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**Vicksburg Warren School District**  
**Audited Financial Statements**  
**For the Year Ended June 30, 2014**

**Bridgers & Goodman, PLLC**  
**Certified Public Accountants**  
**Vicksburg, Mississippi**

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**INDEPENDENT AUDITOR'S REPORT**



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA  
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MEMBERS OF  
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AMERICAN INSTITUTE OF CPA'S

## INDEPENDENT AUDITOR'S REPORT

### **Superintendent and School Board Vicksburg Warren 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 Vicksburg Warren School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Vicksburg Warren 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 Vicksburg Warren School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-14 and 42-46 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 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 Vicksburg Warren School District's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required 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 of 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 of 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 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the Vicksburg Warren 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 Vicksburg Warren School District's internal control over financial reporting and compliance.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
March 23, 2015

**VICKSBURG WARREN SCHOOL DISTRICT**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Vicksburg Warren School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014

The following discussion and analysis of Vicksburg Warren School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. 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 2014 increased \$1,671,992, which represents a 4% decrease from the 2013 fiscal year.  
Total net position for 2013 decreased \$4,143,159, including a prior period adjustment of \$(49,583), which represents an 8% decrease from the 2012 fiscal year.
- General revenues amounted to \$65,888,145 and \$64,795,465, or 86% and 85% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,011,464, or 14% of total revenues for 2014, and \$11,341,770, or 15% of total revenues for 2013.
- The District had \$75,227,617 and \$80,230,811 in expenses for fiscal years 2014 and 2013; only \$11,011,464 for 2014 and \$11,341,770 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$65,888,145 for 2014 and \$64,795,465 for 2013, were adequate for 2014 and not adequate for 2013, to provide for these programs.
- Among major funds, the General Fund had \$61,063,830 in revenues and \$59,647,353 in expenditures for 2014, and \$60,132,131 in revenues and \$64,306,387 in expenditures in 2013. The General Fund's fund balance increased by \$3,625,539 from 2013 to 2014 and decreased by \$5,095,168 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$1,390,029 for 2014 and decreased by \$704,078 for 2013. The decrease for 2014 was due to the net effect of a \$345,716 addition of assets coupled with the increase in accumulated depreciation of \$1,735,745.
- Long-term debt decreased by \$1,860,000 for 2014 and decreased by \$1,810,000 for 2013. The decrease for 2014 was due primarily to principal payments on outstanding long-term debt. In addition, the liability for compensated absences increased by \$34,201 for 2014 and decreased by \$22,853 for the fiscal year 2013.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve 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, and other information.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers 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

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**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2014**

basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, sixteenth section and interest 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, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's Balance Sheet is reconciled to the Statement of Net Position, and the governmental fund's 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 fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All other non-major funds are combined and presented in these reports as other governmental funds.

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Management's Discussion and Analysis  
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**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 fund financial statements (modified actual 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 governmental funds 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 increase 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**

Additionally 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

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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 \$49,262,494 as of June 30, 2014.

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 for the fiscal years ended June 30, 2014 and June 30, 2013.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<b>Percentage Change</b>
Current assets	\$ 19,060,848	18,065,362	5.51%
Restricted assets	4,770,758	4,570,474	4.38%
Capital assets, net	39,102,057	40,492,086	-3.43%
<b>Total assets</b>	<u><b>62,933,663</b></u>	<u><b>63,127,922</b></u>	<b>-0.31%</b>
Current liabilities	918,599	959,051	-4.22%
Long-term debt outstanding	12,752,570	14,578,369	-12.52%
<b>Total liabilities</b>	<u><b>13,671,169</b></u>	<u><b>15,537,420</b></u>	<b>-12.01%</b>
<b>Net position:</b>			
Net investment in capital assets	27,092,057	26,622,086	1.77%
Restricted	15,299,350	17,688,667	-13.51%
Unrestricted	6,871,087	3,279,749	109.50%
<b>Total net position</b>	<u><b>\$ 49,262,494</b></u>	<u><b>47,590,502</b></u>	<b>3.51%</b>

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 \$1,390,029.
- The principal retirement of \$1,860,000 of long-term debt.
- Increase in revenues of \$762,374.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$76,899,609 and \$76,137,235, respectively. The total cost of all programs and services was \$75,227,617 for 2014 and \$80,230,811 for 2013.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**Vicksburg Warren School District**  
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**For the Year Ended June 30, 2014**

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

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 1,436,278	1,627,427	-11.75%
Operating grants and contributions	9,575,186	9,714,343	-1.43%
General revenues:			
Property taxes	27,817,014	25,591,332	8.70%
Grants and contributions not restricted	36,785,706	37,722,743	-2.48%
Investment earnings	78,759	78,158	0.77%
Sixteenth section sources	1,115,379	917,502	21.57%
Other	91,287	485,730	-81.21%
<b>Total revenues</b>	<b>76,899,609</b>	<b>76,137,235</b>	<b>1.00%</b>
<b>Expenses:</b>			
Instruction	41,971,693	44,779,416	-6.27%
Support services	28,954,662	31,059,689	-6.78%
Non-instructional	3,769,293	3,855,090	-2.23%
Sixteenth section	167,598	120,265	39.36%
Interest on long-term liabilities	364,371	416,351	-12.48%
<b>Total expenses</b>	<b>75,227,617</b>	<b>80,230,811</b>	<b>-6.24%</b>
<b>Change in net position</b>	<b>1,671,992</b>	<b>(4,093,576)</b>	<b>140.84%</b>
<b>Net Position, July 1, as previously reported</b>	<b>47,590,502</b>	<b>51,733,661</b>	<b>-8.01%</b>
<b>Prior Period Adjustment</b>	<b>0</b>	<b>(49,583)</b>	
<b>Net Position, July 1, as restated</b>	<b>47,590,502</b>	<b>51,684,078</b>	<b>-7.92%</b>
<b>Net Position, June 30</b>	<b>\$ 49,262,494</b>	<b>47,590,502</b>	<b>3.51%</b>

