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**COFFEEVILLE SCHOOL DISTRICT  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**COFFEEVILLE SCHOOL DISTRICT  
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**COFFEEVILLE SCHOOL DISTRICT**

**INDEPENDENT AUDITOR'S REPORT**

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008



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## INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board  
Coffeeville 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 Coffeeville School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Coffeeville 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 Coffeerville 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 Supplemental 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 10-20 and 54-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above 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 July 13, 2015, on our consideration of the Coffeerville 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 the 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 Coffeerville School District's internal control over financial reporting and compliance.

*The Dwight K. Young Group*

Oxford, Mississippi  
July 13, 2015

**COFFEEVILLE SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014

The following discussion and analysis of Coffeerville 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 decreased \$154,002, which represents a 3.52% decrease from fiscal year 2013. Total net position for 2013 decreased \$109,029, including a prior period adjustment of (\$65,951), which represents a 2% decrease from fiscal year 2012.
- General revenues amounted to \$4,457,285 and \$4,538,800, or 72% and 70% 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 \$1,717,230 or 28% of total revenues for 2014 and \$1,967,826 or 30% of total revenues for 2013.
- The District had \$6,328,517 and \$6,549,704 in expenses for fiscal years 2014 and 2013; only \$1,717,230 for 2014 and \$1,967,826 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$4,457,285 for 2014 and \$4,538,800 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$4,257,860 in revenues and \$4,489,199 in expenditures for 2014 and \$4,237,732 in revenues and \$4,268,681 in expenditures in 2013. The General Fund's fund balance decreased by \$8,640 from 2013 to 2014, and decreased by \$63,439 from 2012 to 2013.
- Capital Assets, net of accumulated depreciation, decreased by \$54,982 for 2014 and increased by \$1,004,217 for 2013. The decrease for 2014 was due to the disposal of mobile equipment coupled with the increase in accumulated depreciation.
- Long-term debt decreased by \$110,000 for 2014 and decreased by \$86,000 for 2013. This decrease for 2014 was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$6,000 for 2014 and increased by \$1,000 for 2013.

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

The Statement of Net Position presents information on all the District's nonfiduciary assets and liabilities, with the difference 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.

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

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

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

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

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

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

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

**Notes to the Financial Statements**

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

**Required Supplementary Information**

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

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$4,219,234 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.

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

Table 1 presents a summary of the District's net position at June 30, 2014 and June 30, 2013.

Table 1  
Condensed Statement of Net Position

	<u>6/30/2014</u>	<u>6/30/2013</u>	Percentage <u>Change</u>
Current Assets	\$ 2,237,490	\$ 2,541,296	-9.23%
Restricted Assets	434,195	351,982	3.72%
Capital Assets, net	<u>3,530,991</u>	<u>3,585,973</u>	-1.53%
Total Assets	<u>6,202,676</u>	<u>6,479,251</u>	<u>-4.27%</u>
Current Liabilities	102,442	115,015	-10.93%
Long-term Debt Outstanding	<u>1,881,000</u>	<u>1,991,000</u>	-5.52%
Total Liabilities	<u>1,983,442</u>	<u>2,106,015</u>	<u>-5.82%</u>
Net Position:			
Invested in capital assets, net			
of related debt	1,709,990	1,660,973	2.95%
Restricted	2,160,772	2,418,138	-11.02%
Unrestricted	<u>348,472</u>	<u>294,125</u>	21.61%
Total Net Position	<u><u>\$ 4,219,234</u></u>	<u><u>\$ 4,373,236</u></u>	<u><u>-3.52%</u></u>

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

- Decrease in net capital assets in the amount of \$54,982.
- The principal retirement of \$110,000 of long-term debt

**Changes in Net Position**

The District's total revenues for the fiscal years ended June 30, 2014, and June 30, 2013, were \$6,174,515 and \$6,506,627 respectively. The total cost of all programs and services was \$6,328,517 for 2014 and \$6,549,704 for 2013.

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

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

Table 2  
Changes in Net Position

	<u>6/30/2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Revenue:			
Program Revenues:			
Charges for Services	\$ 165,473	\$ 202,143	-18.14%
Operating Grants & Contributions	1,533,169	1,747,095	-12.24%
Capital Grants & Contributions	18,588	18,588	0.00%
Total Program Revenues	<u>1,717,230</u>	<u>1,967,826</u>	<u>-12.73%</u>
General Revenues:			
Property Taxes	1,276,749	1,183,582	7.87%
Unrestricted Grants	3,005,506	3,101,795	-3.10%
Unrestricted Investment Earnings	60,001	88,486	-32.19%
Sixteenth Section Sources	69,692	137,701	-49.39%
Other	45,337	27,236	66.46%
Total General Revenues	<u>4,457,285</u>	<u>4,538,800</u>	<u>-1.80%</u>
Total Revenues	<u>6,174,515</u>	<u>6,506,626</u>	<u>-5.10%</u>
Expenses:			
Instruction	3,091,157	3,534,113	-12.53%
Support Services	2,648,652	2,473,592	7.08%
Non-instructional	465,786	498,992	-6.63%
Sixteenth Section	27,558	41,893	-34.22%
Interest & Other Expenses related to long-term liabilities	95,364	1,114	8460.50%
Total Expenses	<u>6,328,517</u>	<u>6,549,704</u>	<u>-3.38%</u>
Increase (Decrease) in Net Position	<u>(154,002)</u>	<u>(43,078)</u>	<u>257.50%</u>
Net Position, July 1	<u>4,373,236</u>	<u>4,482,265</u>	<u>-2.43%</u>
Prior Period Adjustments	<u>-</u>	<u>(65,951)</u>	<u>-100.00%</u>
Net Position, July 1, as Restated	<u>4,373,236</u>	<u>4,416,314</u>	<u>-0.98%</u>
Net Position, June 30	<u>\$ 4,219,234</u>	<u>\$ 4,373,236</u>	<u>-3.52%</u>

