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CARROLL COUNTY SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2013

CARROLL COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

202 Church Street
Belzoni, Mississippi 39038
Office: (662) 247-2416
Fax: (662) 247-2420

10 South Bancroft Street
Fairhope, Alabama 36532
Office: (251) 929-7778
Fax: (251) 929-7779

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Carroll County School District
Carrollton, Mississippi

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 6-14 and 40-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County 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 February 7, 2014, on our consideration of the Carroll County 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 Carroll County School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cunningham CPAs".

Cunningham CPAs, PLLC

Belzoni, Mississippi

February 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CARROLL COUNTY SCHOOL DISTRICT

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

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

FINANCIAL HIGHLIGHTS

- Total net position for 2013 increased \$75,142, including a prior period adjustment of (\$38,791), which represents a 2% increase from fiscal year 2012. Total net position for 2012 increased \$70,152, including a prior period adjustment of (\$45,267), which represents a 2% increase from fiscal year 2011.
- General revenues amounted to \$7,317,039 and \$6,989,845, or 79% and 76% of all revenues for fiscal years 2013 and 2012, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,963,601, or 21% of total revenues for 2013, and \$2,143,671, or 24% of total revenues for 2012.
- The District had \$9,166,707 and \$9,018,097 in expenses for fiscal years 2013 and 2012; only \$1,963,601 for 2013 and \$2,143,671 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$7,317,039 for 2013 were adequate to provide for these programs and \$6,989,845 for 2012 were adequate to provide for these programs.
- Among major funds, the General Fund had \$6,346,350 in revenues and \$6,841,560 in expenditures for 2013, and \$6,067,188 in revenues and \$6,728,049 in expenditures in 2012. The General Fund's fund balance decreased by \$9,396, including a prior period adjustment of (\$21,266) from 2012 to 2013, and decreased by \$958,647, including a prior period adjustment of (\$661,803) from 2011 to 2012.
- Capital assets, net of accumulated depreciation, increased by \$44,085, including a prior period adjustment of \$53,949 for 2013 and decreased by \$67,306 for 2012. The increase for 2013 was due to current additions coupled with the increase in accumulated depreciation and the effect of prior period adjustments.
- Long-term debt decreased by \$330,000 for 2013 and decreased by \$318,000 for 2012. This decrease for 2013 was due to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$9,647 for 2013 and decreased by \$8,323 for 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net position." Over time, increases or decreases in the

CARROLL COUNTY SCHOOL DISTRICT

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

District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial

CARROLL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$3,869,933 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.

CARROLL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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

Table 1
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	\$ 1,510,044	\$ 1,835,321	-17.72 %
Restricted assets	1,734,920	1,440,297	20.46 %
Capital assets, net	3,725,759	3,681,674	1.20 %
Total assets	6,970,723	6,957,292	0.19 %
Current liabilities	684,960	407,024	68.28 %
Long-term debt outstanding	2,415,830	2,755,477	-12.33 %
Total liabilities	3,100,790	3,162,501	-1.95 %
Net position:			
Net investment in capital assets	1,363,759	989,674	37.80 %
Restricted	3,711,447	4,303,499	-13.76 %
Unrestricted	(1,205,273)	(1,498,382)	19.56 %
Total net position	\$ 3,869,933	\$ 3,794,791	1.98 %

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

- Increase in net capital assets in the amount of \$44,085.
- The principal retirement of \$330,000 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2013 and June 30, 2012 were \$9,280,640 and \$9,133,516, respectively. The total cost of all programs and services was \$9,166,707 for 2013 and \$9,018,097 for 2012.

CARROLL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

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

**Table 2
Changes in Net Position**

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 182,403	\$ 192,919	(5.45) %
Operating grants and contributions	1,781,198	1,950,752	(8.69) %
General revenues:			
Property taxes	1,920,119	1,893,297	1.42 %
Grants and contributions not restricted	4,560,127	4,416,455	3.25 %
Unrestricted investment earnings	1,705	34,708	(95.09) %
Sixteenth section sources	660,355	576,443	14.56 %
Other	174,733	68,942	153.45 %
Total revenues	9,280,640	9,133,516	1.61 %
Expenses:			
Instruction	4,788,518	4,803,206	(0.31) %
Support services	3,443,079	3,247,451	6.02 %
Non-instructional	636,386	632,164	0.67 %
Sixteenth section	151,158	168,462	(10.27) %
Interest on long-term liabilities and other debt service costs	147,566	166,814	(11.54) %
Total expenses	9,166,707	9,018,097	1.65 %
Increase (Decrease) in net position	113,933	115,419	(1.29) %
Net Position, July 1, as previously reported	3,794,791	3,724,639	1.88 %
Prior Period Adjustment	(38,791)	(45,267)	14.31 %
Net Position, July 1, as restated	3,756,000	3,679,372	2.08 %
Net Position, June 30	\$ 3,869,933	\$ 3,794,791	1.98 %

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.