**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.

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

	<u>Total Expenses</u>		<u>Percentage</u>
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Instruction	\$ 41,971,693	44,779,416	-6.27%
Support services	28,954,662	31,059,689	-6.78%
Non-instructional	3,769,293	3,855,090	-2.23%
Sixteenth section	167,598	120,265	39.36%
Interest on long-term liabilities	364,371	416,351	-12.48%
<b>Total expenses</b>	<b>\$ 75,227,617</b>	<b>80,230,811</b>	<b>-6.24%</b>
	<u>Net (Expense) Revenue</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Instruction	\$ (37,581,470)	(40,230,607)	-6.58%
Support services	(24,358,573)	(26,396,804)	-7.72%
Non-instructional	(1,744,141)	(1,725,014)	1.11%
Sixteenth section	(167,598)	(120,265)	39.36%
Interest on long-term liabilities	(364,371)	(416,351)	-12.48%
<b>Total net (expense) revenue</b>	<b>\$ (64,216,153)</b>	<b>(68,889,041)</b>	<b>-6.78%</b>

- Net cost of governmental activities, \$64,216,153 for 2014 and \$68,889,041 for 2013 was financed by general revenue, which is made up of primarily property taxes of \$27,817,014 for 2014 and \$25,591,332 for 2013 and state and federal revenues of \$36,785,706 for 2014 and \$37,722,743 for 2013. In addition, there was \$1,115,379 and \$917,502 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$78,759 for 2014 and \$75,158 for 2013.

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

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

**Governmental funds**

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$23,013,108, an increase of \$1,221,039, which includes a decrease in inventory of \$185. \$7,453,288 or 32% 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 \$15,559,820 or 68% is either non-

**Vicksburg Warren School District**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014

spendable, 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 increase in fund balance in the General Fund for the fiscal year was \$3,625,539. The fund balance of Other Governmental Funds showed an increase in the amount of \$758,000, including a decrease in inventory of \$185.. The other increases (decreases) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Title I Fund	\$0
EHA Part B Fund	\$0
16 <sup>th</sup> Section District Fund	\$(3,172,961)
16 <sup>th</sup> Section Principal Fund	\$10,461

**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. Beginning fund balance was adjusted to actual between the original and final budgets.

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, 2014, the District's total capital assets were \$72,101,132, including land, school buildings, building improvements, improvements other than buildings, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$345,716 from 2013. Total accumulated depreciation as of June 30, 2014, was \$32,999,075, and total depreciation expense for the year was \$1,735,745, resulting in total net capital assets of \$39,102,057.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 1,056,845	1,056,845	0.00%
Construction in progress	0	0	N/A
Buildings	33,711,068	34,749,357	-2.99%
Building improvements	954,638	865,861	10.25%
Improvements other than buildings	381,956	411,698	-7.22%
Mobile equipment	2,492,567	2,917,613	-14.57%
Furniture and equipment	504,983	490,712	2.91%
Total	<u>\$ 39,102,057</u>	<u>40,492,086</u>	-3.43%

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

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**Management's Discussion and Analysis**  
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**Debt Administration**

At June 30, 2014, the District had \$12,010,000 in outstanding long-term debt, of which \$1,925,000 is due within one year. The liability for compensated absences at June 30, 2014 was \$742,570, an increase of \$34,201 from the prior year. The District maintains an AA bond rating.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Limited obligation bonds payable	\$ 4,810,000	5,905,000	-18.54%
Limited tax note series, 2009 QSCB	3,000,000	3,000,000	0.00%
General obligation, refunding 2010	4,200,000	4,965,000	-15.41%
Compensated absences payable	742,570	708,369	4.83%
<b>Total</b>	<b>\$ 12,752,570</b>	<b>14,578,369</b>	<b>-12.52%</b>

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

**CURRENT ISSUES**

The Vicksburg Warren 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 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 local, state and federal revenues.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Vicksburg Warren School District, 1500 Mission 66, Vicksburg, MS 39180.