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

GOVERNMENTAL ACTIVITIES

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

Table 3  
Net Cost of Governmental Activities

	TOTAL EXPENSES		PERCENTAGE
	2014	2013	CHANGE
Instruction	\$ 3,091,157	\$ 3,534,113	-12.53%
Support Services	2,648,652	2,473,592	7.08%
Non-instructional	465,786	498,992	-6.65%
Sixteenth Section	27,558	41,893	-34.22%
Interest & Other Charges related to Long-term Liabilities	95,364	1,114	8460.50%
Total Expenses	<u>\$ 6,328,517</u>	<u>\$ 6,549,704</u>	<u>-3.38%</u>

  

	NET (EXPENSE) REVENUE		PERCENTAGE
	2014	2013	CHANGE
Instruction	\$ (2,503,819)	\$ (2,690,017)	6.92%
Support Services	(2,050,626)	(1,898,767)	8.00%
Non-Instructional	66,080	36,615	-80.47%
Sixteenth Section	(27,558)	(28,595)	3.63%
Interest & Other Charges related to Long-term Liabilities	(95,364)	(1,114)	-8460.50%
Total Net (Expense) Revenue	<u>\$ (4,611,287)</u>	<u>\$ (4,581,878)</u>	<u>0.64%</u>

- Net cost of governmental activities, (\$4,611,287 for 2014 and \$4,581,878 for 2013) was financed by general revenue, which is primarily made up of property taxes of (\$1,276,749 for 2014 and \$1,183,582 for 2013) and state and federal revenues of (\$3,005,506 for 2014 and \$3,101,795 for 2013). In addition, there was \$69,692 and \$137,701 in Sixteenth Section sources for 2014 and 2013 and \$45,337 and \$27,236 in Other sources, respectively.
- Investment earnings accounted for \$60,001 for 2014 and \$88,486 for 2013.

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

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

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$2,574,173, a decrease of \$202,989. \$300,261 or 12% of the fund balance is unassigned, which represents the residual classification of 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 \$2,273,912 or 88% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$8,640. The fund balance of Other Governmental Funds showed an increase in the amount of \$52,234, which includes a decrease in inventory of \$3,897. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>MAJOR FUND</u>	<u>INCREASE (DECREASE)</u>
Title 1	no increase or decrease
16 <sup>th</sup> Section Interest	\$(327,378)
Upward Bound	no increase or decrease
QSCB Bond Retirement	\$80,795

COFFEEVILLE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
-Continued-

**BUDGETARY HIGHLIGHTS**

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$5,954,475, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$62,634 from 2013. Total accumulated depreciation as of June 30, 2014, was \$2,423,484 and total depreciation expense for the year was \$180,660, resulting in total net capital assets of \$3,530,991.

Table 4  
Capital Assets, Net of Depreciation

	<u>6/30/2014</u>	<u>6/30/2013</u>	Percentage <u>Change</u>
Land	\$ 30,503	\$ 30,503	0.00%
Buildings	3,061,435	3,135,132	-2.35%
Building Improvements	41,376	40,746	1.55%
Mobile Equipment	239,523	248,093	-3.45%
Furniture and Equipment	158,154	131,499	20.27%
Total	<u>\$ 3,530,991</u>	<u>\$ 3,585,973</u>	<u>-1.53%</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 -Continued-

**Debt Administration.** At June 30, 2014, the District had \$1,881,000 in outstanding long-term debt, of which \$106,000 is due within one year. The liability for compensated absences decreased \$6,000 from the prior year.

The District maintains a AA bond rating.

Table 5  
Outstanding Long Term Debt

	<u>6/30/2014</u>	<u>6/30/2013</u>	Percentage <u>Change</u>
Limited Obligation Bonds Payable	\$ 571,000	\$ 675,000	-15.41%
Qualified School Construction Bonds Payable	1,250,000	1,250,000	0.00%
Compensated Absences Payable	<u>60,000</u>	<u>66,000</u>	<u>-9.09%</u>
 Total	 <u>\$ 1,881,000</u>	 <u>\$ 1,991,000</u>	 <u>-5.52%</u>

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

**CURRENT ISSUES**

The Coffeeville School District is financially stable. The District is proud of its community support of its public school.

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

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

Enrollment for the 2013-2014 year increased by 1.7% with 590 students from the prior year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional financial information, contact the Superintendent's Office of the Coffeeville School District, 96 Mississippi Street, Coffeeville, MS 38922.

COFFEEVILLE SCHOOL DISTRICT

FINANCIAL STATEMENTS

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF NET POSITION-Exhibit A  
June 30, 2014

**ASSETS**

Cash and cash equivalents	\$ 1,912,931
Due from other governments	305,712
Inventories	13,812
Prepaid items	5,035
Restricted assets	434,195
Capital assets, non-depreciable:	
Land	30,503
Capital assets, net of accumulated depreciation:	
Buildings	3,061,435
Building improvements	41,376
Mobile equipment	239,523
Furniture and fixtures	158,154
<b>Total Assets</b>	<b><u>6,202,676</u></b>

**LIABILITIES**

Accounts payable and accrued liabilities	97,512
Interest payable on long-term debt	4,930
Long-term liabilities (due within one year)	
Capital related liabilities	106,000
Long-term liabilities (due beyond one year)	
Capital related liabilities	1,715,000
Non-capital related liabilities	60,000
<b>Total Liabilities</b>	<b><u>1,983,442</u></b>

**NET POSITION**

Net investment in capital assets	1,709,990
Restricted for:	
Expendable:	
School-based activities	1,607,514
Debt service	455,547
Forestry improvements	32,201
Unemployment benefits	16,323
Non-expendable:	
Sixteenth section	49,187
Unrestricted	348,472
<b>Total Net Position</b>	<b><u>\$ 4,219,234</u></b>