CARROLL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Table 3
Net Cost of Governmental Activities

	<u>Total Expenses</u>		Percentage Change
	<u>2013</u>	<u>2012</u>	
Instruction	\$ 4,788,518	\$ 4,803,206	(0.31) %
Support services	3,443,079	3,247,451	6.02 %
Non-instructional	636,386	632,164	0.67 %
Sixteenth section	151,158	168,462	(10.27) %
Interest on long-term liabilities and other debt service costs	147,566	166,814	(11.54) %
Total expenses	<u>\$ 9,166,707</u>	<u>\$ 9,018,097</u>	1.65 %
	<u>Net (Expense) Revenue</u>		
	<u>2013</u>	<u>2012</u>	Percentage Change
Instruction	\$ (4,016,462)	\$ (3,915,344)	2.58 %
Support services	(2,953,733)	(2,737,828)	7.89 %
Non-instructional	65,813	93,595	(29.68) %
Sixteenth section	(151,158)	(148,035)	2.11 %
Interest on long-term liabilities and other debt service costs	(147,566)	(166,814)	(11.54) %
Total net (expense) revenue	<u>\$ (7,203,106)</u>	<u>\$ (6,874,426)</u>	4.78 %

- Net cost of governmental activities (\$7,203,106 for 2013 and \$6,874,426 for 2012) was financed by general revenue, which is primarily made up of property taxes (\$1,920,119 for 2013 and \$1,893,297 for 2012) and state and federal revenues (\$4,560,127 for 2013 and \$4,416,455 for 2012). In addition, there was \$660,355 and \$576,443 in Sixteenth Section sources for 2013 and 2012, respectively.
- Investment earnings amounted to \$1,705 for 2013 and \$34,708 for 2012.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,583,416, a decrease of \$289,032, including a prior period adjustment of (\$68,170), and which includes an increase in inventory of \$7,061. (\$1,501,168) or (58)% 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 \$4,084,584 or 158% 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, committed or assigned.

CARROLL COUNTY SCHOOL DISTRICT

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

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$9,396, including a prior period adjustment of (\$21,266). The fund balance of Other Governmental Funds showed a decrease in the amount of \$372,109, including a prior period adjustment of (\$10,004), and which includes an increase in reserve for inventory of \$7,061, due primarily to normal operations. The increase (decrease) in the fund balance for the other major fund was as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Sixteenth section principal fund	\$ 92,473

BUDGETARY HIGHLIGHTS

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were \$5,684,196, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents a decrease of \$308,349 from 2012. Total accumulated depreciation as of June 30, 2013, was \$1,958,437, and total depreciation expense for the year was \$181,898, resulting in total net capital assets of \$3,725,759.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Land	\$ 46,921	\$ 46,921	0.00 %
Construction in progress	81,610	-	N/A %
Buildings	2,867,727	2,972,507	(3.52) %
Building improvements	95,522	65,811	45.15 %
Improvements other than buildings	30,560	30,560	0.00 %
Mobile equipment	528,273	511,105	3.36 %
Furniture and equipment	75,146	54,770	37.20 %
Total	\$ 3,725,759	\$ 3,681,674	1.20 %

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

CARROLL COUNTY SCHOOL DISTRICT

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

Debt Administration. At June 30, 2013, the District had \$2,415,830 in outstanding long-term debt, of which \$341,000 is due within one year. The liability for compensated absences decreased \$9,647 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Percentage Change</u>
Limited obligation bonds payable	\$ 845,000	\$ 990,000	(14.65) %
Three mill notes payable	1,517,000	1,702,000	(10.87) %
Compensated absences payable	53,830	63,477	(15.20) %
Total	<u>\$ 2,415,830</u>	<u>\$ 2,755,477</u>	(12.33) %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Carroll County School District, P.O. Box 256, Carrollton, MS 38917.

FINANCIAL STATEMENTS

CARROLL COUNTY SCHOOL DISTRICT

Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,130,808
Due from other governments	315,824
Other receivables	18,606
Inventories	26,599
Prepaid items	18,207
Restricted assets	1,734,920
Capital assets, non-depreciable:	
Land	46,921
Construction in progress	81,610
Capital assets, net of accumulated depreciation:	
Buildings	2,867,727
Building improvements	95,522
Improvements other than buildings	30,560
Mobile equipment	528,273
Furniture and equipment	75,146
Total Assets	<u>6,970,723</u>
Liabilities	
Accounts payable and accrued liabilities	523,683
Unearned income	137,865
Interest payable on long-term liabilities	23,412
Long-term liabilities, due within one year:	
Capital related liabilities	341,000
Long-term liabilities, due beyond one year:	
Capital related liabilities	2,021,000
Non-capital related liabilities	53,830
Total Liabilities	<u>3,100,790</u>
Net Position	
Net investment in capital assets	1,363,759
Restricted for:	
Expendable:	
School-based activities	415,205
Debt service	186,566
Capital improvements	70,689
Forestry improvements	17,261
Unemployment benefits	16,555
Non-expendable:	
Sixteenth section	3,005,171
Unrestricted	(1,205,273)
Total Net Position	<u>\$ 3,869,933</u>

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

CARROLL COUNTY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2013

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 4,788,518	\$ 114,943	\$ 657,113	\$ -	\$ (4,016,462)	
Support services	3,443,079	-	489,346	-	(2,953,733)	
Non-instructional	636,386	67,460	634,739	-	65,813	
Sixteenth section	151,158	-	-	-	(151,158)	
Interest on long-term liabilities	147,566	-	-	-	(147,566)	
Total Governmental Activities	\$ 9,166,707	\$ 182,403	\$ 1,781,198	\$ -	\$ (7,203,106)	
 General Revenues:						
Taxes:						
					1,722,205	
					197,914	
Unrestricted grants and contributions:						
					4,292,490	
					267,637	
					1,705	
					660,355	
					174,733	
					<u>7,317,039</u>	
Change in Net Position					<u>113,933</u>	
Net Position - Beginning, as originally reported					3,794,791	
Prior period adjustment					<u>(38,791)</u>	
Net Position - Beginning, as restated					<u>3,756,000</u>	
Net Position - Ending					<u>\$ 3,869,933</u>	