FINANCIAL STATEMENTS

Vicksburg Warren School District

Statement of Net Position

Exhibit A

June 30, 2014

Assets

Governmental

Activities

Cash and cash equivalents	\$ 16,560,146
Investments	10,862
Due from other governments	2,362,386
Other receivable	8,342
Inventories	65,501
Prepaid items	53,611
Restricted assets	4,770,758
Capital assets, non-depreciable:	
Land	1,056,845
Capital assets, net of accumulated depreciation:	
Buildings	33,711,068
Building improvements	954,638
Improvements other than buildings	381,956
Mobile equipment	2,492,567
Furniture and equipment	504,983
<b>Total Assets</b>	<b>62,933,663</b>

Liabilities

Accounts payable and accrued liabilities	443,275
Other payables	85,813
Unearned revenue	289,410
Interest payable on long-term liabilities	100,101
Long-term liabilities, due within one year	
Capital related liabilities	1,925,000
Long-term liabilities, due beyond one year	
Capital related liabilities	10,085,000
Non-capital related liabilities	742,570
<b>Total Liabilities</b>	<b>13,671,169</b>

Net Position

Net investment in capital assets	27,092,057
Restricted for:	
Expendable:	
School-based activities	9,334,552
Debt service	1,681,778
Forestry improvements	262,188
Unemployment benefits	186,378
Non-expendable:	
Sixteenth section	3,834,454
Unrestricted	6,871,087
<b>Total Net Position</b>	<b>\$ 49,262,494</b>

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

Vicksburg Warren School District

Statement of Activities

For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction	\$ 41,971,693	\$ 847,404	\$ 3,542,819	\$ (37,581,470)
Support services	28,954,662		4,596,089	(24,358,573)
Non-instructional	3,769,293	588,874	1,436,278	(1,744,141)
Sixteenth section	167,598			(167,598)
Interest and other costs on long term liabilities	364,371			(364,371)
<b>Total Governmental Activities</b>	<b>\$ 75,227,617</b>	<b>\$ 1,436,278</b>	<b>\$ 9,575,186</b>	<b>(64,216,153)</b>
General Revenues:				
Taxes:				
General purpose levies				27,817,014
Unrestricted grants and contributions:				
State				33,913,150
Federal				2,872,556
Unrestricted investment earnings				78,759
Sixteenth section sources				1,115,379
Other				91,287
Total General Revenues				65,888,145
Change in Net Position				1,671,992
Net Position - Beginning				47,590,502
Net Position - Ending				\$ 49,262,494

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

Vicksburg Warren School District  
Governmental Funds

Balance Sheet  
June 30, 2014

Exhibit C

	Major Funds					Total Governmental Funds
	General Fund	Title I Fund	EHA Part B Fund	16th Section District Fund	16th Section Principal Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,185,210			\$ 3,961,790	\$ 3,834,454	\$ 7,163,146
Cash with fiscal agents						100,263
Investments	10,862					86,041
Due from other governments	914,627	303,760	286,758			2,362,386
Other receivable			953	949		6,440
Due from other funds	735,149					735,149
Prepaid items	53,611					53,611
Inventories						65,501
<b>Total Assets</b>	<b>7,899,459</b>	<b>303,760</b>	<b>287,711</b>	<b>3,962,739</b>	<b>3,834,454</b>	<b>24,566,755</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>						
Accounts payable and accrued liabilities	198,680	725	2,979	27,186		213,705
Due to other funds		302,617	284,732			147,800
Unearned revenue	87,122	418		175,287		26,583
Other payables						85,813
<b>Total Liabilities</b>	<b>285,802</b>	<b>303,760</b>	<b>287,711</b>	<b>202,473</b>	<b>-</b>	<b>473,901</b>

<b>Fund Balances:</b>						
Nonspendable						65,501
Inventory					3,833,502	3,833,502
Permanent fund principal						
Restricted						186,378
Unemployment benefits						262,188
Forestry improvements						1,781,879
Debt service						
Sixteenth section						
Committed					952	2,112,787
Other commitments - program operations						
Assigned				3,760,266		3,395,998
Special activity	160,369					7,156,264
General activity	7,453,288					160,369
Unassigned						7,453,288
<b>Total Fund Balances</b>	<b>7,613,657</b>	<b>-</b>	<b>-</b>	<b>3,760,266</b>	<b>3,834,454</b>	<b>23,013,108</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,899,459</b>	<b>\$ 303,760</b>	<b>\$ 287,711</b>	<b>\$ 3,962,739</b>	<b>\$ 3,834,454</b>	<b>\$ 24,566,755</b>

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

Vicksburg Warren School District

**Governmental Funds**

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2014

Exhibit C-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 23,013,108
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$38,045,212.	39,102,057
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(12,752,570)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Position recognizes interest as it accrues.	(100,101)
	<hr/>
Total Net Position - Governmental Activities	<u>\$ 49,262,494</u>

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

Vicksburg Warren School District  
**Governmental Funds**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

**Exhibit D**

	Major Funds						Total Governmental Funds
	General Fund	Title I Fund	EHA Part B Fund	16th Section District Fund	16th Section Principal Fund	Other Governmental Funds	
Revenues:							
Local sources	\$ 27,181,857					\$ 642,977	\$ 27,824,834
State sources	33,526,902					2,841,203	36,368,105
Federal sources	355,071	2,932,086	1,818,502			6,402,165	11,507,824
Sixteenth section sources				557,069	38,098	520,212	1,115,379
Total Revenues	61,063,830	2,932,086	1,818,502	557,069	38,098	10,406,557	76,816,142
Expenditures:							
Instruction	36,432,882	1,838,958	838,126			2,029,916	41,139,882
Support services	23,110,937	793,325	883,896			3,640,172	28,428,330
Noninstructional services	103,534	55,417	9,563			3,381,898	3,550,412
Sixteenth section						167,598	167,598
Facilities. Acquisition and construction						152,609	152,609
Debt service:							
Principal							
Interest							
Total Expenditures	59,647,353	2,687,700	1,731,585	-	-	11,611,747	75,678,385
Excess (Deficiency) of Revenues over Expenditures	1,416,477	244,386	86,917	557,069	38,098	(1,205,190)	1,137,757
Other Financing Sources (Uses):							
Insurance recovery	60,539						60,539
Operating transfers in	3,904,329					2,063,120	5,967,449
Operating transfers out	(1,778,734)	(244,386)	(86,917)	(3,730,030)	(27,637)	(99,745)	(5,967,449)
Other sources	22,928						22,928
Total Other Financing Sources (Uses)	2,209,062	(244,386)	(86,917)	(3,730,030)	(27,637)	1,963,375	83,467
Net Change in Fund Balances	3,625,539	-	-	(3,172,961)	10,461	758,185	1,221,224
Fund Balances:							
July 1, 2013	3,988,118	-	-	6,933,227	3,823,993	7,046,731	21,792,069
Decrease in reserve for inventory						(185)	(185)
June 30, 2014	\$ 7,613,657	\$ -	\$ -	\$ 3,760,266	\$ 3,834,454	\$ 7,804,731	\$ 23,013,108