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

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES-Exhibit B  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Total</u>
<b>Governmental Activities:</b>					
Instruction	\$ 3,091,157	\$ 102,127	\$ 466,623	\$ 18,588	\$ (2,503,819)
Support services	2,648,652	-	598,026	-	(2,050,626)
Non-instructional services	465,786	63,346	468,520	-	66,080
Sixteenth section	27,558	-	-	-	(27,558)
Interest and other expenses on long-term liabilities	95,364	-	-	-	(95,364)
<b>Total Governmental Activities</b>	<b>\$ 6,328,517</b>	<b>\$ 165,473</b>	<b>\$ 1,533,169</b>	<b>\$ 18,588</b>	<b>(4,611,287)</b>
<b>General Revenues:</b>					
Taxes:					
General purpose levies					\$ 1,195,031
Debt purpose levies					81,718
Unrestricted grants and contributions:					
State					2,832,558
Federal					172,948
Unrestricted investment earnings					60,001
Sixteenth section sources					69,692
Other					45,337
<b>Total General Revenues</b>					<b>4,457,285</b>
Change in Net Position					(154,002)
Net Position-Beginning					4,373,236
Net Position - Ending					<b>\$ 4,219,234</b>

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

COFFEEVILLE SCHOOL DISTRICT  
BALANCE SHEET GOVERNMENT FUNDS - Exhibit C  
June 30, 2014

	MAJOR FUNDS					OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	TITLE 1	16th SECTION INTEREST	UPWARD BOUND	QSCB BOND RETIREMENT		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 300,134	\$ -	\$ 1,304,368	\$ -	\$ 69,128	\$ 357,616	\$ 2,031,246
Investments	-	-	-	-	251,515	64,365	315,880
Due from other governments	57,527	90,321	-	51,147	-	106,717	305,712
Due from other funds	3,317	-	100,116	-	-	-	103,433
Inventories	-	-	-	-	-	13,812	13,812
Prepaid items	5,035	-	-	-	-	-	5,035
<b>Total Assets</b>	<b>\$ 366,013</b>	<b>\$ 90,321</b>	<b>\$ 1,404,484</b>	<b>\$ 51,147</b>	<b>\$ 320,643</b>	<b>\$ 542,510</b>	<b>\$ 2,775,118</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 21,261	\$ 30,804	\$ 5,000	\$ 36,070	\$ -	\$ 4,377	\$ 97,512
Due to other funds	197	59,517	-	15,077	-	28,642	103,433
<b>Total Liabilities</b>	<b>21,458</b>	<b>90,321</b>	<b>5,000</b>	<b>51,147</b>	<b>-</b>	<b>33,019</b>	<b>200,945</b>
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Permanent fund principal	-	-	-	-	-	49,187	49,187
Endowments	1,170	-	-	-	-	-	1,170
Inventory	-	-	-	-	-	13,812	13,812
Prepaid items	5,034	-	-	-	-	-	5,034
<b>Restricted for:</b>							
Unemployment benefits	-	-	-	-	-	16,322	16,322
Forestry improvements	-	-	-	-	-	32,201	32,201
Capital improvements	-	-	-	-	-	31,308	31,308
Debt service	-	-	-	-	320,643	139,832	460,475
Other commitments	-	-	127,211	-	-	224,116	351,327
Assigned	38,090	-	1,272,273	-	-	2,713	1,313,076
Unassigned	300,261	-	-	-	-	-	300,261
<b>Total Fund Balances</b>	<b>344,555</b>	<b>-</b>	<b>1,399,484</b>	<b>-</b>	<b>320,643</b>	<b>509,491</b>	<b>2,574,173</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 366,013</b>	<b>\$ 90,321</b>	<b>\$ 1,404,484</b>	<b>\$ 51,147</b>	<b>\$ 320,643</b>	<b>\$ 542,510</b>	<b>\$ 2,775,118</b>

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

COFFEEVILLE SCHOOL DISTRICT  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION - Exhibit C-1  
June 30, 2014

		<u>Amounts</u>
Total Fund Balance - governmental funds		\$ 2,574,173
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 30,503	
Buildings	4,460,307	
Building Improvements	62,116	
Mobile Equipment	853,217	
Furniture and Equipment	548,332	
Less Accumulated Depreciation	<u>(2,423,484)</u>	
		3,530,991
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
Limited obligation refunding bonds	(571,000)	
Qualified school construction bonds	(1,250,000)	
Compensated absences	(60,000)	
Accrued interest payable	<u>(4,930)</u>	
		<u>(1,885,930)</u>
 Total Net Position		 <u>\$ 4,219,234</u>

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

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - Exhibit D  
FOR THE YEAR ENDED JUNE 30, 2014

	MAJOR FUNDS					OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	TITLE 1	16th SECTION INTEREST	UPWARD BOUND	QSCB BOND RETIREMENT		
REVENUES:							
Local sources	\$ 1,341,795	\$ -	\$ -	\$ -	\$ 4,362	\$ 142,016	\$ 1,488,173
State sources	2,743,117	-	-	-	-	272,443	3,015,560
Federal sources	172,948	426,177	-	226,601	67,183	705,180	1,598,089
Sixteenth section	-	-	72,622	-	-	71	72,693
Total Revenues	<u>4,257,860</u>	<u>426,177</u>	<u>72,622</u>	<u>226,601</u>	<u>71,545</u>	<u>1,119,710</u>	<u>6,174,515</u>
EXPENDITURES:							
Instruction	2,441,700	154,889	-	60,782	-	424,646	3,082,017
Support services	2,047,499	205,967	-	164,819	-	194,682	2,612,967
Non-instructional services	-	55,054	-	1,000	500	405,056	461,610
Sixteenth section	-	-	-	-	-	27,558	27,558
Debt services:							
Principal	-	-	-	-	-	104,000	104,000
Interest	-	-	-	-	76,250	13,083	89,333
Total Expenditures	<u>4,489,199</u>	<u>415,910</u>	<u>-</u>	<u>226,601</u>	<u>76,750</u>	<u>1,169,025</u>	<u>6,377,485</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(231,339)</u>	<u>10,267</u>	<u>72,622</u>	<u>-</u>	<u>(5,205)</u>	<u>(49,315)</u>	<u>(202,970)</u>

