$ 93,508</u>	<u>\$ 399,930</u>

**BENOIT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013*

Net change in fund balances - total governmental funds	\$ (168,944)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(64,261)
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	66,367
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	20,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	24,901
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	35,015
(Increase) decrease in accrued interest from beginning of period to end of period.	2,733
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(4,939)
Change in inventory is an adjustment to fund balance in the funds but affects expense in the SOA.	106
	<u>106</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>(89,022)</u></u>

The accompanying notes are an integral part of this statement.

**BENOIT SCHOOL DISTRICT**  
*STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES*  
*FIDUCIARY FUNDS*  
*JUNE 30, 2013*

	<u>Agency Fund</u>
<b>Assets</b>	
<i>Cash and other deposits</i>	\$ 504
<i>Total Assets</i>	<u>\$ 504</u>
<b>Liabilities</b>	
<i>Due to student clubs</i>	\$ 504
<i>Total Liabilities</i>	<u>\$ 504</u>

The accompanying notes are an integral part of this statement.

**Benoit School District**

Notes to the Financial Statements  
June 30, 2013

## **Benoit School District**

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

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

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

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

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

For financial reporting purposes, Benoit 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.

## **Benoit School District**

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

2. Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

The school district reports the following major governmental funds:

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

Summer Feeding Program Fund - This fund accounts for the federal funds received to provide food service programs to low-income children during the summer months.

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

21<sup>st</sup> Century Grant Fund - This is a special revenue fund that is intended to help students meet state and local standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that should complement their regular academic programs; and offers literacy and other educational services to the families of participating children.

## **Benoit School District**

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

**Sixteenth Section Interest Fund** - This fund serves to collect expendable sixteenth section revenues from various sixteenth section sources. Expendable revenues from this fund are either shared with other school districts or transferred to the district's General Fund per specific statutory board order.

**Shortfall 2009 Fund** - This fund is used to account for proceeds and expenditures used to retire the principal and interest on the Shortfall Note debt.

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

The District's fiduciary funds include the following:

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

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

Additionally, the school district reports the following fund types:

#### **GOVERNMENTAL FUNDS**

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

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

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

#### **FIDUCIARY FUNDS**

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

## **Benoit School District**

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

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

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

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

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

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

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

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

## **Benoit School District**

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

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

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

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

### **D. Encumbrances**

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

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

#### **1. Cash, Cash equivalents and Investments**

##### Cash and cash equivalents

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

##### Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Sections 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.

## Benoit School District

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

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

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

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

#### 3. Due from Other Governments

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

#### 4. Inventories and Prepaid Items

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

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

#### 5. Restricted Assets

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

## Benoit School District

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

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 governmental-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

## Benoit School District

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

#### 7. Compensated Absences

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

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

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

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

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

#### 9. Fund Balances

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

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

*Nonspendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for

## Benoit School District

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

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 and the Business Manager pursuant to authorization established by the District's approved fund balance policy.

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

When an expenditure 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 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 1% of the general fund 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.

## **Benoit School District**

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

### **Note 2 - Cash and Cash Equivalents and Investments**

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

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

**Investments.** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33 (d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

#### **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 \$316,702 and \$504, respectively. The bank balance was \$527,262.

## Benoit School District

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

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2013, none of the district's bank balance of \$527,262 was exposed to custodial credit risk.

#### Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities in (years)</u>	<u>Fair Value</u>
Certificates of Deposit	no rating	Less than one year	\$ <u>37,341</u>

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

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

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

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

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Bank of Benoit	\$ 37,341	100 %

## Benoit School District

Notes to the Financial Statements  
For the 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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Summer Feeding Program Fund	\$ 12,019
	Title I Basic Fund	9,009
	21 <sup>st</sup> Century Grant Fund	7,393
	Other Governmental Funds	<u>8,035</u>
Total		\$ <u><u>36,456</u></u>

The purpose of the inter-fund loans was to cover deficit cash balances. All balances are expected to be repaid within one year from the date of the financial statements.

#### B. Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Sixteenth Section Interest Fund	\$ 365,000
	21 <sup>st</sup> Century Grant Fund	10,230
	Other Governmental Funds	4,155
Other Governmental Funds	General Fund	<u>29,735</u>
Total		\$ <u><u>409,120</u></u>

Transfers were made from federal funds for indirect costs. Also, transfers were made from the General Fund to Other Governmental Funds to offset program costs which were not reimbursed by state and federal funds.