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

CARROLL COUNTY SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2013

Exhibit C

	Major Funds			
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 104,374	\$ 95,059	\$ 1,026,434	\$ 1,225,867
Cash with fiscal agents	-	-	79,861	79,861
Investments	-	1,560,000	-	1,560,000
Due from other governments	82,360	-	232,505	314,865
Other receivables	-	18,450	156	18,606
Due from other funds	86,477	-	-	86,477
Advances	-	1,434,718	-	1,434,718
Inventories	-	-	26,599	26,599
Prepaid items	18,207	-	-	18,207
Total Assets	\$ 291,418	\$ 3,108,227	\$ 1,365,555	\$ 4,765,200
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 325,571	\$ 103,056	\$ 95,056	\$ 523,683
Unearned income	-	-	137,865	137,865
Due to other funds	-	-	85,518	85,518
Advances	1,434,718	-	-	1,434,718
Total Liabilities	1,760,289	103,056	318,439	2,181,784
Fund Balances:				
Nonspendable:				
Inventory	-	-	26,599	26,599
Prepaid items	18,207	-	-	18,207
Advances	-	1,434,718	-	1,434,718
Permanent fund principal	-	1,570,453	-	1,570,453
Restricted:				
Debt service	-	-	209,978	209,978
Capital projects	-	-	70,689	70,689
Forestry improvement purposes	-	-	17,261	17,261
Grant and school based activities	-	-	374,516	374,516
Unemployment benefits	-	-	16,555	16,555
Assigned:				
School based activities	14,090	-	-	14,090
Sixteenth section purposes	-	-	331,518	331,518
Unassigned	(1,501,168)	-	-	(1,501,168)
Total Fund Balances	(1,468,871)	3,005,171	1,047,116	2,583,416
Total Liabilities and Fund Balances	\$ 291,418	\$ 3,108,227	\$ 1,365,555	\$ 4,765,200

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

CARROLL COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds \$ 2,583,416

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

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

Land	\$	46,921	
Construction in progress		81,610	
Buildings		4,025,784	
Building improvements		101,619	
Improvements other than buildings		152,800	
Mobile equipment		990,499	
Furniture and equipment		284,963	
Accumulated depreciation		<u>(1,958,437)</u>	3,725,759

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

Limited obligation bonds		(845,000)	
Three mill notes payable		(1,517,000)	
Compensated absences payable		(53,830)	
Accrued interest payable		<u>(23,412)</u>	(2,439,242)

Net position of governmental activities \$ 3,869,933

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

CARROLL COUNTY SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Exhibit D

For the Year Ended June 30, 2013

	Major Funds			Total Governmental Funds
	General Fund	Sixteenth Section Principal Fund	Other Governmental Funds	
Revenues:				
Local sources	\$ 1,893,330	\$ -	\$ 265,487	\$ 2,158,817
State sources	4,135,383	-	402,716	4,538,099
Federal sources	317,637	-	1,504,645	1,822,282
Sixteenth section sources	-	290,836	384,563	675,399
Total Revenues	6,346,350	290,836	2,557,411	9,194,597
Expenditures:				
Instruction	3,719,437	-	951,400	4,670,837
Support services	3,062,680	-	465,436	3,528,116
Noninstructional services	-	-	663,375	663,375
Sixteenth section	-	102,020	49,138	151,158
Facilities acquisition and construction	-	-	81,610	81,610
Debt service:				
Principal	-	-	330,000	330,000
Interest	59,443	-	93,135	152,578
Other	-	-	-	-
Total Expenditures	6,841,560	102,020	2,634,094	9,577,674
Excess (Deficiency) of Revenues over (under) Expenditures	(495,210)	188,816	(76,683)	(383,077)
Other Financing Sources (Uses):				
Insurance loss recoveries	18,528	-	-	18,528
Sale of transportation equipment	13,584	-	-	13,584
Sale of other property	125,900	-	-	125,900
Other financing sources	-	-	391	391
Operating transfers in	707,671	-	414,797	1,122,468
Operating transfers out	(355,354)	(59,443)	(707,671)	(1,122,468)
Other financing uses	(3,249)	-	-	(3,249)
Total Other Financing Sources (Uses)	507,080	(59,443)	(292,483)	155,154
Net Change in Fund Balances	11,870	129,373	(369,166)	(227,923)
Fund Balances:				
July 1, 2012, as originally reported	(1,459,475)	2,912,698	1,419,225	2,872,448
Prior period adjustments	(21,266)	(36,900)	(10,004)	(68,170)
July 1, 2012, as restated	(1,480,741)	2,875,798	1,409,221	2,804,278
Decrease in reserve for inventory	-	-	7,061	7,061
June 30, 2013	\$ (1,468,871)	\$ 3,005,171	\$ 1,047,116	\$ 2,583,416

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

CARROLL COUNTY SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds \$ (227,923)

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

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

Capital outlay	\$	241,145	
Depreciation expense		<u>(181,898)</u>	59,247

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.