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

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - Exhibit D  
-Continued-

	MAJOR FUNDS					OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	TITLE 1	16TH SECTION INTEREST	UPWARD BOUND	QSCB BOND RETIREMENT		
<b>OTHER FINANCING SOURCES (USES):</b>							
Sale of transportation equipment	\$ 3,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,878
Operating transfers in	419,792	-	-	-	86,000	206,169	711,961
Operating transfers out	(200,971)	(10,267)	(400,000)	-	-	(100,723)	(711,961)
<b>Total Other Financing Sources (Uses)</b>	<b>222,699</b>	<b>(10,267)</b>	<b>(400,000)</b>	<b>-</b>	<b>86,000</b>	<b>105,446</b>	<b>3,878</b>
<b>Net Change in Fund Balance</b>	<b>(8,640)</b>	<b>-</b>	<b>(327,378)</b>	<b>-</b>	<b>80,795</b>	<b>56,131</b>	<b>(199,092)</b>
<b>FUND BALANCES:</b>							
July 1, 2013	353,195	-	1,726,862	-	239,848	457,257	2,777,162
Increase/(decrease) in reserve for inventory	-	-	-	-	-	(3,897)	(3,897)
June 30, 2014	<u>\$ 344,555</u>	<u>\$ -</u>	<u>\$ 1,399,484</u>	<u>\$ -</u>	<u>\$ 320,643</u>	<u>\$ 509,491</u>	<u>\$ 2,574,173</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES - Exhibit D-1  
 FOR THE YEAR ENDED JUNE 30, 2014

			<u>Amount</u>
Net Change in Fund Balances - Governmental Funds			\$ (199,092)
Amounts reported for governmental funds in the Statement of Activities are different because:			
1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
Capital Outlay	\$ 132,683		
Depreciation Expense	<u>(180,660)</u>		(47,977)
2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.			
			(7,005)
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, the 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	104,000		
Accrued interest payable	<u>898</u>		104,898
4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in the governmental funds. These activities include:			
Change in compensated absences	6,000		
Change in inventory	(3,897)		
Reclassification of deferred issuance costs to debt service interest per GASB Statement 65	<u>(6,929)</u>		<u>(4,826)</u>
Change in Net Position of Governmental Activities			<u>\$ (154,002)</u>

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

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-EXHIBIT E  
JUNE 30, 2014

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 259,452</u>
<b>Total Assets</b>	<u>\$ 259,452</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 253,965
Due to student clubs	<u>5,487</u>
<b>Total Liabilities</b>	<u>\$ 259,452</u>

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

COFFEEVILLE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO 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 five (5) member board to which each member is elected by the citizens of each defined county district.

For financial reporting purposes, Coffeerville 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 interfund 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.

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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

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

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

The school district reports the following major governmental funds:

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

-Continued-

**Title 1 Fund** – This is a special revenue fund that accounts for the proceeds of Title 1 funds from the federal government, that are programmatically and legally restricted to expenditures for specified purposes.

**Sixteenth Section Interest Fund** – This is a special revenue fund that accounts for the proceeds of timber sales, forest products and rental revenues on 16<sup>th</sup> section land leases that are legally restricted to expenditures for specified purposes.

**Upward Bound Fund** – This is a special revenue fund that helps high school students from low-income families to succeed in their precollege performance and ultimately in their higher education pursuits. The program is intended to increase the rate at which participants complete secondary education and enroll in and graduate from institutions of postsecondary education.

**QSCB Bond Retirement Fund** – This is a debt retirement fund that accounts for the payments of the Qualified School Construction Bonds when the bonds and the interest becomes due.

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

The District's fiduciary funds include the following:

**Payroll Clearing** – This fund serves as a clearing fund for payroll type transactions.

**Student Club Fund** – This fund accounts for the monies raised through school club activities and fund raisers and club related expenditures approved by the individual clubs.

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

COFFEEVILLE SCHOOL DISTRICT  
NOTE TO THE FINANCIAL STATEMENTS  
-Continued-

Additionally, the school district reports the following fund types:

**GOVERNMENTAL FUNDS**

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

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

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

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

**FIDUCIARY FUNDS**

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
-Continued-

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

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

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

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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* as issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 2003*, issued by the U.S. Department of Education.

**D. Encumbrances.**

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

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

**1. Cash, Cash Equivalents and Investments.**

Cash and Cash Equivalents.

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

Investments.

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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

Investments for the district are reported at fair market value.

**2. Receivables and payables.**

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

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

**3. Due from Other Governments.**

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

**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.

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
-Continued-

**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 non-expendable portion of the Permanent Fund, if applicable, is classified as restricted assets because the 16<sup>th</sup> Section Principal fund is not available for use by the district except as provided for under state statute for loans from this fund.

**6. Capital Assets.**

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 -Continued-

The following schedule details the capitalization thresholds:

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

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

**7. Compensated Absences.**

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

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

**8. Long-term Liabilities and Bond Discounts/Premiums.**

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
-Continued-

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 hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

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

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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

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

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

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

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

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

-Continued-

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$2,031,246 and \$259,452, respectively.

*Custodial Credit Risk – Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the District. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the District. As of June 30, 2014, \$-0- of the District's bank balance of \$2,038,283 was exposed to custodial credit risk.

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 -Continued-

Investments:

As of June 30, 2014, the District had the following investments. The District has no internal investment pool.

<u>Investment Type</u>	<u>Rating</u>	<u>Matures</u>	<u>Fair Value</u>
Federated U.S. Treasury Cash Reserve	Aaa	Daily	\$ 64,365
Fed Govt Oblg Tax-Managed	Aaa	Daily	2,515
U.S. Treasury SLGS Deposit	Aaa	11/2025	<u>249,000</u>
Total			<u>\$ 315,880</u>

This amount is reflected as restricted assets on Exhibit A (see Note 4).

*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 rates.

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

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

*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.