### Note 4 - Restricted Assets

The restricted assets represent the investment balance of \$37,341, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance in the amount of \$10,052 of the QZAB Bond Retirement Fund.

## Benoit School District

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

### Note 5 - Capital Assets

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

	Balance 7-1-2012	Additions	Balance 6-30-2013
<u>Non-depreciable capital assets:</u>			
Land	\$ 1,000		1,000
Total non-depreciable capital assets	<u>1,000</u>	<u>0</u>	<u>1,000</u>
<u>Depreciable capital assets:</u>			
Buildings	861,578		861,578
Improvements other than buildings	67,180		67,180
Mobile equipment	559,909		559,909
Furniture and equipment	185,410		185,410
Total depreciable capital assets	<u>1,674,077</u>	<u>0</u>	<u>1,674,077</u>
<u>Less accumulated depreciation for:</u>			
Buildings	553,628	5,425	559,053
Improvements other than buildings	24,185	2,687	26,872
Mobile equipment	275,693	34,627	310,320
Furniture and equipment	128,741	21,522	150,263
Total accumulated depreciation	<u>982,247</u>	<u>64,261</u>	<u>1,046,508</u>
Total depreciable capital assets, net	<u>691,830</u>	<u>(64,261)</u>	<u>627,569</u>
Governmental activities capital assets, net	<u>\$ 692,830</u>	<u>(64,261)</u>	<u>628,569</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 44,983
Support services	12,852
Non-instructional	6,426
Total depreciation expense	<u>\$ 64,261</u>

### Note 6 - Long-term liabilities

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

**Benoit School District**

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

	Balance 7-1-2012	Additions	Reductions	Balance 6-30-2013	Amounts due within one year
A. Shortfall notes payable - 2010	\$ 18,116		18,116	0	
Shortfall notes payable - 2011	60,519		28,866	31,653	31,653
Shortfall notes payable - 2012	67,770		19,385	48,385	21,444
B. Obligations under capital leases	24,901		24,901	0	
C. Qualified zone academy bonds payable	80,000		20,000	60,000	20,000
D. Other loans payable	35,015		35,015	0	
E. Compensated absences payable	4,905	4,939		9,844	
<b>Total</b>	<b>\$ 291,226</b>	<b>4,939</b>	<b>146,283</b>	<b>149,882</b>	<b>73,097</b>

**A. Shortfall Notes Payable**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Shortfall Note, Series 2011	5.25%	12-30-10	12-30-13	\$ 87,735	31,653
Shortfall Note, Series 2012	5.25%	09-15-11	09-15-14	67,770	48,385
<b>Total</b>				<b>\$ 155,505</b>	<b>80,038</b>

- This debt was paid off during the year and retired from the Shortfall Notes Retirement Fund (#4012).
- Shortfall notes payable issue of 2011:

Year Ending June 30	Principal	Interest	Total
2014	\$ 31,653	1,610	33,263

This debt will be retired from the Shortfall Notes Retirement Fund (#4013).

- Shortfall notes payable issue of 2012:

Year Ending June 30	Principal	Interest	Total
2014	\$ 21,444	2,432	23,876
2015	26,941	1,247	28,188
<b>Total</b>	<b>\$ 48,385</b>	<b>3,679</b>	<b>52,064</b>

This debt will be retired from the Shortfall Notes Retirement Fund (#4014).

**Benoit School District**

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

Total shortfall notes payable payments for all issues:

Year Ending June 30		Principal	Interest	Total
2014	\$	53,097	4,042	57,139
2015		26,941	1,247	28,188
Total	\$	<u>80,038</u>	<u>5,289</u>	<u>85,327</u>

**B. Obligations under capital leases**

This debt was paid off and retired from the District Maintenance Fund.