(69,111)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Payments of debt principal		330,000	
Accrued interest payable		<u>5,012</u>	335,012

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

Change in compensated absences		9,647	
Change in inventory reserve		<u>7,061</u>	16,708

Change in net position of governmental activities \$ 113,933

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

CARROLL COUNTY SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities

Exhibit E

June 30, 2013

	Agency Funds
Assets	
Cash and cash equivalents	\$ 15,331
Total Assets	<u>\$ 15,331</u>
Liabilities	
Due to other funds	\$ 959
Due to student clubs	14,372
Total Liabilities	<u>\$ 15,331</u>

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

CARROLL COUNTY SCHOOL DISTRICT

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

Note 1 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

In July 2011, the GASB issued GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which is effective for periods beginning after December 15, 2011. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

In April 2012, the GASB issued GASBS No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for periods beginning after December 15, 2012, with earlier implementation encouraged. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

Implementation of the above GASB statements resulted in a prior period adjustment of \$24,570 to remove previously deferred bond issue costs.

B. 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, Carroll County 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.

C. 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.

CARROLL COUNTY SCHOOL DISTRICT

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

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

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

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

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

The school district reports the following major governmental funds:

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

Sixteenth Section Principal Fund- This fund is used to account for the generation of revenues and expenditures associated with sixteenth section lands that are legally required to be accounted for in the Sixteenth Section Principal Fund. Those revenues include but are not limited to, sales of non-renewable resources, easements, interest on investments, loans to the district, and transfers.

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

The District's fiduciary funds include the following:

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

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

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

CARROLL COUNTY SCHOOL DISTRICT

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

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

D. 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

CARROLL COUNTY SCHOOL DISTRICT

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

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

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

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

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

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

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

E. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

CARROLL COUNTY SCHOOL DISTRICT

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

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

CARROLL COUNTY SCHOOL DISTRICT

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

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.

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 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. Under GASB 65, issuance costs are reported as expenditures.

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

CARROLL COUNTY SCHOOL DISTRICT

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

receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

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

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

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

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

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

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

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

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

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

CARROLL COUNTY SCHOOL DISTRICT

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$1,225,867 and \$15,331, respectively.

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

Cash with Fiscal Agents.

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$79,861.

Investments

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

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Certificates of deposit	N/A	1 to 5	\$ 1,560,000
Total			\$ 1,560,000

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

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

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

CARROLL COUNTY SCHOOL DISTRICT

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

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

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Certificates of deposit	\$ 1,560,000	100%
Total	<u>\$ 1,560,000</u>	<u>100%</u>

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	Other governmental funds	\$ 85,518
	Fiduciary funds	959
Total		<u>\$ 86,477</u>

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

B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
16th Section Principal Fund	General Fund	\$ 1,434,718
Total		<u>\$ 1,434,718</u>

Sixteenth section principal loans payable

Note: The sixteenth section principal loans payable are not reflected on the statement of net position because these funds were borrowed by the general fund from the sixteenth section principal fund (permanent fund) in accordance with Section 29-3-113, Miss. Code Ann. (1972). The revenues and expenditures associated with these transactions were reflected on the Statement of Revenues, Expenditures and Changes in Fund Balance.

CARROLL COUNTY SCHOOL DISTRICT

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

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 123,321	\$ 57,389	\$ 180,710
2015	123,321	52,457	175,778
2016	123,321	47,523	170,844
2017	123,321	42,586	165,907
2018	123,321	37,658	160,979
2019-2023	556,063	115,796	671,859
2024-2027	262,050	21,624	283,674
Total	<u>\$ 1,434,718</u>	<u>\$ 375,033</u>	<u>\$ 1,809,751</u>

C. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	\$ 355,354
Sixteenth section principal fund	Other governmental funds	59,443
Other governmental funds	General fund	707,671
Total		<u>\$ 1,122,468</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance and the investment balance, totaling \$95,059 and \$1,560,000, respectively, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash with fiscal agents balance, totaling \$79,861, of the MAEP limited obligation debt retirement fund.

CARROLL COUNTY SCHOOL DISTRICT

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

Note 5 – Capital Assets

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

	Balance 7/1/2012	Increases	Decreases	Adjustments	Balance 6/30/2013
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 46,921	\$ -	\$ -	\$ -	46,921
Construction in progress	-	81,610	-	-	81,610
Total non-depreciable capital assets	46,921	81,610	-	-	128,531
Depreciable capital assets:					
Buildings	4,184,783	-	(159,000)	1	4,025,784
Building improvements	106,992	-	-	(5,373)	101,619
Improvements other than buildings	152,800	-	-	-	152,800
Mobile equipment	1,228,861	121,417	(372,029)	12,250	990,499
Furniture and equipment	272,188	38,118	(10,828)	(14,515)	284,963
Total depreciable capital assets	5,945,624	159,535	(541,857)	(7,637)	5,555,665
Less accumulated depreciation for:					
Buildings	1,212,276	70,794	(127,200)	2,187	1,158,057
Building improvements	41,181	1,117	-	(36,201)	6,097
Improvements other than buildings	122,240	3,100	-	(3,100)	122,240
Mobile equipment	717,756	69,323	(334,826)	9,973	462,226
Furniture and equipment	217,418	37,564	(10,720)	(34,445)	209,817
Total accumulated depreciation	2,310,871	181,898	(472,746)	(61,586)	1,958,437
Total depreciable capital assets, net	3,634,753	(22,363)	(69,111)	53,949	3,597,228
Governmental activities capital assets, net	\$ 3,681,674	\$ 59,247	\$ (69,111)	\$ 53,949	\$ 3,725,759