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 -Continued-

**NOTE 3. Interfund Receivables, Payables, and Transfers.**

The following is a summary of interfund transactions and balances:

**A. Due From/To Other Funds.**

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 3,317
16 <sup>th</sup> Section Interest	Title I Fund	59,517
	Upward Bound Fund	15,077
	General Fund	197
Total	Other Governmental Funds	<u>25,325</u>
		<u>\$103,433</u>

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

**B. Interfund transfers:**

Transfer In	Transfers Out	Amount
General Fund	16 <sup>th</sup> Section Fund	\$400,000
	Title I	10,267
	Other Governmental Funds	9,525
QSCB	General Fund	86,000
Other Governmental Funds	General Fund	114,971
	Other Governmental Funds	91,198
Total		<u>\$711,961</u>

The primary purpose of the inter-fund transfers was to transfer federal program indirect cost and to close out federal program funds at fiscal year end to transfer 16<sup>th</sup> section interest funds to the general fund to maintain a fund balance that exceeds the seven percent requirement. These transfers were consistent with the activities of the fund making the transfers.

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 -Continued-

**NOTE 4. Restricted Assets.**

The restricted assets represent investment balance, totaling \$64,365, of the MAEP Limited Obligation Bond Fund.

In addition, the restricted assets represent the cash and investment balance, totaling \$69,128 and \$251,515, respectively, of the QSCB Debt Retirement Fund (4042) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash balance, totaling \$49,187 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.

**NOTE 5. Capital Assets.**

	Balance <u>7/1/2013</u>	Additions	Retirements	Balance <u>6/30/2014</u>
<u>Non-depreciable Capital Assets</u>				
Land	\$ 30,503	\$ 0	\$ 0	\$ 30,503
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-depreciable Capital Assets	<u>30,503</u>	<u>0</u>	<u>0</u>	<u>30,503</u>
<u>Depreciable Capital Assets</u>				
Buildings	4,460,307	0	0	4,460,307
Building Improvements	46,302	15,814	0	62,116
Mobile Equipment	881,266	42,000	70,049	853,217
Furniture and Equipment	<u>473,463</u>	<u>74,869</u>	<u>0</u>	<u>548,332</u>
Total Depreciable Capital Assets	<u>5,861,338</u>	<u>132,683</u>	<u>70,049</u>	<u>5,923,972</u>
<u>Less Accumulated Depreciation for</u>				
Buildings	1,325,175	73,697	0	1,398,872
Building Improvements	5,556	15,184	0	20,740
Mobile Equipment	633,173	43,565	63,044	613,694
Furniture and Equipment	<u>341,964</u>	<u>48,214</u>	<u>0</u>	<u>390,178</u>
Total Accumulated Depreciation	<u>2,305,868</u>	<u>180,660</u>	<u>63,044</u>	<u>2,423,484</u>
Total Depreciable Capital Assets, Net	<u>3,555,470</u>	<u>(47,977)</u>	<u>7,005</u>	<u>3,500,488</u>
Governmental Activities Capital Assets, Net	<u>\$3,585,973</u>	<u>\$ (47,977)</u>	<u>\$ 7,005</u>	<u>\$3,530,991</u>

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

Depreciation expenses was charged to the following governmental functions:

	<u>Amount</u>
Instructional	\$ 19,047
Support Services	157,222
Non-instructional	<u>4,391</u>
Total Depreciation Expense	<u>\$ 180,660</u>

**NOTE 6. Long-Term Liabilities.**

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

	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. Limited Obligation Bonds Payable	\$ 675,000	\$ -	\$ 104,000	\$ 571,000	\$ 106,000
B. Qualified School Construction Bonds Payable	1,250,000	-	-	1,250,000	-
C. Compensated Absences Payable	<u>66,000</u>	-	<u>6,000</u>	<u>60,000</u>	-
Totals	<u>\$ 1,991,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 1,881,000</u>	<u>\$ 106,000</u>

**A. Limited Obligations Refunding 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:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amounts Issued</u>	<u>Amounts Outstanding</u>
State Aid Capital Improvement Bonds, Refunding Series 2012	2.10%	10/18/2011	2/1/2018	<u>\$ 761,000</u>	<u>\$ 571,000</u>
Total				<u>\$ 761,000</u>	<u>\$ 571,000</u>

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 106,000	\$ 10,878	\$ 116,878
2016	110,000	8,610	118,610
2017	120,000	6,195	126,195
2018	235,000	3,675	238,675
	<u>\$ 571,000</u>	<u>\$ 29,358</u>	<u>\$ 600,358</u>

This debt will be retired from the MAEP Bond Fund.

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

**B. Qualified School Construction Bonds Payable.**

As more fully explained in Note 12, debt has been issued by the school district that qualifies as Qualified School Construction bonds debt currently outstanding is as follows:

<u>Description</u>	Interest	Issue	Maturity	Amounts	
	Rate	Date	Date	Issued	Outstanding
Limited Tax Note	0%	1/27/2011	12/1/2025	\$ 1,250,000	\$ 1,250,000
Total				<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>

**C. Compensated Absences Payable.**

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

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

**NOTE 7. Prior Year Defeasance of Debt.**

In prior years, the Coffeeville School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds were removed from the district's financial statements. On June 30, 2014, there were no defeased bonds.

**NOTE 8. Defined Benefit Pension Plan.**

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

**Funding Policy.** PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 \$515,142, \$478,308 and \$421,912, respectively, which equaled the required contributions for each year.

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 -Continued-

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

Year Ending <u>June 30</u>	<u>Amount</u>
2015	\$ 21,127
2016	21,127
2017	17,327
2018	6,800
2019	150
2020 – 2024	750
2025- 2029	750
2030 – 2034	750
2035 – 2039	<u>750</u>
 Total	 <u>\$ 69,531</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.

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
-Continued-

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

**NOTE 11. Risk Management.**

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

**Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi School Boards Association Workers’ Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 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. The district has not had an additional assessment for excess losses incurred by the pool.