**C. Qualified Zone Academy Bonds Payable**

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
QZAB Bonds, (Series 2006)	0%	06-14-06	06-14-16	\$ <u>200,000</u>	<u>60,000</u>

Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34) provides for a source of capital at no or nominal interest rates for costs incurred by certain public schools in connection with the establishment of special academic programs from kindergarten through secondary school, in partnership with the business community. The school district, in agreement with Hancock Bank, has entered into such an arrangement dated June 14, 2006. This agreement establishes a method of repayment for a qualified interest-free debt instrument.

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

Year Ending June 30		Principal
2014	\$	20,000
2015		20,000
2016		20,000
Total	\$	<u>60,000</u>

This debt will be retired from the District Maintenance Fund.

## **Benoit School District**

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

### **D. Other Loans Payable**

This debt was paid off and retired from the District Maintenance Fund.

### **E. Compensated absences payable**

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

## **Note 7 - Defined Benefit Pension Plan**

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

**Funding Policy.** PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2013 was 14.26% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2013, 2012, and 2011 were \$261,910, \$246,181, and \$224,423, respectively, which equaled the required contributions for each year.

## **Note 8 - Sixteenth Section Lands**

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

## Benoit School District

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

Year Ending June 30		Amount
2014	\$	61,480
2015		61,480
Total	\$	<u>122,960</u>

### Note 9 - Contingencies

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

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 10 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up 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

## Benoit School District

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

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 11 - Subsequent Events

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

On July 23, 2013, the Board approved the authorization of the Superintendent to request a \$300,000 Tax Anticipation Note from the Bank of Benoit.

On October 14, 2013, an advertisement of bids were placed for 16<sup>th</sup> Section leases.

On November 11, 2013, the Board approved of a shortfall note in the amount of \$27,656.

By action of the Mississippi State Legislature, effective July 1, 2014, the Benoit School District will merge with West Bolivar and Shaw School Districts. Benoit School District will cease to exist and any assets and liabilities will be assumed by the West Bolivar School District. This merger will be reported in West Bolivar School District's financial statements for the year ended June 30, 2015.

### Note -12 - Prior Period Adjustments

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

#### Exhibit B - Statement of Activities

<u>Explanation</u>		<u>Amount</u>
Adjustments were made to record rebate to State Treasurer.	\$	<u>(601)</u>

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

<u>Fund</u>	<u>Explanation</u>		<u>Amount</u>
1. General Fund	See above	\$	<u>(601)</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 1,009,848	973,726	973,726	(36,122)	0
State sources	1,234,233	1,240,708	1,240,707	6,475	(1)
Federal sources	44,954	10,413	10,413	(34,541)	0
Total Revenues	<u>2,289,035</u>	<u>2,224,847</u>	<u>2,224,846</u>	<u>(64,188)</u>	<u>(1)</u>
<b>Expenditures:</b>					
Instruction	1,039,513	1,043,368	1,050,573	(3,855)	(7,205)
Support services	1,417,856	1,486,465	1,486,465	(68,609)	0
Noninstructional services	65,212	21,833	21,832	43,379	1
Debt Service:					
Principal	59,916	59,914	59,916	2	(2)
Interest	1,205	8,411	1,205	(7,206)	7,206
Total Expenditures	<u>2,583,702</u>	<u>2,619,991</u>	<u>2,619,991</u>	<u>(36,289)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(294,667)</u>	<u>(395,144)</u>	<u>(395,145)</u>	<u>(100,477)</u>	<u>(1)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds of loans				0	0
Insurance loss recoveries				0	0
Transfers In	508,596	604,040	379,385	95,444	(224,655)
Transfers Out	(242,512)	(254,390)	(29,735)	(11,878)	224,655
Total Other Financing Sources (Uses)	<u>266,084</u>	<u>349,650</u>	<u>349,650</u>	<u>83,566</u>	<u>0</u>
Net Change in Fund Balances	<u>(28,583)</u>	<u>(45,494)</u>	<u>(45,495)</u>	<u>(16,911)</u>	<u>(1)</u>
<b>Fund Balances:</b>					
July 1, 2012, as previously reported	170,724	170,724	170,725	0	1
Prior period adjustment		(601)	(601)	(601)	0
July 1, 2012, as restated	<u>170,724</u>	<u>170,123</u>	<u>170,124</u>	<u>(601)</u>	<u>1</u>
June 30, 2013	<u>\$ 142,141</u>	<u>124,629</u>	<u>124,629</u>	<u>(17,512)</u>	<u>0</u>

