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NORTH BOLIVAR SCHOOL DISTRICT

Audited Financial Statements
For the Year Ended June 30, 2014

NORTH BOLIVAR SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

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

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

INDEPENDENT AUDITOR'S REPORT

Superintendent and School Board
North Bolivar Consolidated School District
Mound Bayou, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the North Bolivar 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 North Bolivar School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-15 and 37-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Bolivar 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, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances—General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances—All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information section, which includes 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 May 12, 2016,

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

A handwritten signature in black ink that reads "Cunningham CPAs". The signature is written in a cursive, flowing style.

Cunningham CPAs, PLLC

Belzoni, Mississippi

May 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The following discussion and analysis of North Bolivar 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 \$58,876, including a prior period adjustment of (\$56,987) and which represents a 3% decrease from fiscal year 2013. Total net position for 2013 increased \$158,051, which represents an 8% increase from fiscal year 2012.
- General revenues amounted to \$4,770,960 and \$4,924,327, or 67% and 69% 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 \$2,301,223, or 33% of total revenues for 2014, and \$2,234,445, or 31% of total revenues for 2013.
- The District had \$7,074,072 and \$7,000,721 in expenses for fiscal years 2014 and 2013; only \$2,301,223 for 2014 and \$2,234,445 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$4,770,960 for 2014 were not adequate to provide for these programs and \$4,924,327 for 2013 were adequate to provide for these programs.
- Among major funds, the General Fund had \$4,243,969 in revenues and \$4,585,600 in expenditures for 2014, and \$4,333,110 in revenues and \$4,351,825 in expenditures in 2013. The General Fund's fund balance decreased by \$240,149, including a prior period adjustment of (\$36,794), from 2013 to 2014, and increased by \$80,658, from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$60,791 for 2014 and increased by \$313,932 for 2013. The decrease for 2014 was due primarily to capital additions net of the increase in accumulated depreciation.
- Long-term debt decreased by \$204,119, including a reclassing adjustment of \$9,140 to change presentation according to GASB 65 for 2014 and increased by \$455,662 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 \$10,859 for 2014 and decreased by \$1,937 for 2013.

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, deferred outflow of resources and liabilities, with the differences between the two reported as "net position." Over

NORTH BOLIVAR SCHOOL DISTRICT

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

time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

NORTH BOLIVAR SCHOOL DISTRICT

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

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 major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$1,988,598 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

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

depreciation of capital assets.

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

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	\$ 1,508,330	\$ 1,849,701	-18.46 %
Restricted assets	87,831	86,320	1.75 %
Capital assets, net	1,769,283	1,830,074	-3.32 %
Total assets	3,365,444	3,766,095	-10.64 %
Deferred outflows of resources	9,140	-	N/A %
Current liabilities	19,775	148,291	-86.66 %
Long-term debt outstanding	1,366,211	1,570,330	-13.00 %
Total liabilities	1,385,986	1,718,621	-19.35 %
Net position:			
Net investment in capital assets	442,680	301,071	47.04 %
Restricted	449,953	1,120,655	-59.85 %
Unrestricted	1,095,965	625,748	75.14 %
Total net position	\$ 1,988,598	\$ 2,047,474	-2.88 %

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

- Decrease in net capital assets in the amount of \$60,791.
- The principal retirement of \$205,000 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 \$7,072,183 and \$7,158,772, respectively. The total cost of all programs and services was \$7,074,072 for 2014 and \$7,000,721 for 2013.

