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LUMBERTON PUBLIC SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2013

LUMBERTON PUBLIC SCHOOL DISTRICT

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Mississippi Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
Lumberton Public School District

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

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-16 and 43-47 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 Lumberton Public School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2013, on our consideration of the Lumberton Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lumberton Public School District's internal control over financial reporting and compliance.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 15, 2013

LUMBERTON PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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

The following discussion and analysis of Lumberton 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 $21,661, which represents less than a 1% increase from fiscal year 2012. Total net position for 2012 decreased $29,582, which represents less than a 1% decrease from fiscal year 2011.

- General revenues amounted to $4,988,668 and $4,991,581, or 76% 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 $1,601,461, or 24% of total revenues for 2013, and $1,604,067, or 24% of total revenues for 2012.

- The District had $6,568,468 and $6,625,230 in expenses for fiscal years 2013 and 2012; only $1,601,461 for 2013 and $1,604,067 for 2012 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of $4,988,668 for 2013 were adequate to provide for these programs. General revenues of $4,991,581 for 2012 were not adequate to provide for these programs.

- Among major funds, the General Fund had $4,674,786 in revenues and $4,835,434 in expenditures for 2013, and $4,715,809 in revenues and $4,757,240 in expenditures in 2012. The General Fund's fund balance decreased by $116,988 from 2012 to 2013, and increased by $1,151 from 2011 to 2012. The General Fund's fund balance also increased by $994,599 due to a prior period adjustment which was not related to current year operations.

- Capital assets, net of accumulated depreciation, decreased by $202,676 for 2013 and decreased by $128,681 for 2012. The decrease for 2013 was due primarily to the increase in accumulated depreciation.

- Total long-term debt decreased by $163,755 for 2013 and decreased by $109,994 for 2012. The decrease for 2013 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences increased by $245 for 2013 and increased by $2,006 for 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

governmental fund statements provide a detailed view of the District's near-term financing requirements.

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

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

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

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by $11,003,230 as of June 30, 2013.

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

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

Table 1
Condensed Statement of Net Position

	June 30, 2013	June 30, 2012	Percentage Change
Current assets	$ 7,013,336	$ 6,978,382	0.50 %
Restricted assets	1,210,968	1,188,281	1.91 %
Capital assets, net	4,311,852	4,514,528	(4.49) %
Total assets	**12,536,156**	**12,681,191**	**(1.14) %**
Current liabilities	80,352	83,293	(3.53) %
Long-term debt outstanding	1,452,574	1,616,329	(10.13) %
Total liabilities	**1,532,926**	**1,699,622**	**(9.81) %**
Net position:			
Net investment in capital assets	2,914,852	2,953,528	(1.31) %
Restricted	2,561,497	2,365,194	8.30 %
Unrestricted	5,526,881	5,662,847	(2.40) %
Total net position	**$ 11,003,230**	**$ 10,981,569**	**0.20 %**

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

- Decrease in net capital assets in the amount of $202,676.
- The principal retirement of $164,000 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 $6,590,129 and $6,595,648, respectively. The total cost of all programs and services was $6,568,468 for 2013 and $6,625,230 for 2012.

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

Table 2
Changes in Net Position

	Year Ended June 30, 2013	Year Ended June 30, 2012	Percentage Change
Revenues:			
Program revenues:			
Charges for services	$ 183,395	$ 110,776	65.55 %
Operating grants and contributions	1,418,066	1,493,291	(5.04) %
General revenues:			
Property taxes	1,457,441	1,365,977	6.70 %
Grants and contributions not restricted	3,354,892	3,473,854	(3.42) %
Investment earnings	7,233	41,219	(82.45) %
Sixteenth section sources	142,341	71,159	100.03 %
Other	26,761	39,372	(32.03) %
Total revenues	**6,590,129**	**6,595,648**	**(0.08) %**
Expenses:			
Instruction	3,716,729	3,829,284	(2.94) %
Support services	2,295,788	2,234,963	2.72 %
Non-instructional	500,319	496,263	0.82 %
Sixteenth section	5,812	9,148	(36.47) %
Interest on long-term liabilities	49,820	55,572	(10.35) %
Total expenses	**6,568,468**	**6,625,230**	**(0.86) %**
Increase (Decrease) in net position	**21,661**	**(29,582)**	**173.22 %**
Net Position, July 1	**10,981,569**	**11,011,151**	(0.27) %
Net Position, June 30	**$ 11,003,230**	**$ 10,981,569**	**0.20 %**