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 127,328
Support services	36,380
Non-instructional	18,190
Total depreciation expense - Governmental activities	\$ 181,898

CARROLL COUNTY SCHOOL DISTRICT

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

Note 6 – Long-term Liabilities

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

	Balance 7/1/2012	Additions	Reductions	Balance 6/30/2013	Amounts due within one year
A. Limited obligation bonds payable	\$ 990,000	\$ -	\$ (145,000)	\$ 845,000	\$ 150,000
B. Three mill notes payable	1,702,000	-	(185,000)	1,517,000	191,000
C. Compensated absences payable	63,477	-	(9,647)	53,830	-
Total	\$ 2,755,477	\$ -	\$ (339,647)	\$ 2,415,830	\$ 341,000

A. Limited obligations bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series 2009	3.09%	5/20/2009	2/1/2018	\$ 2,580,000	\$ 845,000
Total				\$ 2,580,000	\$ 845,000

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 150,000	\$ 23,793	\$ 173,793
2015	155,000	19,081	174,081
2016	155,000	14,291	169,291
2017	160,000	9,425	169,425
2018	225,000	4,403	229,403
Total	\$ 845,000	\$ 70,993	\$ 915,993

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

CARROLL COUNTY SCHOOL DISTRICT

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes payable, Series 2005	3.79%	4/15/2005	4/15/2018	\$ 1,450,000	\$ 610,000
Limited tax notes payable, Series 2008	3.69%	4/1/2008	4/1/2021	1,200,000	907,000
Total				<u>\$ 2,650,000</u>	<u>\$ 1,517,000</u>

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

1. Three mill notes issue of April 15, 2005:

Year Ending June 30	Principal	Interest	Total
2014	\$ 125,000	\$ 23,119	\$ 148,119
2015	130,000	18,382	148,382
2016	140,000	13,454	153,454
2017	145,000	8,148	153,148
2018	70,000	2,653	72,653
Total	<u>\$ 610,000</u>	<u>\$ 65,756</u>	<u>\$ 675,756</u>

This debt will be retired from the Three Mill Note fund.

2. Three mill notes issue April 1, 2008:

Year Ending June 30	Principal	Interest	Total
2014	\$ 66,000	\$ 33,468	\$ 99,468
2015	68,000	31,033	99,033
2016	32,000	28,524	60,524
2017	34,000	27,343	61,343
2018	115,000	26,088	141,088
2019-2021	592,000	43,985	635,985
Total	<u>\$ 907,000</u>	<u>\$ 190,441</u>	<u>\$ 1,097,441</u>

This debt will be retired from the Three Mill Notes Fund which will be financed by local millage and the EEF Buildings and Buses Fund annual appropriation of \$38,952. These EEF funds are pledged exclusively to the limited obligation bonds, series 2008 through April 1, 2021.

CARROLL COUNTY SCHOOL DISTRICT

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

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2014	\$ 191,000	\$ 56,587	\$ 247,587
2015	198,000	49,415	247,415
2016	172,000	41,978	213,978
2017	179,000	35,491	214,491
2018	185,000	28,741	213,741
2019-2021	592,000	43,985	635,985
Total	\$ 1,517,000	\$ 256,197	\$ 1,773,197

This debt will be retired from the shortfall notes payable fund.

C. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Carroll County School District defeased certain limited obligation notes payable by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased bonds and notes are not included in the district's financial statements. On June 30, 2013, \$820,000 of notes are defeased.

Note 8 – 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 \$703,762, \$621,984 and \$567,565, respectively, which equaled the required contributions for each year.

Note 9 – 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

CARROLL COUNTY SCHOOL DISTRICT

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

arising therefrom as trust property. Accordingly, the board shall assure that adequate compensation is received for all uses of the trust lands, except for uses by the public schools. The following are the future rental payments to be made to the school district for the use of school trust lands. These future rental payments are from existing leases and do not anticipate renewals or new leases.

Year Ending June 30		Amount
2014	\$	219,355
2015		219,355
2016		201,510
2017		193,563
2018		180,751
2019-2023		386,193
2024-2028		268,523
2029-2033		238,056
Thereafter		455,563
Total	\$	<u>2,362,869</u>

Note 10 – Contingencies

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

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

Note 11– Risk Management

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

Participation in Public Entity Risk Pool

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

CARROLL COUNTY SCHOOL DISTRICT

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

Note 12 - Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanations	Amount
1. Adjustment made to correctly present capital assets.	\$ 53,949
2. Adjustment to remove prior debt issuance costs due to implementing GASB 65.	(24,570)
3. Adjustments made to correct beginning net position.	(68,170)
Total	<u>\$ (38,791)</u>

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

Fund	Explanations	Amount
General fund	Adjustment made to correct beginning fund balance.	\$ (21,266)
16th section principal fund	Adjustment made to correct beginning fund balance.	(36,900)
Other governmental funds	Adjustment made to correct beginning fund balance.	(10,004)
		<u>\$ (68,170)</u>

Note 13 – Deficit Fund Balance of Individual Funds

The District Maintenance Fund, included in the General Fund for financial reporting purposes, has a deficit fund balance in the amount \$1,468,871. The deficit fund balance of the District Maintenance Fund is in violation of Section 37-61-19, Miss. Code Ann. (1972), which imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

Note 14 – Insurance Loss Recoveries

The Carroll County School District received \$18,528 in insurance loss recoveries related to storm damage during the 2012-2013 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other income.