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

Vicksburg Warren 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, 2014

Exhibit D-1

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,221,224
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. Capital assets purchased amounted to \$345,716 and the depreciation expense amounted to \$1,735,745.	(1,390,029)
2. Decrease in the inventory is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the Statement of Activities.	(185)
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 acquisition cost of refunded debt when the debt is first issued. These amounts are deferred and amortized in the statement of activities.	
Payment of debt principal	1,860,000
Accrued interest payable	<u>15,183</u>
	1,875,183
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 revenue/expenditures in governmental funds. These activities include:	
Compensated absences	(34,201)
Change in Net Position of Governmental Activities	<u>\$ 1,671,992</u>

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

Vicksburg Warren School District

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**

**Exhibit E**

June 30, 2014

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,128,333
Total Assets	<u>4,128,333</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	<u>4,128,333</u>
Total Liabilities	<u>\$ 4,128,333</u>

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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**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 5 member board to which each member was elected by the citizens of each defined county district.

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

**B.      Government-wide and Fund Financial Statements**

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

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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 Fund - This fund accounts for the resources and expenditures of federal revenue for specific purposes.

EHA Part B Fund - This fund accounts for federal sources received and expenditures incurred under the Special Education grants to states program to assist the district in providing a free appropriated education to all children with disabilities.

Sixteenth Section District Fund - This fund accounts for revenues associated with earnings on sixteenth section lands and the expenditures incurred for maintaining and improving sixteenth section lands.

Sixteenth Section Principal Fund - This fund is a permanent fund, used to account for the funds which cannot be expended.

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

The District also reports fiduciary funds including the following:

Payroll Clearing Fund - This fund serves as a clearing fund for payroll type transactions.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

Student Club Funds – These funds account for the monies earned through school club activities and fund raisers and club related expenditures approved by the individual clubs.

Accounts Payable Clearing Fund – This fund serves as a clearing fund for payables outstanding at year end.

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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 and 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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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

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

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

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

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

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

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

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

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are

**Vicksburg Warren School District**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2014**

consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2003, issued by the U.S. Department of Education.

**D. Encumbrances**

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

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

1. Cash and Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

assets in the governmental activities column in the government-wide financial statements.

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

The following schedule details the capitalization thresholds:

	Capitalization	Estimated
	Policy	Useful Life
Land	\$ 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.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

8. Long-term Liabilities 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 non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

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

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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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

**NOTE 2      Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments**

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

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

**Investments:** Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus 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 deposits and 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, and 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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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. Amounts 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 \$21,144,600 and \$4,128,333, respectively. A portion of this amount, \$4,770,758, is presented as restricted assets on Exhibit A. The carrying amount of deposits reported in government-wide statements was \$16,560,146.

**Cash with fiscal agents**

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$100,263, reported on Exhibit A as restricted assets (see note 4).

*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, 2014, none of the district's bank balance of \$26,951,948 was exposed to custodial credit risk.

**Investments**

As of June 30, 2014, the district had the following investments:

Investment	Rating	Maturity	Fair Value
Hancock Bank – Federated US Treasury Cash Reserve	US Treasury Deposit	Various	\$86,041
Trustmark Bank – Certificate of deposit	N/A	11/5/15	10,862
<b>Total Investments</b>			<b>\$96,903</b>

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

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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

*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. Of the district's investments none of the underlying securities are held by the investment's counterparty, not in the name of the district.

*Concentration of Credit Risk:* Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2014, the district had the following investments:

Issuer	Fair Value	% of Total Investments
Hancock - Federated US Treasury	\$ 86,041	88%
Cash Reserve		

**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	\$ 302,617
General Fund	EHA Part B	284,732
General Fund	Other governmental funds	147,800
Total		\$ 735,149

The purpose of the most significant inter-fund loans was to cover the initial payments of reimbursable expenditures of federal and state programs. All interfund receivables and payables are expected to be repaid within one year.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**B. Inter-fund Transfers**

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,778,734
Title I Fund	Other Governmental Funds	244,386
EHA Part B Fund	General Fund	46,917
EHA Part B Fund	Other Governmental Funds	40,000
Other Governmental Funds	General Fund	99,745
16th Section District Fund	General Fund	3,730,030
16th Section Principal Fund	General Fund	27,637
Total		<u>\$ 5,967,449</u>

Inter-fund transfers were to provide funds for daily operations. All inter-fund transfers were routine and consistent with the activities of the fund making the transfer.