Governmental activities

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage
	2013	2012	Change
Instruction	$ 3,716,729	$ 3,829,284	(2.94) %
Support services	2,295,788	2,234,963	2.72 %
Non-instructional	500,319	496,263	0.82 %
Sixteenth section	5,812	9,148	(36.47) %
Interest on long-term liabilities	49,820	55,572	(10.35) %
Total expenses	**$ 6,568,468**	**$ 6,625,230**	**(0.86) %**

	Net (Expense) Revenue		Percentage
	2013	2012	Change
Instruction	$ (3,046,719)	$ (3,075,269)	(0.93) %
Support services	(1,821,675)	(1,852,981)	(1.69) %
Non-instructional	(51,476)	(28,193)	82.58 %
Sixteenth section	2,683	(9,148)	(129.33) %
Interest on long-term liabilities	(49,820)	(55,572)	(10.35) %
Total net (expense) revenue	**$ (4,967,007)**	**$ (5,021,163)**	**(1.08) %**

- Net cost of governmental activities ($4,967,007 for 2013 and $5,021,163 for 2012) was financed by general revenue, which is primarily made up of property taxes ($1,457,441 for 2013 and $1,365,977 for 2012) and state and federal revenues ($3,354,892 for 2013 and $3,473,854 for 2012). In addition, there was $142,341 and $71,159 in Sixteenth Section sources for 2013 and 2012, respectively.

- Investment earnings amounted to $7,233 for 2013 and $41,219 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 $8,156,771, an increase of $58,997, which includes a decrease in inventory of $15,323. $2,256,206, or 27%, 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 $5,900,565, or 73%, is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $116,988. The fund balance of Other Governmental Funds showed an increase in the amount of $154,997, which includes a decrease in inventory of $15,323. The fund balance of the General Fund was increased by $994,599 and the fund balance of the Other Governmental Funds was decreased by $994,599 due to a prior period adjustment which was not related to current year operations. The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)
Title I-A Basic Fund	no increase or decrease
Title II-A Improving Teacher Quality Fund	no increase or decrease
IDEA Part B Fund	no increase or decrease
Sixteenth Section Principal Fund	$ 20,988

BUDGETARY HIGHLIGHTS

During the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District. Budget revisions during the fiscal year were routine in nature and were insignificant when compared with total revenues and expenditures of the District.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District's total capital assets were $7,474,972, including land, school buildings, improvements other than buildings, buses, other school vehicles, and furniture and equipment. This amount represents a gross increase of $625 from 2012. Total accumulated depreciation as of June 30, 2013, was $3,163,120, and total depreciation expense for the year was $208,678, resulting in total net capital assets of $4,311,852.

Table 4
Capital Assets, Net of Accumulated Depreciation

	June 30, 2013	June 30, 2012	Percentage Change
Land	$ 53,382	$ 53,382	0.00 %
Buildings	3,187,556	3,278,112	(2.76) %
Improvements other than buildings	739,494	787,186	(6.06) %
Mobile equipment	237,401	267,334	(11.20) %
Furniture and equipment	94,019	128,514	(26.84) %
Total	**$ 4,311,852**	**$ 4,514,528**	**(4.49) %**

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

Debt Administration. At June 30, 2013, the District had $1,452,574 in outstanding long-term debt, of which $169,779 is due within one year. During the fiscal year, the District made principal payments in the amount of $164,000 on outstanding long-term debt. The liability for compensated absences increased $245 from the prior year.

Table 5
Outstanding Long-Term Debt

	June 30, 2013	June 30, 2012	Percentage Change
Limited obligation bonds payable	$ 757,000	$ 871,000	(13.09) %
Three mill notes payable	640,000	690,000	(7.25) %
Compensated absences payable	55,574	55,329	0.44 %
Total	**$ 1,452,574**	**$ 1,616,329**	**(10.13) %**

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Lumberton Public School District, P. O. Box 551, Lumberton, MS 39455.