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Summer Feeding Program Fund  
 For the Year Ended June 30, 2013

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$		66	0	66
Federal sources			13,439	0	13,439
Total Revenues	<u>0</u>	<u>0</u>	<u>13,505</u>	<u>0</u>	<u>13,505</u>
<b>Expenditures:</b>					
Instruction				0	0
Support services				0	0
Noninstructional services			13,505	0	(13,505)
Total Expenditures	<u>0</u>	<u>0</u>	<u>13,505</u>	<u>0</u>	<u>(13,505)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources (Uses):</b>					
Transfers Out				0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>					
July 1, 2012	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2013	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Title I Basic Fund  
 For the Year Ended June 30, 2013

Exhibit 3

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 254,265	254,265	271,390	0	17,125
Total Revenues	<u>254,265</u>	<u>254,265</u>	<u>271,390</u>	<u>0</u>	<u>17,125</u>
<b>Expenditures:</b>					
Instruction	195,705	195,705	200,824	0	(5,119)
Support services	63,140	63,140	70,566	0	(7,426)
Noninstructional services				0	0
Total Expenditures	<u>258,845</u>	<u>258,845</u>	<u>271,390</u>	<u>0</u>	<u>(12,545)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,580)</u>	<u>(4,580)</u>	<u>0</u>	<u>0</u>	<u>4,580</u>
Net Change in Fund Balances	<u>(4,580)</u>	<u>(4,580)</u>	<u>0</u>	<u>0</u>	<u>4,580</u>
Fund Balances:					
July 1, 2012			0	0	0
June 30, 2013	\$ <u>(4,580)</u>	<u>(4,580)</u>	<u>0</u>	<u>0</u>	<u>4,580</u>

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

**BENOIT SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 21st Century Grant Fund  
 For the Year Ended June 30, 2013

Exhibit 4

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 200,000	200,000	179,230	0	(20,770)
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>179,230</u>	<u>0</u>	<u>(20,770)</u>
<b>Expenditures:</b>					
Instruction	37,124	37,124	37,239	0	(115)
Support services	146,816	146,816	128,881	0	17,935
Noninstructional services	3,400	3,400	2,880	0	520
Total Expenditures	<u>187,340</u>	<u>187,340</u>	<u>169,000</u>	<u>0</u>	<u>18,340</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,660</u>	<u>12,660</u>	<u>10,230</u>	<u>0</u>	<u>(2,430)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers out	(12,660)	(12,660)	(10,230)	0	(2,430)
Total Other Financing Sources (Uses)	<u>(12,660)</u>	<u>(12,660)</u>	<u>(10,230)</u>	<u>0</u>	<u>2,430</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
July 1, 2012			0	0	0
June 30, 2013	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

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

Exhibit 5

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$		84	0	84
Sixteenth section sources		324,930	324,703	0	(227)
Total Revenues		<u>324,930</u>	<u>324,787</u>	<u>0</u>	<u>(143)</u>
<b>Expenditures:</b>					
Sixteenth section		40,000	48,255	0	(8,255)
Total Expenditures		<u>40,000</u>	<u>48,255</u>	<u>0</u>	<u>(8,255)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>284,930</u>	<u>276,532</u>	<u>0</u>	<u>(8,398)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers out		(284,373)	(365,000)	0	80,627
Total Other Financing Sources (Uses)		<u>(284,373)</u>	<u>(365,000)</u>	<u>0</u>	<u>(80,627)</u>
Net Change in Fund Balances		<u>557</u>	<u>(88,468)</u>	<u>0</u>	<u>(89,025)</u>
Fund Balances:					
July 1, 2012		202,634	202,634	0	0
June 30, 2013	\$	<u>203,191</u>	<u>114,166</u>	<u>0</u>	<u>(89,025)</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## **Benoit School District**

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

### Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

## SUPPLEMENTARY INFORMATION

**Benoit School District**

**Schedule 1**

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  
Number

Federal  
Expenditures

**U. S. Department of Agriculture**

Passed-through the Mississippi Department of Education:

Child Nutrition Cluster:

School Breakfast Program	10.553	\$	54,344
National School Lunch Program	10.555		138,122
Summer Food Service Program for Children	10.559		13,439
Total Child Nutrition cluster			<u>205,905</u>
Total passed-through Mississippi Department of Education			<u>205,905</u>
<b>Total U. S. Department of Agriculture</b>			<u><u>205,905</u></u>

**Federal Communications Commission**

Administered through the Universal Service Administrative Company:

The Schools and Libraries Program of the Universal Service Fund	32.xxx		7,700
<b>Total Federal Communications Commission</b>			<u><u>7,700</u></u>

**U. S. Department of Education**

Passed-through the Mississippi Department of Education:

Title I Grants to Local Educational Agencies Cluster:

Title I Grants to Local Educational Agencies	84.010		271,390
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		5
Total Title I cluster			<u>271,395</u>

Twenty-First Century Community Learning Centers	84.287		179,230
Improving Teacher Quality - State Grants	84.367		32,688
Subtotal			<u>211,918</u>

Special Education Cluster:

Special Education - Grants to States	84.027		73,404
Special Education - Preschool Grants	84.173		1,789
Total Special Education cluster			<u>75,193</u>
Total passed-through the Mississippi Department of Education			<u>558,506</u>
<b>Total U. S. Department of Education</b>			<u><u>558,506</u></u>

**U.S. Department of Health and Human Services**

Passed-through Mississippi Department of Education:

Medical Assistance Program	93.778		2,713
<b>Total U. S. Department of Health and Human Services</b>			<u><u>2,713</u></u>

TOTAL FOR ALL FEDERAL AWARDS \$ 774,824

**Notes to Schedule**

1. This schedule was prepared using the same basis of accounting and 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.

**Benoit School District****Schedule 2**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits	\$ 2,513,695	1,609,839	447,168	121,932	334,756
Other	1,136,310	293,721	111,808	1,376	729,405
Total	\$ <u>3,650,005</u>	<u>1,903,560</u>	<u>558,976</u>	<u>123,308</u>	<u>1,064,161</u>
Total number of students *	<u>252</u>				
Cost per student	\$ <u>14,484</u>	<u>7,554</u>	<u>2,218</u>	<u>489</u>	<u>4,223</u>

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

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

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

School Administration - includes expenditures for the following functions: 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 school year.

## OTHER INFORMATION

**BENOIT SCHOOL DISTRICT**

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

"UNAUDITED"

## General Fund

## Last Four Years

	2013	2012	2011*	2010*
<b>Revenues:</b>				
Local sources	\$ 973,726	926,635	867,043	833,132
State sources	1,240,707	1,228,992	1,164,189	1,156,677
Federal sources	10,413	43,311	12,951	16,326
Total Revenues	<u>2,224,846</u>	<u>2,198,938</u>	<u>2,044,183</u>	<u>2,006,135</u>
<b>Expenditures:</b>				
Instruction	1,050,573	1,260,637	1,098,462	1,090,828
Support services	1,486,465	1,364,216	1,362,534	1,100,466
Noninstructional services	21,832	78,570	55,254	2,449
Debt Service:				
Principal	59,916	58,493	56,336	55,782
Interest	1,205	2,627	4,784	5,338
Total Expenditures	<u>2,619,991</u>	<u>2,764,543</u>	<u>2,577,370</u>	<u>2,254,863</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(395,145)</u>	<u>(565,605)</u>	<u>(533,187)</u>	<u>(248,728)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of notes issued		67,770	87,735	51,535
Insurance loss recoveries		30,502		
Operating transfers in	379,385	521,839	257,424	290,907
Other financing sources			198	
Operating transfers out	(29,735)	(6,856)	(42,008)	(8,891)
Total Other Financing Sources (Uses)	<u>349,650</u>	<u>613,255</u>	<u>303,349</u>	<u>333,551</u>
Net Change in Fund Balances	<u>(45,495)</u>	<u>47,650</u>	<u>(229,838)</u>	<u>84,823</u>
<b>Fund Balances:</b>				
July 1, as previously reported	170,725	123,075	352,913	275,780
Prior period adjustments	(601)			(7,690)
July 1, as restated	<u>170,124</u>	<u>123,075</u>	<u>352,913</u>	<u>268,090</u>
June 30,	<u>\$ 124,629</u>	<u>170,725</u>	<u>123,075</u>	<u>352,913</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**BENOIT SCHOOL DISTRICT**