**NOTE 4 Restricted Assets**

The restricted assets represent the cash balance totaling \$3,834,454 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, and \$750,000 in the QSCB debt service sinking fund, which is explained further in note 13. Cash with fiscal agents in the amount of \$100,263 is restricted for retirement of the 2010 General Obligation Refunding Bonds and investments of \$86,041 are restricted for retirement of 2008 Limited Obligation Bonds.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**NOTE 5 Capital Assets**

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

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance June 30, 2014</u>
Non-depreciable capital assets:					
Land	\$ 1,056,845				\$ 1,056,845
Total non-depreciable capital assets	<u>1,056,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,845</u>
Depreciable capital assets:					
Buildings	58,286,644				58,286,644
Building improvements	1,320,866	152,609			1,473,475
Improvement other than buildings	1,086,832				1,086,832
Mobile equipment	8,219,593	30,073			8,249,666
Furniture and equipment	1,784,636	163,034			1,947,670
Total depreciable capital assets	<u>70,698,571</u>	<u>345,716</u>	<u>-</u>	<u>-</u>	<u>71,044,287</u>
Less accumulated depreciation:					
Buildings	23,537,287	1,038,289			24,575,576
Building improvements	455,005	63,832			518,837
Improvement other than buildings	675,134	29,742			704,876
Mobile equipment	5,301,980	455,119			5,757,099
Furniture and equipment	1,293,924	148,763			1,442,687
Total accumulated depreciation	<u>31,263,330</u>	<u>1,735,745</u>	<u>-</u>	<u>-</u>	<u>32,999,075</u>
Total depreciable capital assets, net	<u>39,435,241</u>	<u>(1,390,029)</u>	<u>-</u>	<u>-</u>	<u>38,045,212</u>
Governmental activities capital assets, net	<u>\$ 40,492,086</u>	<u>\$ (1,390,029)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,102,057</u>

Depreciation expense was charged to the following governmental functions:

<u>Governmental Function</u>	<u>Amount</u>
Instruction	\$ 911,243
Support services	590,620
Non-instructional	233,882
Total depreciation expense	<u>\$ 1,735,745</u>

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**NOTE 6 Long-term Liabilities**

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
A Limited obligation bonds payable	\$ 5,905,000		\$ 1,095,000	\$ 4,810,000	\$ 1,135,000
B Limited Tax Notes Series 2009 QSCB	3,000,000			3,000,000	
C General Obligation Refunding 2010 bonds payable	4,965,000		765,000	4,200,000	790,000
D Compensated absences payable	708,369	34,201		742,570	
Total	<u>14,578,369</u>	<u>34,201</u>	<u>1,860,000</u>	<u>12,752,570</u>	<u>1,925,000</u>

**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
Limited obligation bonds, Series 2008	3.35%	07/29/08	02/01/18	9,215,000	4,810,000
Total				<u>\$ 9,215,000</u>	<u>\$ 4,810,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 1,135,000	\$ 184,095	\$ 1,319,095
2016	1,180,000	141,533	1,321,533
2017	1,225,000	96,692	1,321,692
2018	1,270,000	49,530	1,319,530
Total	<u>\$ 4,810,000</u>	<u>\$ 471,850</u>	<u>\$ 5,281,850</u>

This debt will be retired from the MAEP Retirement Fund (Debt Service 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. This debt will be retired from the debt service fund.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**B. Qualified school construction bonds payable**

As more fully explained in Note 13, debt has been issued by the school district that qualifies as Qualified School Construction bonds.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note, Series 2009 QSCB	0.00%	10/02/09	10/6/26	3,000,000	3,000,000
Total				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

**C. General obligation bonds payable**

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding 2010 bonds payable	2.5-3.0%	06/29/10	04/01/19	7,205,000	4,200,000
Total				<u>\$ 7,205,000</u>	<u>\$ 4,200,000</u>

Details of the district's June 30, 2014 general obligation bond indebtedness are as follows:

Year Ending June 30	Principal	Interest	Total
2015	\$ 790,000	\$ 135,819	\$ 925,819
2016	810,000	112,119	922,119
2017	840,000	87,818	927,818
2018	865,000	60,519	925,519
2019	895,000	31,325	926,325
Total	<u>\$ 4,200,000</u>	<u>\$ 427,600</u>	<u>\$ 4,627,600</u>

There are not terms by which the interest rates change other than the timeliness based on the sale of the bonds. This debt will be retired from the District Maintenance Fund.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). The outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2014, the amount of outstanding bonded indebtedness was equal to 1.25% of property assessments as of October 1, 2013.

**D. Compensated absences payable**

As more fully explained in Note 1 (E) (7), compensated absences payables 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 Other Commitments**

Operating leases:

The school district has several operating leases for the following:

38 Canon copiers

Lease expenditures for the year ended June 30, 2014, amounted to \$92,916. Future lease payments for these leases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2015	\$ 96,299
2016	25,067
2017	19,511
2018	7,289
2019	3,479
Total	<u>\$ 151,645</u>

**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.

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

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, 2014 was 15.75% 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, 2014, 2013 and 2012 were \$6,557,446, \$6,343,213 and \$5,284,814, 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.