LUMBERTON PUBLIC SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

LUMBERTON PUBLIC SCHOOL DISTRICT

Statement of Net Position
June 30, 2013

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	$ 6,749,874
Due from other governments	240,336
Inventories	23,126
Restricted assets	1,210,968
Capital assets, not being depreciated	
Land	53,382
Capital assets, net of accumulated depreciation	
Buildings	3,187,556
Improvements other than buildings	739,494
Mobile equipment	237,401
Furniture and equipment	94,019
Total Assets	$ 12,536,156
Liabilities	
Accounts payable and accrued liabilities	$ 67,533
Interest payable on long-term liabilities	12,819
Long-term liabilities (due within one year)	
Capital-related liabilities	167,000
Non-capital related liabilities	2,779
Long-term liabilities (due beyond one year)	
Capital-related liabilities	1,230,000
Non-capital related liabilities	52,795
Total Liabilities	1,532,926
Net Position	
Net investment in capital assets	2,914,852
Restricted for:	
Expendable:	
School-based activities	1,150,014
Debt service	225,658
Forestry improvements	107,123
Unemployment benefits	19,328
Non-expendable:	
Sixteenth section	1,059,374
Unrestricted	5,526,881
Total Net Position	$ 11,003,230

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2013

Exhibit B

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities:					
Instruction	$ 3,716,729	$ 41,694	$ 628,316	$ -	$ (3,046,719)
Support services	2,295,788	75,000	399,113	-	(1,821,675)
Non-instructional services	500,319	58,206	390,637	-	(51,476)
Sixteenth section	5,812	8,495	-	-	2,683
Interest and other charges related to long-term liabilities	49,820	-	-	-	(49,820)
Total Governmental Activities	$ 6,568,468	$ 183,395	$ 1,418,066	$ -	(4,967,007)
General Revenues:					
Taxes:					
Property taxes - General purpose					1,370,808
Property taxes - Debt purpose					86,633
Unrestricted grants and contributions:					
State					3,308,901
Federal					45,991
Unrestricted investment earnings					7,233
Sixteenth section sources					142,341
Other					26,761
Total General Revenues					4,988,668
Change in Net Position					21,661
Net Position - Beginning					10,981,569
Net Position - Ending					$ 11,003,230

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2013

Exhibit C

	Major Funds						
	General Fund	Title I - A Basic Fund	Title II - A Improving Teacher Quality Fund	IDEA Part B Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 5,460,431	$ -	$ -	$ -	$ 17,597	$ 1,289,443	$ 6,767,471
Investments	-	-	-	-	1,130,952	62,419	1,193,371
Due from other governments	70,964	56,778	16,314	20,035	-	76,152	240,243
Due from other funds	87,398	-	-	-	-	-	87,398
Inventories	-	-	-	-	-	23,126	23,126
Total Assets	$ 5,618,793	$ 56,778	$ 16,314	$ 20,035	$ 1,148,549	$ 1,451,140	$ 8,311,609
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	$ 59,958	$ 6,340	$ -	$ 898	$ -	$ 337	$ 67,533
Due to other funds	-	50,438	16,314	19,137	-	1,416	87,305
Total Liabilities	59,958	56,778	16,314	20,035	-	1,753	154,838
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	23,126	23,126
Permanent fund principal	-	-	-	-	1,059,374	-	1,059,374
Restricted:							
Debt service	-	-	-	-	-	238,477	238,477
Forestry improvement purposes	-	-	-	-	-	107,123	107,123
Unemployment benefits	-	-	-	-	-	19,328	19,328
Sixteenth section	-	-	-	-	89,175	816,067	905,242
Other purposes	-	-	-	-	-	221,646	221,646
Assigned:							
Sixteenth section	995,590	-	-	-	-	-	995,590
Renovations and improvements	2,266,652	-	-	-	-	-	2,266,652
Activity funds	64,007	-	-	-	-	-	64,007
Unassigned	2,232,586	-	-	-	-	23,620	2,256,206
Total Fund Balances	5,558,835	-	-	-	1,148,549	1,449,387	8,156,771
Total Liabilities & Fund Balances	$ 5,618,793	$ 56,778	$ 16,314	$ 20,035	$ 1,148,549	$ 1,451,140	$ 8,311,609

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Governmental Funds

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

Total fund balances for governmental funds			$ 8,156,771
Amounts reported for governmental activities in the Statement of Net Position are different because:			
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds:			
Land	$ 53,382		
Buildings	4,920,735		
Improvements othe than buildings	1,242,031		
Mobile equipment	769,293		
Furniture and equipment	489,531		
Accumulated Depreciation	(3,163,120)		4,311,852
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 refunding bonds	(757,000)		
Notes payable	(640,000)		
Compensated absences	(55,574)		
Accrued interest payable	(12,819)		(1,465,393)
Net position of governmental activities			$ 11,003,230