NORTH BOLIVAR SCHOOL DISTRICT

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

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>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 83,034	\$ 84,235	(1.43) %
Operating grants and contributions	2,218,189	2,110,581	5.10 %
Capital grants and contributions	-	39,629	(100.00) %
General revenues:			
Property taxes	889,230	893,666	(0.50) %
Grants and contributions not restricted	3,544,389	3,588,520	(1.23) %
Investment earnings	989	2,653	(62.72) %
Sixteenth section sources	278,389	262,968	5.86 %
Other	57,963	176,520	(67.16) %
Total revenues	<u>7,072,183</u>	<u>7,158,772</u>	(1.21) %
Expenses:			
Instruction	3,641,434	3,491,699	4.29 %
Support services	2,774,481	2,859,513	(2.97) %
Non-instructional	563,851	553,428	1.88 %
Sixteenth section	57,877	55,903	3.53 %
Interest on long-term liabilities and other debt service costs	36,429	40,178	(9.33) %
Total expenses	<u>7,074,072</u>	<u>7,000,721</u>	1.05 %
Increase (Decrease) in net position	<u>(1,889)</u>	<u>158,051</u>	(101.20) %
Net Position, July 1, as originally reported	<u>2,047,474</u>	<u>1,889,423</u>	8.37 %
Prior period adjustment	<u>(56,987)</u>	<u>-</u>	N/A %
Net Position, July 1, as restated	<u>1,990,487</u>	<u>1,889,423</u>	5.35 %
Net Position, June 30	<u>\$ 1,988,598</u>	<u>\$ 2,047,474</u>	(2.88) %

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 and other debt service costs. 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.

NORTH BOLIVAR SCHOOL DISTRICT

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2014	2013	
Instruction	\$ 3,641,434	\$ 3,491,699	4.29 %
Support services	2,774,481	2,859,513	(2.97) %
Non-instructional	563,851	553,428	1.88 %
Sixteenth section	57,877	55,903	3.53 %
Interest on long-term liabilities and other debt service costs	36,429	40,178	(9.33) %
Total expenses	\$ 7,074,072	\$ 7,000,721	1.05 %

	Net (Expense) Revenue		Percentage Change
	2014	2013	
Instruction	\$ (2,740,788)	\$ (2,570,996)	6.60 %
Support services	(1,953,717)	(2,083,514)	(6.23) %
Non-instructional	15,962	(15,685)	(201.77) %
Sixteenth section	(57,877)	(55,903)	3.53 %
Interest on long-term liabilities and other debt service costs	(36,429)	(40,178)	(9.33) %
Total net (expense) revenue	\$ (4,772,849)	\$ (4,766,276)	0.14 %

- Net cost of governmental activities (\$4,772,849 for 2014 and \$4,766,276 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$889,230 for 2014 and \$893,666 for 2013) and state and federal revenues (\$3,544,389 for 2014 and \$3,588,520 for 2013). In addition, there was \$278,389 and \$262,968 in Sixteenth Section sources for 2014 and 2013, respectively.
- Investment earnings amounted to \$989 for 2014 and \$2,653 for 2013.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1,596,111, a decrease of \$193,925, including a prior period adjustment of (\$36,794), and which includes an increase in inventory of \$7,436. \$1,126,433 or 71% of the fund balance is unassigned, which represents the residual classification for the General Fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$469,678 or 29% 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.

NORTH BOLIVAR SCHOOL DISTRICT

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

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 \$240,149, including a prior period adjustment of (\$36,794). The fund balance of Other Governmental Funds showed a decrease in the amount of \$36,972, due primarily to normal operations. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
Child Nutrition Fund	\$	41,219
16th Section Interest Fund	\$	40,478
MAEP Debt Service Fund	\$	1,499

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 each major special revenue fund is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2014, the District's total capital assets were \$3,073,290, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$12,516 from 2013. Total accumulated depreciation as of June 30, 2014, was \$1,304,007, and total depreciation expense for the year was \$73,307, resulting in total net capital assets of \$1,769,283.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 37,690	\$ 37,690	0.00 %
Buildings	1,093,474	1,121,220	(2.47) %
Building improvements	217,550	217,550	0.00 %
Improvements other than buildings	40,345	42,468	(5.00) %
Mobile equipment	322,199	351,475	(8.33) %
Furniture and equipment	58,025	59,671	(2.76) %
Total	\$ 1,769,283	\$ 1,830,074	(3.32) %

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

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

Debt Administration. At June 30, 2014, the District had \$1,366,211 in outstanding long-term debt, of which \$205,685 is due within one year. The liability for compensated absences decreased \$10,859 from the prior year.