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 277,379
2016	244,647
2017	203,492
2018	86,727
2019	81,826
Thereafter	<u>291,155</u>
Total	<u>\$ 1,185,226</u>

**NOTE 10      Contingencies**

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

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

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

**NOTE 11 Risk Management**

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

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 94 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. This district has not had an additional assessment for excess losses incurred by the pool.

**NOTE 12 Subsequent Events**

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of the Vicksburg Warren School District evaluated the activity of the district through March 23, 2015, and determined that no subsequent events have occurred that require disclosure in the notes to the financial statements.

**NOTE 13 Qualified School Construction Bonds**

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the

**Vicksburg Warren School District  
Notes to the Financial Statements  
For the Year Ended June 30, 2014**

stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB.

The school district makes equal annual payments into a sinking fund which is used to pay off the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U.S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. The amount on deposit at June 30, 2014 was \$750,000. The amount in the sinking fund at the end of the 15 year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

<u>Year Ending June 30</u>	<u>Principal</u>
2015	\$ 187,500
2016	187,500
2017	187,500
2018	187,500
2019	187,500
2020-2024	937,500
2025-2026	375,000
Total	\$ <u>2,250,000</u>

**NOTE 14 Insurance loss recoveries**

The Vicksburg Warren School District received \$60,539 in insurance loss recoveries related to hail damages during the 2013-2014 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as charges for services and allocated among the expense functions based on the following percentages:

<u>Insurance Loss Recoveries</u>	<u>Percentage</u>	<u>Expense Function</u>
<u>\$ 60,539</u>	100%	Support services

**VICKSBURG WARREN SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Vicksburg Warren School District  
Required Supplementary Information**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 26,910,510	\$27,181,857	\$ 27,181,857	\$ 271,347	\$ -
State sources	33,382,324	33,526,902	33,526,902	144,578	-
Federal sources	334,616	355,071	355,071	20,455	-
Total Revenues	<u>60,627,450</u>	<u>61,063,830</u>	<u>61,063,830</u>	<u>436,380</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	35,644,277	36,432,882	36,432,882	(788,605)	-
Support services	23,151,194	23,110,937	23,110,937	40,257	-
Noninstructional services	119,501	103,534	103,534	15,967	-
Total Expenditures	<u>58,914,972</u>	<u>59,647,353</u>	<u>59,647,353</u>	<u>(732,381)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,712,478</u>	<u>1,416,477</u>	<u>1,416,477</u>	<u>(296,001)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Insurance Recovery		60,539	60,539	60,539	-
Operating transfers in	3,443,636	3,904,329	3,904,329	460,693	-
Operating transfers out	(5,329,808)	(1,778,734)	(1,778,734)	3,551,074	-
Other sources		22,928	22,928	22,928	-
Total Other Financing Sources (Uses)	<u>(1,886,172)</u>	<u>2,209,062</u>	<u>2,209,062</u>	<u>4,095,234</u>	<u>-</u>
Net Change in Fund Balances	<u>(173,694)</u>	<u>3,625,539</u>	<u>3,625,539</u>	<u>3,799,233</u>	<u>-</u>
<b>Fund Balances:</b>					
July 1, 2013	<u>1,874,929</u>	<u>3,988,118</u>	<u>3,988,118</u>	<u>2,113,189</u>	<u>-</u>
June 30, 2014	<u>\$ 1,701,235</u>	<u>\$ 7,613,657</u>	<u>\$ 7,613,657</u>	<u>\$ 5,912,422</u>	<u>\$ -</u>

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

**Vicksburg Warren School District**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**Title I Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Federal sources	\$ 3,406,059	\$ 2,932,086	\$ 2,932,086	\$ (473,973)	\$ -
Total Revenues	<u>3,406,059</u>	<u>2,932,086</u>	<u>2,932,086</u>	<u>(473,973)</u>	<u>-</u>
<b>Expenditures:</b>					
Instruction	1,984,768	1,838,958	1,838,958	145,810	-
Support services	1,040,634	793,325	793,325	247,309	-
Noninstructional services	56,590	55,417	55,417	1,173	-
Total Expenditures	<u>3,081,992</u>	<u>2,687,700</u>	<u>2,687,700</u>	<u>394,292</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>324,067</u>	<u>244,386</u>	<u>244,386</u>	<u>(79,681)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(324,067)	(244,386)	(244,386)	79,681	-
Total Other Financing Sources (Uses)	<u>(324,067)</u>	<u>(244,386)</u>	<u>(244,386)</u>	<u>79,681</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-
<b>Fund Balances:</b>					
July 1, 2013	-	-	-	-	-
June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Vicksburg Warren School District**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**EHA Part B Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Original to Final	Final to Actual
	Original	Final			
Revenues:					
Federal sources	2,019,490	1,818,502	1,818,502	(200,988)	-
Total Revenues	2,019,490	1,818,502	1,818,502	(200,988)	-
Expenditures:					
Instruction	858,274	838,126	838,126	20,148	-
Support services	1,085,953	883,896	883,896	202,057	-
Noninstructional services	7,000	9,563	9,563	(2,563)	-
Total Expenditures	1,951,227	1,731,585	1,731,585	219,642	-
Excess (Deficiency) of Revenues over Expenditures	68,263	86,917	86,917	18,654	-
Other Financing Sources (Uses):					
Operating transfers out	(68,263)	(86,917)	(86,917)	(18,654)	-
Total Other Financing Sources (Uses)	(68,263)	(86,917)	(86,917)	(18,654)	-
Net Change in Fund Balances	-	-	-	-	-
Fund Balances:					
July 1, 2013				-	-
June 30, 2014	\$ -	\$ -	\$ -	\$ -	\$ -