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Governmental Funds

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

	Major Funds						
	General Fund	Title I - A Basic Fund	Title II - A Improving Teacher Quality Fund	IDEA Part B Fund	Sixteenth Section Principal Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local sources	$ 1,431,844	$ -	$ -	$ -	$ -	$ 158,316	$ 1,590,160
State sources	3,173,636	-	-	-	-	283,692	3,457,328
Federal sources	69,306	435,051	97,179	255,387	-	458,708	1,315,631
Sixteenth section sources	-	-	-	-	20,988	131,022	152,010
Total Revenues	4,674,786	435,051	97,179	255,387	20,988	1,031,738	6,515,129
Expenditures:							
Instruction	2,939,479	283,915	93,999	125,481	-	153,073	3,595,947
Support services	1,895,955	148,816	3,180	129,906	-	54,737	2,232,594
Non-instructional services	-	2,320	-	-	-	463,731	466,051
Sixteenth section	-	-	-	-	-	5,812	5,812
Debt Service:							
Principal	-	-	-	-	-	164,000	164,000
Interest	-	-	-	-	-	50,405	50,405
Other	-	-	-	-	-	1,000	1,000
Total Expenditures	4,835,434	435,051	97,179	255,387	-	892,758	6,515,809
Excess (Deficiency) of Revenues over (under) Expenditures	(160,648)	-	-	-	20,988	138,980	(680)
Other Financing Sources (Uses):							
Insurance recovery	75,000	-	-	-	-	-	75,000
Operating transfers in	-	-	-	-	-	31,340	31,340
Operating transfers out	(31,340)	-	-	-	-	-	(31,340)
Total Other Financing Sources (Uses)	43,660	-	-	-	-	31,340	75,000
Net change in fund balances	(116,988)	-	-	-	20,988	170,320	74,320
Fund Balances:							
July 1, 2012, as originally reported	4,681,224	-	-	-	1,127,561	2,288,989	8,097,774
Prior period adjustment	994,599	-	-	-	-	(994,599)	-
July 1, 2012, as restated	5,675,823	-	-	-	1,127,561	1,294,390	8,097,774
Increase (Decrease) in reserve for inventory	-	-	-	-	-	(15,323)	(15,323)
June 30, 2013	$ 5,558,835	$ -	$ -	$ -	$ 1,148,549	$ 1,449,387	$ 8,156,771

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Governmental Funds

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

Exhibit D-1

Net change in fund balances - total governmental funds			$ 74,320
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	$ 6,599		
Depreciation Expense	(208,678)		(202,079)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.			(597)
3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquistion cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:			
Payments of debt principal	164,000		
Accrued interest payable	1,585		165,585
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	(245)		
Change in inventory reserve	(15,323)		(15,568)
Change in net position of governmental activities			$ 21,661

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities **Exhibit E**

June 30, 2013

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 318,818
Total Assets	$ 318,818
LIABILITIES	
Accounts payable and accrued liabilities	$ 318,725
Due to other funds	93
Total Liabilities	$ 318,818

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The school district reports the following major governmental funds:

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

Title I-A Basic Fund – This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Title I – grants to local educational agencies program.

Title II-A Improving Teacher Quality Fund – This is a special revenue fund that accounts for federal sources received and expenditures incurred under the Title II – grants to local educational agencies program.

IDEA Part B Fund – This is a special revenue fund that accounts for federal sourced received and expenditures incurred under the IDEA Part B program.

Sixteenth Section Principal Fund – This is a permanent fund that accounts for the District's earnings from sixteenth section property and investments which are not available for use by the district except as provided for under state statute for loans from this account.

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

The school district also reports fiduciary funds which focus on net position.

The District's fiduciary funds include the following:

Payroll Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for payroll related liabilities.

Accounts Payable Clearing Fund – This agency fund is used to report resources held by the District on behalf of other funds for related liabilities.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

Ad valorem property taxes are levied by the governing authority of the county on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since Lumberton School District boundaries contain property in both Lamar County and Pearl River County, both counties levy taxes on behalf of the school district. 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 are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

   Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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 statue for loans from this account.

6. Capital Assets.

Capital assets, which 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 costs. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details those 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 issue cost, bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

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

9. Fund Balances

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

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

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

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 school board pursuant to authorization established by Board policy.

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

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

Note 2 – Cash and Cash Equivalents, and Investments

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

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

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposit or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end any 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 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 $7,898,423 (which includes $1,130,952 of certificates of deposit with original maturities beyond three months and reported on the Balance Sheet as investments) and $318,818, 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. As of June 30, 2013, none of the district's bank balance of $7,182,086 was exposed to custodial credit risk.