COFFEEVILLE SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 -Continued-

**NOTE 12. 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 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 (QSCB) are intended to 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 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 payoff 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. Annual sinking fund deposit amounts are inclusive of any interest earnings for the prior 12 months' interest earnings. The amount on deposit at June 30, 2014, was \$320,643. The amount accumulated in the sinking fund at the end of the fourteen-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.

Year ending	Amount
<u>June 30</u>	
2015	\$ 83,000
2016	83,000
2017	83,000
2018	83,000
2019	83,000
2020-2024	415,000
2025-2029	<u>171,000</u>
Total	<u>\$1,001,000</u>

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

-Continued-

**NOTE 13. Subsequent Events.**

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position 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 Coffeerville School District evaluated the activity of the district through July 13, 2015, the date the financial statements were available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statement.

COFFEVILLE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

COFFEEVILLE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR GENERAL FUND  
 FOR THE YEAR ENDED June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
	<b>GENERAL FUND</b>				
<b>REVENUES:</b>					
Local Sources	\$ 1,441,276	\$ 1,447,969	\$ 1,341,795	\$ 6,693	\$ (106,174)
State Sources	2,997,645	3,018,980	2,743,117	21,335	(275,863)
Federal Sources	139,347	265,165	172,948	125,818	(92,217)
<b>Total Revenues</b>	<u>4,578,268</u>	<u>4,732,114</u>	<u>4,257,860</u>	<u>153,846</u>	<u>(474,254)</u>
<b>Expenditures:</b>					
Instruction	2,599,946	2,491,398	2,441,700	108,548	49,698
Support Services	1,963,441	2,098,803	2,047,499	(135,362)	51,304
<b>Total Expenditures</b>	<u>4,563,387</u>	<u>4,590,201</u>	<u>4,489,199</u>	<u>(26,814)</u>	<u>101,002</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>14,881</u>	<u>141,913</u>	<u>(231,339)</u>	<u>127,032</u>	<u>(373,252)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Transportation Equipment	-	3,878	3,878	3,878	-
Operating Transfers In	503,157	786,134	419,792	282,977	-366,342
Operating Transfers Out	(667,000)	(565,635)	(200,971)	101,365	364,664
<b>Total Other Financing Sources (Uses)</b>	<u>(163,843)</u>	<u>224,377</u>	<u>222,699</u>	<u>388,220</u>	<u>(1,678)</u>
<b>Net Change in Fund Balances</b>	<u>(148,962)</u>	<u>366,290</u>	<u>(8,640)</u>	<u>515,252</u>	<u>(374,930)</u>
<b>Fund Balances</b>					
<b>July 1, 2013</b>	<u>353,195</u>	<u>353,195</u>	<u>353,195</u>	<u>-</u>	<u>-</u>
<b>June 30, 2014</b>	<u>\$ 204,233</u>	<u>\$ 719,485</u>	<u>\$ 344,555</u>	<u>\$ 515,252</u>	<u>\$ (374,930)</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR TITLE I FUND  
 FOR THE YEAR ENDED June 30, 2014

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
	<b>TITLE 1</b>				
<b>REVENUES:</b>					
Federal Sources	\$ 367,576	\$ 426,177	\$ 426,177	\$ 58,601	\$ -
<b>Total Revenues</b>	<u>367,576</u>	<u>426,177</u>	<u>426,177</u>	<u>58,601</u>	<u>-</u>
<b>Expenditures:</b>					
Instructional	132,708	170,427	154,889	(37,719)	15,538
Support Service	138,070	221,761	205,967	(83,691)	15,794
Non-instructional Services	55,425	58,747	55,054	(3,322)	3,693
<b>Total Expenditures</b>	<u>326,203</u>	<u>450,935</u>	<u>415,910</u>	<u>(124,732)</u>	<u>35,025</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>41,373</u>	<u>(24,758)</u>	<u>10,267</u>	<u>(66,131)</u>	<u>35,025</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	(16,855)	(10,267)	(10,267)	6,588	-
<b>Total Other Financing Sources (Uses)</b>	<u>(16,855)</u>	<u>(10,267)</u>	<u>(10,267)</u>	<u>6,588</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	24,518	(35,025)	-	(59,543)	35,025
<b>Fund Balances</b>					
July 1, 2003	-	-	-	-	-
June 30, 2014	<u>\$ 24,518</u>	<u>\$ (35,025)</u>	<u>\$ -</u>	<u>\$ (59,543)</u>	<u>\$ 35,025</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR 16TH SECTION INTEREST FUND  
 FOR THE YEAR ENDED June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
<b>16TH SECTION INTEREST REVENUES:</b>					
Sixteenth Section Sources	\$ 561,681	\$ 579,189	\$ 72,622	\$ 17,508	\$ (506,567)
<b>Total Revenues</b>	<u>561,681</u>	<u>579,189</u>	<u>72,622</u>	<u>17,508</u>	<u>(506,567)</u>
<b>Expenditures:</b>					
<b>Total Expenditures</b>	-	-	-	-	-
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>561,681</u>	<u>579,189</u>	<u>72,622</u>	<u>17,508</u>	<u>(506,567)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	-	(464,803)	(400,000)	(464,803)	64,803
<b>Total Other Financing Sources (Uses)</b>	-	<u>(464,803)</u>	<u>(400,000)</u>	<u>(464,803)</u>	<u>64,803</u>
<b>Net Change in Fund Balances</b>	561,681	114,386	(327,378)	(447,295)	(441,764)
<b>Fund Balances</b>					
July 1, 2013	1,726,862	1,726,862	1,726,862	-	-
June 30, 2014	<u>\$ 2,288,543</u>	<u>\$ 1,841,248</u>	<u>\$ 1,399,484</u>	<u>\$ (447,295)</u>	<u>\$ (441,764)</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR UPWARD BOUND FUND  
 FOR THE YEAR ENDED June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
	<b>UPWARD BOUND</b>				
<b>REVENUES:</b>					
Local Sources	\$ 1,759	\$ 2,043	\$ -	\$ 284	\$ (2,043)
Federal Sources	236,925	236,925	226,601	-	(10,324)
<b>Total Revenues</b>	<u>238,684</u>	<u>238,968</u>	<u>226,601</u>	<u>284</u>	<u>(12,367)</u>
<b>Expenditures:</b>					
Instruction	81,142	78,901	60,782	2,241	18,119
Support Services	20,691	194,490	164,819	(173,799)	29,671
Noninstructional Services	1,749	1,000	1,000	749	-
<b>Total Expenditures</b>	<u>103,582</u>	<u>274,391</u>	<u>226,601</u>	<u>(170,809)</u>	<u>47,790</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>135,102</u>	<u>(35,423)</u>	<u>-</u>	<u>(170,525)</u>	<u>35,423</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	-	36,160	-	36,160	(36,160)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>36,160</u>	<u>-</u>	<u>36,160</u>	<u>(36,160)</u>
<b>Net Change in Fund Balances</b>	<u>135,102</u>	<u>737</u>	<u>-</u>	<u>(134,365)</u>	<u>(737)</u>
<b>Fund Balances</b>					
July 1, 2003	-	-	-	-	-
June 30, 2014	<u>\$ 135,102</u>	<u>\$ 737</u>	<u>\$ -</u>	<u>\$ (134,365)</u>	<u>\$ (737)</u>