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

**Vicksburg Warren School District**  
**Required Supplementary Information**

**Budgetary Comparison Schedule**  
**Sixteenth Section District Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Sixteenth section sources	269,456	557,069	557,069	287,613	-
Total Revenues	<u>269,456</u>	<u>557,069</u>	<u>557,069</u>	<u>287,613</u>	<u>-</u>
<b>Expenditures:</b>					
Sixteenth section	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>269,456</u>	<u>557,069</u>	<u>557,069</u>	<u>287,613</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(50,000)	(3,730,030)	(3,730,030)	(3,680,030)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(3,730,030)</u>	<u>(3,730,030)</u>	<u>(3,680,030)</u>	<u>-</u>
Net Change in Fund Balances	<u>219,456</u>	<u>(3,172,961)</u>	<u>(3,172,961)</u>	<u>(3,392,417)</u>	<u>-</u>
<b>Fund Balances:</b>					
July 1, 2013	<u>7,916,058</u>	<u>6,933,227</u>	<u>6,933,227</u>	<u>(982,831)</u>	<u>-</u>
June 30, 2014	<u>\$ 8,135,514</u>	<u>\$ 3,760,266</u>	<u>\$ 3,760,266</u>	<u>\$ (4,375,248)</u>	<u>\$ -</u>

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

## VICKSBURG WARREN SCHOOL DISTRICT

### Notes to the Budgetary Comparison Schedules For the Year Ended June 30, 2014

#### Budgetary Comparison Schedules

(1) Basis of Presentation.

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

(2) Budget Amendments and Revisions.

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

VICKSBURG WARREN SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

Vicksburg Warren School District

Supplementary Information

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
National school breakfast program	10.553	\$ 1,071,240
National school lunch program	10.555	3,154,827
Total child nutrition cluster		<u>4,226,067</u>
Total U.S. Department of Agriculture Pass-Through Programs		<u>4,226,067</u>
<b><u>U.S. Department of Defense</u></b>		
Direct Program:		
Reserve officer's training corps	12.XXX	148,269
Total U.S. Department of Defense		<u>148,269</u>
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
School Libraries Program of the Universal Service Fund	32.XXX	195,616
Total Federal Communications Commission		<u>195,616</u>
<b><u>U.S. Department of Education</u></b>		
Direct Program:		
Safe and drug free schools and communities national programs	84.184	594,652
Innovation approaches to literacy	* 84.215G	364,568
Total direct programs		<u>959,220</u>
Passed-through Mississippi Department of Education:		
Special education cluster:		
Special education - grants to states	84.027	1,818,502
Special education - preschool grants	84.173	97,866
Total special education cluster		<u>1,916,368</u>
Other programs		
Title I - Grants to local educational agencies	* 84.010	2,975,344
Career and technical education - basic grants to states	84.048	119,664
Rural education	84.358	163,908
Improving teacher quality state grants	84.367	779,816
Total other programs		<u>4,038,732</u>
Total passed-through Mississippi department of education		<u>5,955,100</u>
Total U.S. Department of Education		<u>6,914,320</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Direct Program:		
Medical assistance program	93.778	11,187
Total U.S. Department of Health and Human Services		<u>11,187</u>
<b>Total for All Federal Awards</b>		<u>\$ 11,495,459</u>

NOTES TO SCHEDULE

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

Vicksburg Warren School District

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
For the Year Ended June 30, 2014

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 57,062,307	\$ 45,211,569	\$ 2,150,987	\$ 3,667,307	\$ 6,032,444
Other	18,616,078	4,860,454	905,957	87,011	12,762,656
Total	<u>\$ 75,678,385</u>	<u>\$ 50,072,023</u>	<u>\$ 3,056,944</u>	<u>\$ 3,754,318</u>	<u>\$ 18,795,100</u>
Total number of students *	<u>8,287</u>				
Cost per student	<u>\$ 9,132</u>	<u>\$ 6,042</u>	<u>\$ 369</u>	<u>\$ 454</u>	<u>\$ 2,267</u>

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

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

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

**VICKSBURG WARREN SCHOOL DISTRICT**

**OTHER INFORMATION**

Vicksburg Warren School District

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2014	2013 *	2012 *	2011 *
Revenues:				
Local sources	\$ 27,181,857	\$ 26,744,654	\$ 26,762,427	\$ 26,421,448
State sources	33,526,902	33,012,544	32,965,460	30,513,680
Federal sources	355,071	374,933	492,581	376,458
Total Revenues	<u>61,063,830</u>	<u>60,132,131</u>	<u>60,220,468</u>	<u>57,311,586</u>
Expenditures:				
Instruction	36,432,882	39,211,922	36,215,769	30,685,895
Support services	23,110,937	24,959,056	23,826,117	23,520,440
Noninstructional services	103,534	135,409	142,624	142,700
Total Expenditures	<u>59,647,353</u>	<u>64,306,387</u>	<u>60,184,510</u>	<u>54,349,035</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,416,477</u>	<u>(4,174,256)</u>	<u>35,958</u>	<u>2,962,551</u>
Other Financing Sources (Uses):				
Insurance recovery	60,539		1,958	5,496
Sale of transportation equipment		1,036	13,357	15,790
Sale of other property		1,451	1,737	4,920
Operating transfers in	3,904,329	1,228,183	199,683	1,530,423
Operating transfers out	(1,778,734)	(2,271,443)	(2,287,409)	(1,627,556)
Other sources	22,928	119,861		
Total Other Financing Sources (Uses)	<u>2,209,062</u>	<u>(920,912)</u>	<u>(2,070,674)</u>	<u>(70,927)</u>
Net Change in Fund Balances	3,625,539	(5,095,168)	(2,034,716)	2,891,624
Fund Balances:				
Beginning of period	<u>3,988,118</u>	<u>9,083,286</u>	<u>11,118,002</u>	<u>8,226,378</u>
End of period	<u>\$ 7,613,657</u>	<u>\$ 3,988,118</u>	<u>\$ 9,083,286</u>	<u>\$ 11,118,002</u>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