Investments

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

Investment Type	Rating	Maturities (in years)	Fair Value
Hancock Horizon Treasury Securities Money Market Mutual Fund	AAA	Less than 1 year	$ 62,419
Wells Fargo Certificate of Deposit		Three years	$ 1,130,952

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 investment 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. The investment in Hancock Horizon Treasury Securities Money Market Mutual Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government Of the district's investments in certificates of deposit, none of the balance is exposed to custodial credit risk.

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

Issuer	Fair Value	% of Total Investments
Wells Fargo Certificate of Deposit	$ 1,130,952	95%

Note 3 - Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Title I Fund	$ 50,438
	Title II Fund	16,314
	IDEA Part B Fund	19,137
	Other Governmental Funds	1,416
	Fiduciary Funds	93
Total		$ 87,398

The purpose of the inter-fund loans was to cover federal funds not received prior to year-end and to show the interest that was due from the district's fiduciary funds.

B. Inter-fund Transfers

Transfer Out	Transfer In	Amount
General Fund	Other Governmental Funds	$ 31,340
Total		$ 31,340

Transfers are used primarily to move unrestricted general fund monies to finance various programs and projects accounted for in other funds. (Vocational programs).

Note 4 - Restricted Assets

The restricted assets represent the cash balance and investment balance, totaling $17,597 and $1,130,952, 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 investment balance, totaling $62,419, of the MAEP Limited Obligation Bond/Note Fund.

Note 5 – Capital Assets

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

	Balance 7/1/2012	Increases	Decreases	Balance 6/30/2013
Governmental Activities:				
Non-depreciable capital assets:				
Land	$ 53,382	$ -	$ -	$ 53,382
Total non-depreciable capital assets	53,382	-	-	53,382
Depreciable capital assets:				
Buildings	4,920,735	-	-	4,920,735
Improvements other than buildings	1,242,031	-	-	1,242,031
Mobile equipment	775,267	-	5,974	769,293
Furniture and equipment	482,932	6,599	-	489,531
Total depreciable capital assets	7,420,965	6,599	5,974	7,421,590
Less accumulated depreciation:				
Buildings	1,642,623	90,556	-	1,733,179
Improvements other than buildings	454,845	47,692	-	502,537
Mobile equipment	507,933	29,336	5,377	531,892
Furniture and equipment	354,418	41,094	-	395,512
Total accumulated depreciation	2,959,819	208,678	5,377	3,163,120
Total depreciable capital assets, net	4,461,146	(202,079)	597	4,258,470
Governmental activities capital assets, net	$ 4,514,528	$ (202,079)	$ 597	$ 4,311,852

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental Activities:	
Instruction	$ 127,209
Support Services	62,536
Non-instructional	18,933
	$ 208,678

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	Retirements	Balance 6/30/2013	Amount Due Within One Year
A.	Limited obligation refunding bonds payable	$ 871,000	$ -	$ 114,000	$ 757,000	$ 117,000
B.	Three mill notes payable	690,000	-	50,000	640,000	50,000
C.	Compensated absences payable	55,329	245	-	55,574	2,779
	Total	$1,616,329	$ 245	$ 164,000	$ 1,452,574	$ 169,779

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement bonds, Series 2011	2.67%	6/10/2011	2/1/2018	938,000	757,000
Total				$ 938,000	$ 757,000

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

Limited obligation bond issue of 2011:

Year Ending June 30	Principal	Interest	Total
2014	117,000	18,650	135,650
2015	122,000	15,459	137,459
2016	125,000	12,162	137,162
2017	130,000	8,758	138,758
2018	263,000	5,287	268,287
	$ 757,000	$ 60,316	$ 817,316

This debt will be retired from the MAEP Retirement Fund.

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.

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, Series 2003	3.5-4.3%	5/1/2003	5/1/2023	$ 1,000,000	$ 640,000
Total				$ 1,000,000	$ 640,000

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

Year Ending June 30	Principal	Interest	Total
2014	50,000	26,723	76,723
2015	55,000	24,722	79,722
2016	55,000	22,522	77,522
2017	60,000	20,268	80,268
2018	60,000	17,792	77,792
2019-2023	360,000	47,486	407,486
	$ 640,000	$ 159,513	$ 799,513

This debt will be retired from the Three Mill Note Retirement Fund.