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

COFFEEVILLE SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR QSCB BOND RETIREMENT FUND  
 FOR THE YEAR ENDED June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
	Original	Final		Original to Final	Final to Actual
<b>QSCB BOND RETIREMENT</b>					
<b>REVENUES:</b>					
Local Sources	\$ 72,505	\$ 223,853	\$ 4,362	\$ 151,348	\$ (219,491)
Federal Sources	-	-	67,183	-	67,183
<b>Total Revenues</b>	<u>72,505</u>	<u>223,853</u>	<u>71,545</u>	<u>151,348</u>	<u>(152,308)</u>
<b>Expenditures:</b>					
Support Services	500	500	500	-	-
Debt Service:					
Principal and Interest	159,000	229,109	76,250	(70,109)	152,859
<b>Total Expenditures</b>	<u>159,500</u>	<u>229,609</u>	<u>76,750</u>	<u>(70,109)</u>	<u>152,859</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(86,995)</u>	<u>(5,756)</u>	<u>(5,205)</u>	<u>81,239</u>	<u>551</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	96,000	86,000	86,000	(10,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>96,000</u>	<u>86,000</u>	<u>86,000</u>	<u>(10,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	9,005	80,244	80,795	71,239	551
<b>Fund Balances</b>					
July 1, 2003	239,848	239,848	239,848	-	-
June 30, 2014	<u>\$ 248,853</u>	<u>\$ 320,092</u>	<u>\$ 320,643</u>	<u>\$ 71,239</u>	<u>\$ 551</u>

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

COFFEVILLE SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

COFFEEVILLE SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

**COFFEEVILLE SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

COFFEEVILLE SCHOOL DISTRICT  
 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
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 125,905
National School Lunch Program	10.555	321,553
Summer Food Service Program for Children	10.559	4,433
Total Child Nutrition Cluster		<u>451,891</u>
Fresh Fruit and Vegetable Program	10.582	<u>17,210</u>
Total Passed-through Mississippi Department of Education		<u>469,101</u>
Total U. S. Department of Agriculture		<u>469,101</u>
<u>Federal Communications Commission</u>		
Administred through the Universal Service Administration Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	<u>152,470</u>
Total Federal Communications Commission		<u>152,470</u>

COFFEEVILLE SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 -Continued-

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER	FEDERAL EXPENDITURES
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I Grants to Local Education Agencies	84.010	\$ 426,177
Career and Technical Education-Basic Grants to States	84.318	11,702
Improving Teacher Quality-State Grants	84.386	80,075
Total Passed-through Mississippi Department of Education		<u>517,954</u>
TRIO Cluster:		
TRIO-Upward Bound	84.047	226,601
Total TRIO Cluster		<u>226,601</u>
Special Education Cluster:		
Special Education-Grants to States	84.027	136,388
Special Education-Preschool Grants	84.173	6,190
Total Special Education Cluster		<u>142,578</u>
Total Passed-through the Mississippi Department of Education		<u>887,133</u>
<u>U. S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Medical Assistance Program	93.778	2,581
Total Passed Through Mississippi Department of Education		<u>2,581</u>
Total U.S.Department of Health and Human Services		<u>2,581</u>
Total of All Federal Awards		<u>\$ 1,511,285</u>

NOTES TO THE 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.

COFFEEVILLE SCHOOL DISTRICT  
 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	\$ 4,560,226	\$ 3,202,056	\$ 453,018	\$ 224,217	\$ 680,935
Other	1,817,259	500,333	107,579	6,425	1,202,922
Total	<u>\$ 6,377,485</u>	<u>\$ 3,702,389</u>	<u>\$ 560,597</u>	<u>\$ 230,642</u>	<u>\$ 1,883,857</u>
Total Number of Students*	<u>590</u>				
Cost Per Student	<u>\$ 10,809</u>	<u>\$ 6,275</u>	<u>\$ 950</u>	<u>\$ 391</u>	<u>\$ 3,193</u>

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

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

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

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

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

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

COFFEVILLE SCHOOL DISTRICT

OTHER INFORMATION

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GENERAL FUND  
LAST FOUR YEARS