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

	<u>2014</u>	<u>2013 *</u>	<u>2012 *</u>	<u>2011 *</u>
<b>Revenues:</b>				
Local sources	\$ 27,824,834	\$ 27,474,986	\$ 27,586,349	\$ 27,277,915
State sources	36,368,105	35,706,255	35,648,684	33,664,873
Federal sources	11,507,824	11,956,907	13,192,333	16,723,042
Sixteenth section sources	1,115,379	917,502	937,549	1,114,289
Total Revenues	<u>76,816,142</u>	<u>76,055,650</u>	<u>77,364,915</u>	<u>78,780,119</u>
<b>Expenditures:</b>				
Instruction	41,139,882	44,139,925	42,069,683	40,634,851
Support services	28,428,330	30,485,242	29,696,227	29,194,311
Noninstructional services	3,550,412	3,606,892	3,498,373	3,564,146
Sixteenth section	167,598	120,265	157,871	114,775
Facilities acquisitions & construction	152,609	783,877	535,609	2,696,310
<b>Debt service:</b>				
Principal	1,860,000	1,810,000	1,750,000	1,745,000
Interest	379,554	433,224	485,584	488,402
Total Expenditures	<u>75,678,385</u>	<u>81,379,425</u>	<u>78,193,347</u>	<u>78,437,795</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>1,137,757</u>	<u>(5,323,775)</u>	<u>(828,432)</u>	<u>342,324</u>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued				
Insurance recovery	60,539		1,958	5,496
Sale of transportation equipment		1,036	13,357	15,790
Sale of other property		1,451	1,781	4,920
Operating transfers in	5,967,449	3,757,288	2,724,423	3,157,979
Operating transfers out	(5,967,449)	(3,757,288)	(2,724,423)	(3,157,979)
Other sources	22,928	119,861		
Total Other Financing Sources (Uses)	<u>83,467</u>	<u>122,348</u>	<u>17,096</u>	<u>26,206</u>
Net Change in Fund Balances	<u>1,221,224</u>	<u>(5,201,427)</u>	<u>(811,336)</u>	<u>368,530</u>
<b>Fund Balances:</b>				
Beginning of period, as previously reported	21,792,069	27,080,896	27,946,586	27,545,603
Prior period adjustments		(49,104)		
Beginning of period, as restated	<u>21,792,069</u>	<u>27,031,792</u>	<u>27,946,586</u>	<u>27,545,603</u>
Increase (Decrease) in reserve for inventory	<u>(185)</u>	<u>(38,276)</u>	<u>(54,354)</u>	<u>32,453</u>
End of period	<u>\$ 23,013,108</u>	<u>\$ 21,792,089</u>	<u>\$ 27,080,896</u>	<u>\$ 27,946,586</u>

\* SOURCE - PRIOR YEAR AUDIT REPORTS

**VICKSBURG WARREN SCHOOL DISTRICT**

**REPORTS ON INTERNAL CONTROL AND COMPLIANCE**



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

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

Superintendent and School Board  
Vicksburg Warren School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Vicksburg Warren School District's basic financial statements, and have issued our report thereon dated March 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Vicksburg Warren 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 Vicksburg Warren School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Vicksburg Warren School District's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
March 23, 2015



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

Superintendent and School Board  
Vicksburg Warren School District

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

We have audited Vicksburg Warren 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 Vicksburg Warren School District's major federal programs for the year ended June 30, 2014. Vicksburg Warren 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 Vicksburg Warren 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 Vicksburg Warren 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 Vicksburg Warren School District's compliance.

## Opinion on Each Major Federal Program

In our opinion, Vicksburg Warren 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, 2014.

## Report on Internal Control Over Compliance

Management of the Vicksburg Warren 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 Vicksburg Warren School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Vicksburg Warren School District's internal control over compliance.

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

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

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
March 23, 2015

**VICKSBURG WARREN SCHOOL DISTRICT**

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



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MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

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

Superintendent and School Board  
Vicksburg Warren School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vicksburg Warren School District as of and for the year ended June 30, 2014, which collectively comprise Vicksburg Warren School District's basic financial statements and have issued our report thereon dated March 23, 2015. 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 did not report any classroom supply funds carried over from previous years.

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

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements 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. However, this report is a matter of public record and its distribution is not limited.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi  
March 23, 2015

**VICKSBURG WARREN SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COST**



## **Section II: Financial Statement Findings**

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

## **Section III: Federal Award Findings and Questioned Costs**

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