C. Compensated absences payable

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

Note 7 – Prior Year Defeasance of Debt

In prior years, the Lumberton Public School District defeased certain limited obligation bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the district's financial statements. On June 30, 2013, $1,000,000 of bonds outstanding 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 for fiscal year ended 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 $491,057, $446,170 and $424,370 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 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	$ 15,676
2015	15,676
2016	9,124
2017	6,064
2018	2,551
2019-2023	12,753
2024-2028	12,753
2029-2033	12,753
Thereafter	13,585
Total	$ 100,935

Note 10 – Prior Period Adjustments

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

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

Fund	Explanation	Amount
General Fund	To correct fund misclassification.	$ 994,559
Sixteenth Section Interest Fund		$ (994,559)
Total		$ -

On June 28, 2010, the school board approved the transfer of sixteenth section monies to a general fund (1905). This fund has been misclassified as a sixteenth section interest fund in previous years.

Note 11 – Contingencies

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

Note 12 – 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 insurance coverage in any of the past three fiscal years.

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

Note 13 – Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position dare 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 Lumberton Public School District evaluated the activity of the district through December 15, 2013, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

LUMBERTON PUBLIC SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1A

LUMBERTON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Local sources	$ 1,341,350	$ 1,430,853	$ 1,431,844	$ 89,503	$ 991
State sources	3,155,935	3,173,636	3,173,636	17,701	-
Federal sources	49,500	69,306	69,306	19,806	-
Total Revenues	4,546,785	4,673,795	4,674,786	127,010	991
Expenditures:					
Instruction	2,965,046	2,939,479	2,939,479	25,567	-
Support services	1,854,795	1,895,955	1,895,955	(41,160)	-
Noninstructional services	300	-	-	300	-
Total Expenditures	4,820,141	4,835,434	4,835,434	(15,293)	-
Excess (Deficiency) of Revenues over (under) Expenditures	(273,356)	(161,639)	(160,648)	111,717	991
Other Financing Sources (Uses):					
Insurance recovery	-	75,000	75,000	75,000	-
Operating transfers in	97,072	76,121	-	(20,951)	(76,121)
Other financing sources	51,209	-	-	(51,209)	-
Operating transfers out	(169,865)	(107,461)	(31,340)	62,404	76,121
Total Other Financing Sources (Uses)	(21,584)	43,660	43,660	65,244	-
Net Change in Fund Balances	(294,940)	(117,979)	(116,988)	176,961	991
Fund Balances:					
7/1/2012, as previously reported	4,636,808	4,681,224	4,681,224	44,416	-
Prior Period Adjustments	-	-	994,599	-	994,599
July 1, 2012, as restated	4,636,808	4,681,224	5,675,823	44,416	994,599
June 30, 2013	$ 4,341,868	$ 4,563,245	$ 5,558,835	$ 221,377	$ 995,590

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

Schedule 1B

LUMBERTON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 497,251	$ 435,051	$ 435,051	$ (62,200)	$ -
Total Revenues	497,251	435,051	435,051	(62,200)	-
Expenditures:					
Instruction	311,815	283,915	283,915	27,900	-
Support services	170,524	148,816	148,816	21,708	-
Noninstructional services	-	2,320	2,320	(2,320)	-
Total Expenditures	482,339	435,051	435,051	47,288	-
Excess (Deficiency) of Revenues over (under) Expenditures	14,912	-	-	(14,912)	-
Other Financing Sources (Uses):					
Operating transfers out	(14,912)	-	-	14,912	-
Total Other Financing Sources (Uses)	(14,912)	-	-	14,912	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ -	$ -	$ -	$ -	$ -

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
Title II-A Improving Teacher Quality Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 74,478	$ 97,179	$ 97,179	$ 22,701	$ -
Total Revenues	74,478	97,179	97,179	22,701	-
Expenditures:					
Instruction	93,914	93,999	93,999	(85)	-
Support services	-	3,180	3,180	(3,180)	-
Total Expenditures	93,914	97,179	97,179	(3,265)	-
Excess (Deficiency) of Revenues over (under) Expenditures	(19,436)	-	-	19,436	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(19,436)	-	-	19,436	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ (19,436)	$ -	$ -	$ 19,436	$ -