## 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	\$ 1,078,394	1,034,187	950,755	906,455
State sources	1,303,140	1,295,280	1,235,951	1,236,513
Federal sources	774,824	1,059,334	1,291,933	1,442,290
Sixteenth section sources	324,703	313,177	301,633	294,727
Total Revenues	<u>3,481,061</u>	<u>3,701,978</u>	<u>3,780,272</u>	<u>3,879,985</u>
<b>Expenditures:</b>				
Instruction	1,352,200	1,609,645	1,647,708	1,718,007
Support services	1,846,352	1,877,604	2,007,005	1,684,618
Noninstructional services	245,604	324,546	318,409	257,360
Sixteenth section	48,255	24,688	26,853	
Debt service:				
Principal	146,283	102,728	73,516	55,782
Interest	11,261	9,847	6,644	5,338
Interest	50	100		
Total Expenditures	<u>3,650,005</u>	<u>3,949,158</u>	<u>4,080,135</u>	<u>3,721,105</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(168,944)</u>	<u>(247,180)</u>	<u>(299,863)</u>	<u>158,880</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of notes issued		67,770	87,735	51,535
Insurance loss recoveries		30,502		
Operating transfers in	409,120	608,334	460,708	299,798
Other financing sources			198	
Operating transfers out	(409,120)	(608,334)	(460,708)	(299,798)
Other financing uses		(20,000)	(20,000)	(20,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>78,272</u>	<u>67,933</u>	<u>31,535</u>
Net Change in Fund Balances	<u>(168,944)</u>	<u>(168,908)</u>	<u>(231,930)</u>	<u>190,415</u>
<b>Fund Balances:</b>				
July 1, as previously reported	569,369	738,277	969,931	787,783
Prior period adjustment	(601)			(7,469)
July 1, as restated	<u>568,768</u>	<u>738,277</u>	<u>969,931</u>	<u>780,314</u>
Increase (decrease) in inventory	106		276	(798)
June 30,	<u>\$ 399,930</u>	<u>569,369</u>	<u>738,277</u>	<u>969,931</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Benoit School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benoit School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Benoit school District's basic financial statements, and have issued our report thereon dated January 15, 2014.

**Internal Control Over Financial Reporting**

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

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

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

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BRANDON, MISSISSIPPI 39047  
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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Benoit 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 noted a certain immaterial instance of noncompliance or other matters that we have reported to management of the school district in a separate letter dated January 15, 2014, which is included in this report.

## 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.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 15, 2014

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Benoit School District

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

We have audited Benoit 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 school district's major federal programs for the year ended June 30, 2013. The Benoit School District's major federal programs are identified in the summary of the 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 Benoit 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 the 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 on the school district's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Benoit 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.

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## Report on Internal Control Over Compliance

Management of the Benoit 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 Benoit 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 the 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 the 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 out 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.

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
January 15, 2014

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Benoit School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benoit School District as of and for the year ended June 30, 2013, which collectively comprise Benoit School District's basic financial statements and have issued our report thereon dated January 15, 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 ensure 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 \$1,166 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 ensure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

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BRANDON, MISSISSIPPI 39047  
TELEPHONE 601-992-5292 FAX 601-992-2033

Finding 1:

Section 71-5-359, Miss. Code Ann. (1972), requires that Mississippi Public School Districts maintain cash and investment balance in the Unemployment Compensation Fund equal to 2% of applicable wages. Benoit School District required a balance of \$6,960 but only had \$6,232 in the fund.

Recommendation:

The District should comply with Section 71-5-359 and maintain cash and investment balance in Unemployment Compensation Fund equal to 2% of applicable wages as required by state laws.

Response:

The school district will comply with Section 71-5-359.

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

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

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

*Fortenberry & Ballard, PC*

Fortenberry & Ballard, PC  
January 15, 2014

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Benoit 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: Unqualified.
- 2. Internal control over financial reporting:
  - a. Material weakness(es) identified? No.
  - b. Significant deficiency(ies) identified? None reported.
- 3. Noncompliance material to 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 findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No.
- 7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010 & 84.389	Title I Cluster

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

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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