CARROLL COUNTY SCHOOL DISTRICT

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

Note 15 - 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 Carroll County School District evaluated the activity of the district through February 7, 2014, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

On September 5, 2013, the Carroll County School District issued \$600,000 in tax anticipation notes at an average interest rate of 2.3% to be repaid by March 1, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 1,985,720	\$ 1,985,720	\$ 1,893,330	\$ -	\$ (92,390)
State sources	4,375,091	4,375,091	4,135,383	-	(239,708)
Federal sources	86,389	86,389	317,637	-	231,248
Total Revenues	6,447,200	6,447,200	6,346,350	-	(100,850)
Expenditures:					
Instruction	3,778,430	3,807,471	3,719,437	(29,041)	88,034
Support services	2,761,574	2,986,968	3,062,680	(225,394)	(75,712)
Noninstructional	-	-	-	-	-
Sixteenth section	65,000	65,000	-	-	65,000
Facilities acquisition and construction	3,000	3,000	-	-	3,000
Debt service:					
Principal	50,000	50,000	-	-	50,000
Interest	50,000	50,000	59,443	-	(9,443)
Total Expenditures	6,708,004	6,962,439	6,841,560	(254,435)	120,879
Excess (Deficiency) of Revenues over (under) Expenditures	(260,804)	(515,239)	(495,210)	(254,435)	20,029
Other Financing Sources (Uses):					
Insurance loss recoveries	-	-	18,528	-	18,528
Sale of transportation equipment	-	-	13,584	-	13,584
Sale of other property	-	-	125,900	-	125,900
Operating transfers in	1,225,018	1,225,018	707,671	-	(517,347)
Operating transfers out	(179,000)	(179,000)	(355,354)	-	(176,354)
Other financing uses	-	-	(3,249)	-	(3,249)
Total Other Financing Sources (Uses)	1,046,018	1,046,018	507,080	-	(538,938)
Net Change in Fund Balances	785,214	530,779	11,870	(254,435)	(518,909)
Fund Balances:					
July 1, 2012, as originally reported	(1,459,475)	(1,459,475)	(1,459,475)	-	-
Prior period adjustment	-	-	(21,266)	-	(21,266)
July 1, 2012, as restated	(1,459,475)	(1,459,475)	(1,480,741)	-	(21,266)
June 30, 2013	\$ (674,261)	\$ (928,696)	\$ (1,468,871)	\$ (254,435)	\$ (540,175)

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

CARROLL COUNTY SCHOOL DISTRICT

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

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

(3) Budget Violations

The negative budget variance noted for the General fund is a violation of state laws and regulations. See the Independent Auditor's Report on Compliance with State Laws and Regulations for details related to this finding.

SUPPLEMENTARY INFORMATION

CARROLL COUNTY SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 216,016
National school lunch program	10.555	458,900
Summer food service program for children	10.559	1,176
Total child nutrition cluster		<u>676,092</u>
Total passed-through Mississippi Department of Education		<u>676,092</u>
Passed-through the Mississippi Department of Rural Development:		
Community facilities loans and grants	10.766	50,000
Total passed-through Mississippi Department of Rural Development		<u>50,000</u>
Total U.S. Department of Agriculture		<u>726,092</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	267,638
Total Federal Communications Commission		<u>267,638</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	409,274
Career and technical education - basic grants to states	84.048	17,845
Twenty-first century community learning centers	84.287	366
Rural education	84.358	18,194
Improving teacher quality-State Grants	84.367	122,095
Subtotal		<u>567,774</u>
Special education cluster:		
Special education - grants to states	84.027	302,994
Special education - preschool grants	84.173	7,345
Total special education cluster		<u>310,339</u>
Total passed-through Mississippi Department of Education		<u>878,113</u>
Total U.S. Department of Education		<u>878,113</u>
Total for All Federal Awards		<u>\$ 1,871,843</u>

NOTES TO SCHEDULE

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

CARROLL COUNTY SCHOOL DISTRICT

Supplementary Information

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

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 6,731,717	4,970,806	344,863	459,755	956,293
Other	2,845,957	769,611	133,490	63,638	1,879,218
Total	\$ 9,577,674	5,740,417	478,353	523,393	2,835,511
Total number of students *	894				
Cost per student	\$ 10,713	6,421	535	585	3,172