	UNAUDITED			
	2014	2013*	2012*	2011*
<b>Revenue:</b>				
Local Sources	\$ 1,341,795	\$ 1,260,329	\$ 1,216,314	\$ 1,143,360
State Sources	2,743,117	2,913,653	2,933,760	2,792,103
Federal Sources	172,948	63,750	116,016	46,437
<b>Total Revenues</b>	<b>4,257,860</b>	<b>4,237,732</b>	<b>4,266,090</b>	<b>3,981,900</b>
<b>Expenditures:</b>				
Instruction	2,441,700	2,414,982	2,347,836	2,071,036
Support Service	2,047,499	1,853,699	1,721,924	1,697,603
<b>Total Expenditures</b>	<b>4,489,199</b>	<b>4,268,681</b>	<b>4,069,760</b>	<b>3,768,639</b>
Excess (Deficiency) of Revenues over expenditures	(231,339)	(30,949)	196,330	213,261
<b>Other Financing Sources (Uses)</b>				
Sale of Transportation Equipment	3,878	-	-	1,411
Operating Transfers in	419,792	168,493	20,879	29,688
Operating Transfers Out	(200,971)	(200,983)	(190,248)	(218,586)
<b>Total Other Financing Sources (Uses)</b>	<b>222,699</b>	<b>(32,490)</b>	<b>(169,369)</b>	<b>(187,487)</b>
<b>Net Change in Fund Balance</b>	<b>(8,640)</b>	<b>(63,439)</b>	<b>26,961</b>	<b>25,774</b>
<b>Fund Balances:</b>				
Beginning of Period	353,195	416,634	389,673	363,899
End of Period	<u>\$ 344,555</u>	<u>\$ 353,195</u>	<u>\$ 416,634</u>	<u>\$ 389,673</u>

\* Source – Prior Year Audit Reports

COFFEEVILLE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENT FUNDS  
LAST FOUR YEARS

	UNAUDITED			
	2014	2013*	2012*	2011*
<b>Revenue:</b>				
Local Sources	\$ 1,488,173	\$ 1,484,671	\$ 1,390,640	\$ 1,290,736
State Sources	3,015,560	3,190,728	3,229,111	3,124,336
Federal Sources	1,598,089	1,676,750	1,699,947	2,211,128
Sixteenth Sources	72,693	154,478	375,049	91,446
<b>Total Revenues</b>	<b>6,174,515</b>	<b>6,506,627</b>	<b>6,694,747</b>	<b>6,717,646</b>
<b>Expenditures:</b>				
Instruction	3,082,017	3,424,994	3,116,792	3,411,630
Support Service	2,612,967	2,426,949	2,300,700	2,520,357
Non-instructional Services	461,610	486,327	519,711	514,191
Sixteenth Section	27,558	41,893	9,765	-
Facilities Acquisition and Construction	-	1,157,787	243,072	1,870
<b>Debt Service:</b>				
Principal	104,000	86,000	90,000	1,035,000
Interest	89,333	-	7,844	41,205
Other	-	1,000	8,820	-
<b>Total Expenditures</b>	<b>6,377,485</b>	<b>7,624,950</b>	<b>6,296,704</b>	<b>7,524,253</b>
<b>Excess (Deficiency) of Revenues over expenditures</b>	<b>(202,970)</b>	<b>(1,118,323)</b>	<b>398,043</b>	<b>(806,607)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds of Bonds	-	-	-	1,250,000
Proceeds of Refunding Bonds	-	-	752,180	-
Sale of Transportation Equipment	3,878	-	-	1,411
Other Financing Sources	-	-	-	-
Operating Transfers In	711,961	468,775	362,930	363,647
Operating Transfers Out	(711,961)	(468,775)	(362,930)	(363,647)
Other Financing Uses	-	(81,719)	(828,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,878</b>	<b>(81,719)</b>	<b>(75,820)</b>	<b>1,251,411</b>
<b>Net Change in Fund Balance</b>	<b>(199,092)</b>	<b>(1,200,042)</b>	<b>322,223</b>	<b>444,804</b>
<b>Fund Balances:</b>				
Beginning of Period	2,777,162	3,975,293	3,654,419	3,213,930
Increase (Decrease) in reserve for inventory	(3,897)	1,911	(1,349)	(4,315)
<b>End of Period</b>	<b>\$ 2,574,173</b>	<b>\$ 2,777,162</b>	<b>\$ 3,975,293</b>	<b>\$ 3,654,419</b>

\* Source – Prior Year Audit Reports

COFFEEVILLE SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008

Dwight L. Young, Jr., C.P.A.  
Patricia A. Bynum, C.P.A.  
P. Herbert Stanley, C.P.A.



*The Dwight L. Young Group*

CERTIFIED PUBLIC ACCOUNTANTS

604 S. 16TH STREET / P.O. DRAWER 280 / OXFORD, MS 38655-0280 / PHONE (662) 234-1251 / FAX (662) 236-3804

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

Superintendent and School Board  
Coffeeville 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 Coffeeville School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 13, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control 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 Coffeerville 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.

*The Dwight L. Young Group*

Oxford, Mississippi

July 13, 2015

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008



Dwight L. Young, Jr., C.P.A.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Superintendent and School Board  
Coffeeville School District

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

We have audited the Coffeeville 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 Coffeeville School District's major federal programs for the year ended June 30, 2014. Coffeeville 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 program.

**Auditor's Responsibility**

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

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

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

In our opinion, Coffeerville 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 Coffeerville 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 Coffeerville 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 Coffeerville School District's internal control over compliance.

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

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

*The Dwight D. Young Group*

Oxford, Mississippi  
July 13, 2015

COFFEEVILLE SCHOOL DISTRICT

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

Dwight L. Young, Sr., C.P.A.  
1918 - 1977

Roger A. Garrett, C.P.A.  
1922 - 2008



Dwight L. Young, Jr., C.P.A.  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board  
Coffeenville School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coffeenville School District as of and for the year ended June 30, 2014, which collectively comprise Coffeenville School District's basic financial statements, and have issued our report thereon dated July 13, 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 reported no 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.

*The Dwight R. Young Group*

Oxford, Mississippi  
July 13, 2015

COFFEEVILLE SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COFFEEVILLE SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2014

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

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

**Federal Awards:**

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified?  | None Reported |
| 5. Type of Auditor's report issued on compliance for major programs:  | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No            |
| 7. Identification of major programs:  |               |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Education Agencies

- |   |           |
|---|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. Auditee qualified as a low-risk auditee:                                 | Yes       |

**Section II: Financial Statement Findings**

The result 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.