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule
IDEA Part B Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenues:					
Federal sources	$ 278,608	$ 255,387	$ 255,387	$ (23,221)	$ -
Total Revenues	278,608	255,387	255,387	(23,221)	-
Expenditures:					
Instruction	133,622	125,481	125,481	8,141	-
Support services	133,451	129,906	129,906	3,545	-
Noninstructional services	500	-	-	500	-
Total Expenditures	267,573	255,387	255,387	12,186	-
Excess (Deficiency) of Revenues over (under) Expenditures	11,035	-	-	(11,035)	-
Other Financing Sources (Uses):					
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	11,035	-	-	(11,035)	-
Fund Balances:					
July 1, 2012	-	-	-	-	-
June 30, 2013	$ 11,035	$ -	$ -	$ (11,035)	$ -

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

LUMBERTON PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2013

Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget amendments and revision

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

LUMBERTON PUBLIC SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

LUMBERTON PUBLIC SCHOOL DISTRICT

Supplementary Infromation

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

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U. S. Department of Agriculture		
Passed-through Mississippi Department of Education:		
Child nutrition cluster		
School breakfast program	10.553	$ 122,801
National school lunch program	10.555	280,158
Total child nutrition cluster		402,959
Schools and roads - grants to states	10.665	11,307
Total U.S. Department of Agriculture		414,266
Federal Communications Commission		
Administered through Universal Service Administrative Company:		
Schools and libraries program of the universal service fund	32.XXX	27,237
Total Federal Communications Commission		27,237
U. S. Department of Education		
Passed-through Mississippi Department of Education:		
Title I grants to local education agencies	84.010	443,523
Special education - grants to states	84.027	255,387
Special education - preschool grants	84.173	15,247
Rural education	84.358	20,220
Improving teacher quality - state grants	84.367	97,179
Total passed-through Mississippi Department of Education		831,556
Total U.S. Department of Education		831,556
U.S. Department of Homeland Security		
Passed-through the Mississippi Emergency Management Agency:		
Disaster Grants - Public Assistance (Presidentially declared disasters)	97.036	18,976
Total passed-through Mississippi Emergency Management Agency		18,976
Total Department of Homeland Security		18,976
U. S. Department of Health and Human Services		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	5,390
Total U.S. Department of Health and Human Services		5,390
Total for All Federal Awards		$ 1,297,425

NOTES TO SCHEDULE

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

LUMBERTON PUBLIC SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2013

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	$ 4,696,883	$ 3,487,180	$ 369,075	$ 301,781	$ 538,847
Other	1,818,926	647,755	126,954	10,187	1,034,030
Total	$ 6,515,809	$ 4,134,935	$ 496,029	$ 311,968	$ 1,572,877
Total number of students *	643				
Cost per student	$ 10,133	$ 6,431	$ 771	$ 485	$ 2,446

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. (all the 1000, 2100, & 2200 functional codes)

General Administration - includes expenditures for the following functions: Support Services - General Administration (2300s); and Support Services - Business (2500s)

School Administration - includes expenditures for the following function: Support Services - School Administration (2400s)

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

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

LUMBERTON PUBLIC SCHOOL DISTRICT

OTHER INFORMATION

LUMBERTON PUBLIC 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	$ 1,431,844	1,391,110	1,385,097	1,430,087
State sources	3,173,636	3,253,964	3,138,774	3,418,546
Federal sources	69,306	70,735	19,879	55,134
Total Revenues	4,674,786	4,715,809	4,543,750	4,903,767
Expenditures:				
Instruction	2,939,479	2,953,565	2,641,958	2,811,036
Support services	1,895,955	1,803,675	1,701,338	1,836,736
Noninstructional services	-	-	-	147
Facilities acquistion and construction	-	-	-	194,521
Total Expenditures	4,835,434	4,757,240	4,343,296	4,842,440
Excess (Deficiency) of Revenues over Expenditures	(160,648)	(41,431)	200,454	61,327
Other Financing Sources (Uses):				
Insurance recovery	75,000	-	-	-
Sale of transportation equipment	-	1,811	-	-
Operating transfers in	-	55,771	-	5,857
Operating transfers out	(31,340)	(15,000)	(97,381)	(81,315)
Total Other Financing Sources (Uses)	43,660	42,582	(97,381)	(75,458)
Net Change in Fund Balances	(116,988)	1,151	103,073	(14,131)
Fund Balances:				
Beginning of period, as previously reported	4,681,224	4,680,073	4,577,000	4,591,131
Prior Period Adjustment	994,599	-	-	-
Beginning of period, as restated	5,675,823	4,680,073	4,577,000	4,591,131
End of Period	$ 5,558,835	4,681,224	4,680,073	4,577,000