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

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

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

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

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

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

OTHER INFORMATION

CARROLL COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 1,893,330	\$ 1,806,459	\$ 1,758,984	\$ 1,735,739
State sources	4,135,383	4,203,958	3,985,405	3,911,503
Federal sources	317,637	56,771	93,614	25,657
Total Revenues	6,346,350	6,067,188	5,838,003	5,672,899
Expenditures:				
Instruction	3,719,437	3,820,530	3,001,639	3,311,079
Support services	3,062,680	2,851,304	2,490,121	2,444,363
Sixteenth section	-	-	8,353	-
Debt service:				
Interest	59,443	-	56,195	64,097
Other	-	56,215	-	-
Total Expenditures	6,841,560	6,728,049	5,556,308	5,819,539
Excess (Deficiency) of Revenues over (under) Expenditures	(495,210)	(660,861)	281,695	(146,640)
Other Financing Sources (Uses):				
Insurance loss recoveries	18,528	2,332	-	-
Sale of other property	125,900	-	-	-
Sale of transportation equipment	13,584	-	6,544	-
Operating transfers in	707,671	757,734	1,014,701	922,948
Operating transfers out	(355,354)	(396,049)	(421,251)	(1,071,519)
Other financing uses	(3,249)	-	-	-
Total Other Financing Sources (Uses)	507,080	364,017	599,994	(148,571)
Net Change in Fund Balances	11,870	(296,844)	881,689	(295,211)
Fund Balances:				
Beginning of period, as previously reported	(1,459,475)	(500,828)	(1,382,517)	(1,087,306)
Prior period adjustments	(21,266)	(661,803)	-	-
Beginning of period, as restated	<u>(1,480,741)</u>	<u>(1,162,631)</u>	<u>(1,382,517)</u>	<u>(1,087,306)</u>
End of Period	\$ (1,468,871)	\$ (1,459,475)	\$ (500,828)	\$ (1,382,517)

*SOURCE - PRIOR YEAR AUDIT REPORTS

CARROLL COUNTY SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2013	2012*	2011*	2010*
Revenues:				
Local sources	\$ 2,158,817	\$ 2,135,102	\$ 2,069,041	\$ 2,008,083
State sources	4,538,099	4,606,109	4,500,528	4,294,920
Federal sources	1,822,282	1,761,098	2,433,021	2,291,985
Sixteenth section sources	675,399	628,875	604,542	708,603
Total Revenues	9,194,597	9,131,184	9,607,132	9,303,591
Expenditures:				
Instruction	4,670,837	4,699,565	4,622,812	4,853,305
Support services	3,528,116	3,384,396	3,156,438	3,079,719
Noninstructional services	663,375	615,517	606,436	602,621
Sixteenth section	151,158	168,462	139,982	128,417
Facilities acquisition and construction	81,610	-	-	101,619
Debt service:				
Principal	330,000	318,000	307,000	249,000
Interest	152,578	159,191	169,882	175,745
Other	-	1,000	1,035	-
Total Expenditures	9,577,674	9,346,131	9,003,585	9,190,426
Excess (Deficiency) of Revenues over (under) Expenditures	(383,077)	(214,947)	603,547	113,165
Other Financing Sources (Uses):				
Insurance loss recoveries	18,528	2,332	-	-
Sale other property	125,900	-	-	-
Sale of transportation equipment	13,584	-	6,544	-
Other financing sources	391	-	-	-
Operating transfers in	1,122,468	1,257,936	1,788,146	2,145,638
Operating transfers out	(1,122,468)	(1,257,936)	(1,788,146)	(2,145,638)
Other financing uses	(3,249)	-	-	-
Total Other Financing Sources (Uses)	155,154	2,332	6,544	-
Net Change in Fund Balances	(227,923)	(212,615)	610,091	113,165
Fund Balances:				
Beginning of period, as previously reported	2,872,448	3,054,690	2,461,689	2,349,554
Prior period adjustments	(68,170)	31,025	(18,016)	-
Beginning of period, as restated	<u>2,804,278</u>	<u>3,085,715</u>	<u>2,443,673</u>	<u>2,349,554</u>
Increase (Decrease) in reserve for inventory	7,061	(652)	926	(1,030)
End of Period	\$ 2,583,416	\$ 2,872,448	\$ 3,054,690	\$ 2,461,689

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

202 Church Street
Belzoni, Mississippi 39038
Office: (662) 247-2416
Fax: (662) 247-2420

10 South Bancroft Street
Fairhope, Alabama 36532
Office: (251) 929-7778
Fax: (251) 929-7779

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

Superintendent and School Board
Carroll County School District
Carrollton, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Carroll County School District's basic financial statements, and have issued our report thereon dated February 7, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we did note certain immaterial instances of noncompliance with state laws and regulations that we reported to management of the school district in a separate letter dated February 7, 2014, which is included in this report.

The Carroll County School District's responses to the findings identified in our audit are described in the accompanying Auditee Corrective Action Plan. We did not audit Carroll County School District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

February 7, 2014

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

202 Church Street
Belzoni, Mississippi 39038
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Fax: (662) 247-2420

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Fairhope, Alabama 36532
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Superintendent and School Board
Carroll County School District
Carrollton, Mississippi

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carroll County 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 Carroll County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Carroll County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carroll County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major

federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and 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 Carroll County School District's internal control over compliance.

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item Finding 2013-2 to be a material weakness

The Carroll County School District's responses to the findings identified in our audit are described in the accompanying Auditee Corrective Action Plan. We did not audit Carroll County School District's responses and, accordingly, we express no opinion on them.

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

February 7, 2014

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

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

202 Church Street
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Office: (662) 247-2416
Fax: (662) 247-2420

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Fairhope, Alabama 36532
Office: (251) 929-7778
Fax: (251) 929-7779

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

Superintendent and School Board
Carroll County School District
Carrollton, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carroll County School District as of and for the year ended June 30, 2013, which collectively comprise Carroll County School District's basic financial statements and have issued our report thereon dated February 7, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$1,536 of classroom supply funds carried over from previous years.

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

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

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

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

Finding

The District Maintenance Fund, included in the General Fund for financial reporting purposes, has a deficit fund balance in the amount \$1,468,871. The deficit fund balance of the District Maintenance Fund is in violation of Section 37-61-19, Miss. Code Ann. (1972), which imposes personal liability on any school official who knowingly enters into any contract, incurs any liability, or makes any expenditure in excess of the resources available for the fiscal year under certain circumstances.

Recommendation

The School Board and management should confer with the board's attorney to insure they are not incurring personal liability for their actions as school officials.

School District's Response

The deficit of the District Maintenance Fund is a result of loans from the 16th Section Principal Fund. Without these loans, the District Maintenance Fund would have a positive fund balance.

Finding

In relation to revenues and expenditures from shared 16th section lands, Section 29-3-121, Miss. Code Ann. (1972) requires that each school district superintendent completes a list of enrolled children by township and the list is filed with the superintendent that administers the sixteenth section lands by December 31 of each year. The district failed to complete the list of children by December 31, 2012.

Recommendation

We recommend that the district put procedures in place to insure they are complying with this requirement.

School District's Response

We will put procedures in place to make sure the list of children from shared sections is completed prior to December 31 of each year.

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

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

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

February 7, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CARROLL COUNTY SCHOOL DISTRICT

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

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major programs: | Unqualified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes |
| 7. | Identification of major programs: | |
| | A. Title I - Grants to local educational agencies: | |
| | CFDA # | 84.010 |
| | B. Improving Teacher Quality | |
| | CFDA # | 84.367 |
| | C. Special Education Cluster: | |
| | CFDA # | 84.027 |
| | CFDA # | 84.173 |
| | D. The school and libraries program of the universal service fund | |
| | CFDA # | 32.xxx |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$ 300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

CARROLL COUNTY SCHOOL DISTRICT

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

Section II: Financial Statement Findings

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

Material Weakness:

Finding 2013-1:

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

- (1) A cash transfer of \$35,463 between the district maintenance fund and other governmental funds was not properly recorded causing the cash balance to be overstated. This overstatement was corrected by an audit adjustment.
- (2) A search for unrecorded liabilities revealed approximately \$74,000 that the district failed to include in accounts payable at June 30, 2013. This understatement of liabilities was corrected by audit adjustment.
- (3) A receivable related to sixteenth section royalty payments was overstatement by approximately \$36,900 requiring audit adjustment.
- (4) The school district did not properly record discounts provided from the Federal Communications Commission grants as administered through the Universal Service Administrative Company for the Schools and Libraries Program of the Universal Service Fund (E-Rate) on bills from their service providers as revenues and expenditures on the district's financial statements for the year ended June 30, 2013. This oversight caused both revenues and expenditures to be understated by \$235,296. An audit adjustment was proposed and made by management to properly record the revenues and expenditures. Generally accepted accounting principles were not followed in recording the revenues and expenditures of the E-rate grant.

Recommendation

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

CARROLL COUNTY SCHOOL DISTRICT

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

Section III: Federal Award Findings and Questioned Costs

The results of our tests disclosed the following finding and questioned cost related to the federal awards:

Material Weakness:

Finding 2013-2:

Program: The School and Libraries Program of the Universal Service Fund CFDA #32.xxx

Compliance Requirement: Reporting

Finding

A critical aspect of effective financial management is the maintenance of accurate accounting records which follow generally accepted accounting principles.

The school district did not properly report discounts provided from the Federal Communications Commission grants as administered through the Universal Service Administrative Company for the Schools and Libraries Program of the Universal Service Fund (E-Rate) on the district's Schedule of Expenditures of Federal Awards for the year ended June 30, 2013. This oversight caused the Schedule of Expenditures of Federal Awards to be understated by \$235,296. An audit adjustment was proposed and made by management to properly record the expenditures.

Lack of adequate controls could result in the district's Schedule of Expenditures of Federal Awards being materially misstated.

Recommendation

We recommend that all expenditures related to federal awards be properly tracked and reported on the Schedule of Expenditures of Federal Awards.

CARROLL COUNTY SCHOOL DISTRICT

P.O. BOX 256

CARROLLTON, MISSISSIPPI 38917

Billy Joe Ferguson – Superintendent

Mimi Alldread – Business Manager

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

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

<u>Finding</u>	<u>Correction Action Plan Details</u>
2013-01	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Mimi Alldread, Business Manager, 662-237-9276</p> <p>b. Corrective Action Planned:</p> <p>Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>
2013-02	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Mimi Alldread, Business Manager, 662-237-9276</p> <p>b. Corrective Action Planned:</p> <p>We will put procedures in place to ensure the expenditures from federal awards by the district are properly reflected within its Schedule of Expenditures of Federal Awards.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>

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

Fiscal Year Ended June 30, 2012
Audit Report

<u>Finding</u>	<u>Correction Action Plan Details</u>
2012-02	This finding has been corrected.