*SOURCE - PRIOR YEAR AUDIT REPORTS

LUMBERTON PUBLIC SCHOOL DISTRICT

Other Information

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

	2013	2012*	2011*	2010*
Revenues:				
Local sources	$ 1,590,160	1,546,129	1,529,404	1,584,107
State sources	3,457,328	3,567,668	3,392,319	3,672,549
Federal sources	1,315,631	1,399,475	1,804,010	1,859,233
Sixteenth section sources	152,010	80,565	103,672	181,206
Total Revenues	6,515,129	6,593,837	6,829,405	7,297,095
Expenditures:				
Instruction	3,595,947	3,701,604	3,851,894	3,989,440
Support services	2,232,594	2,254,224	2,133,566	2,204,742
Noninstructional services	466,051	492,544	490,933	584,319
Sixteenth section	5,812	9,148	6,284	17,355
Facilities acquisition and construction	-	-	-	194,521
Debt service:				
Principal	164,000	112,000	135,000	125,000
Interest	50,405	45,604	78,953	84,478
Other	1,000	2,000	13,021	585
Total Expenditures	6,515,809	6,617,124	6,709,651	7,200,440
Excess (Deficiency) of Revenues over Expenditures	(680)	(23,287)	119,754	96,655
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	938,000	-
Payment to refunded bond escrow agent	-		(926,034)	
Insurance loss recoveries	75,000	-	-	-
Sale of other property	-	1,811	-	605
Operating transfers in	31,340	70,771	97,381	87,172
Operating transfers out	(31,340)	(70,771)	(97,381)	(87,172)
Total Other Financing Sources (Uses)	75,000	1,811	11,966	605
Net Change in Fund Balances	74,320	(21,476)	131,720	97,260
Fund Balances:				
Beginning of period, as previously reported	8,097,774	8,100,701	7,966,926	7,869,952
Prior period adjustment	-	-	(68)	-
Beginning of period, as restated	8,097,774	8,100,701	7,966,858	7,869,952
Increase (Decrease) in reserve for inventory	(15,323)	18,549	2,123	(286)
End of Period	$ 8,156,771	8,097,774	8,100,701	7,966,926

*SOURCE - PRIOR YEAR AUDIT REPORTS

LUMBERTON PUBLIC SCHOOL DISTRICT

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

American Institute of Certified Public Accountants

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Mississippi Society of Certified Public Accountants

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

Superintendent and School Board
Lumberton Public School District

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Lumberton Public School District's basic financial statements and have issued our report thereon dated December 15, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school district's financial statements are free of 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*.

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 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.

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 15, 2013

LUMBERTON PUBLIC SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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Mississippi Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board
Lumberton Public School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Lumberton Public School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 15, 2013

LUMBERTON PUBLIC SCHOOL DISTRICT

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

American Institute of Certified Public Accountants

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Mississippi Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Lumberton Public School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Lumberton Public School District as of and for the year ended June 30, 2013, which collectively comprise Lumberton Public School District's basic financial statements and have issued our report thereon dated December 15, 2013. 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 **$2,748** 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 procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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

King CPA, PLLC

KING CPA, PLLC
Petal, Mississippi
December 15, 2013

LUMBERTON PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the general purpose financial statements: UNQUALIFIED

2. Material noncompliance relating to the general purpose financial statements? NO

3. Internal control over financial reporting:
   a. Material weakness (es) identified? NO
   b. Significant Deficiency(ies) identified that are not considered to be material weakness? NONE REPORTED

Federal Awards:

4. Type of auditor's report issued on compliance for major federal programs: UNQUALIFIED

5. Internal control over major programs:
   a. Material weakness (es) identified? NO
   b. Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE REPORTED

6. Any audit finding(s) reported as required by section__.510(a) of OMB Circular A-133? NO

7. Federal programs identified as major programs:

   Child Nutrition Cluster
   School Breakfast Program CFDA # 10.553
   National School Lunch Program CFDA # 10.555

8. The dollar threshold used to distinguish between Type A and Type B programs: $300,000

9. Auditee qualified as a low-risk auditee? YES

10. Prior fiscal year audit finding(s) and questioned cost reactive to federal awards which would require the auditee to prepare a summary schedule of prior audits findings as discussed in Section__.315(b) of OMB Circular A-133? NO

LUMBERTON PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (cont)

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Cost

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

LUMBERTON PUBLIC SCHOOL DISTICT

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Finding	Corrective Action Plan Details

There are no unresolved prior audit findings.