**Table 5
 Outstanding Long-Term Debt**

	June 30, 2014	June 30, 2013	Percentage Change
Limited obligation bonds payable	\$ 765,000	\$ 915,000	(16.39) %
Discounts on debt issues	(1,257)	(1,572)	(20.04) %
Three mill notes payable	572,000	627,000	(8.77) %
Compensated absences payable	30,468	41,327	(26.28) %
Subtotal	1,366,211	1,581,755	(13.63) %
Less deferred amount on refunding	-	(11,425)	(100.00) %
Total-net	\$ 1,366,211	\$ 1,570,330	(13.00) %

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

CURRENT ISSUES

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

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the North Bolivar School District, P.O. Box 28, Shelby, MS 38732.

FINANCIAL STATEMENTS

NORTH BOLIVAR SCHOOL DISTRICT

Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,268,085
Due from other governments	226,763
Inventories	13,482
Restricted assets	87,831
Capital assets, non-depreciable:	
Land	37,690
Capital assets, net of accumulated depreciation:	
Buildings	1,093,474
Building improvements	217,550
Improvements other than buildings	40,345
Mobile equipment	322,199
Furniture and equipment	58,025
Total Assets	3,365,444
Deferred Outflows of Resources	
Deferred amount on refunding	9,140
Total Deferred Outflows of Resources	9,140
Liabilities	
Accounts payable and accrued liabilities	50
Interest payable on long-term liabilities	19,725
Long-term liabilities, due within one year:	
Capital related liabilities	205,685
Long-term liabilities, due beyond one year:	
Capital related liabilities	1,130,058
Non-capital related liabilities	30,468
Total Liabilities	1,385,986
Net Position	
Net investment in capital assets	442,680
Restricted for:	
Expendable:	
School-based activities	236,686
Debt service	165,463
Capital improvements	23,513
Forestry improvements	110
Unemployment benefits	18,885
Non-expendable:	
Sixteenth section	5,296
Unrestricted	1,095,965
Total Net Position	\$ 1,988,598

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

NORTH BOLIVAR SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental Activities:						
Instruction	\$ 3,641,434	\$ 48,608	\$ 852,038	\$ -	\$ (2,740,788)	
Support services	2,774,481	-	820,764	-	(1,953,717)	
Non-instructional	563,851	34,426	545,387	-	15,962	
Sixteenth section	57,877	-	-	-	(57,877)	
Interest on long-term liabilities and other debt service costs	36,429	-	-	-	(36,429)	
Total Governmental Activities	\$ 7,074,072	\$ 83,034	\$ 2,218,189	\$ -	\$ (4,772,849)	

General Revenues:

Taxes:

General purpose levies	857,498
Debt purpose levies	31,732

Unrestricted grants and contributions:

State	3,451,441
Federal	92,948
Unrestricted investment earnings	989
Sixteenth section	278,389
Other	57,963
Total General Revenues	4,770,960

Change in Net Position	(1,889)
Net Position - Beginning, as originally reported	2,047,474
Prior period adjustment	(56,987)
Net Position - Beginning, as restated	1,990,487
Net Position - Ending	\$ 1,988,598

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

NORTH BOLIVAR SCHOOL DISTRICT
Governmental Funds

Balance Sheet
June 30, 2014

Exhibit C

	Major Funds						Total Governmental Funds
	General Fund	Child Nutrition Fund	16th Section Interest Fund	MAEP Debt Service Fund	Other Governmental Funds		
Assets							
Cash and cash equivalents	\$ 266,118	\$ 153,640	\$ 721,113	\$ -	\$ 132,510	\$ -	1,273,381
Cash with fiscal agents	-	-	-	82,535	-	-	82,535
Due from other governments	124,262	-	-	86,184	16,317	-	226,763
Due from other funds	16,561	-	-	-	-	-	16,561
Inventories	-	13,482	-	-	-	-	13,482
Total assets	406,941	167,122	721,113	168,719	148,827	-	1,612,722
Liabilities:							
Accounts payable and accrued liabilities	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	50
Due to other funds	-	-	-	-	16,561	-	16,561
Total Liabilities	50	-	-	-	16,561	-	16,611
Fund Balances:							
Nonspendable:							
Inventory	-	13,482	-	-	-	-	13,482
Permanent fund principal	-	-	-	-	5,296	-	5,296
Restricted:							
Debt service	-	-	-	168,719	16,469	-	185,188
Forestry improvement purposes	-	-	-	-	110	-	110
Capital improvements	-	-	-	-	23,513	-	23,513
Grant activities and school programs	-	153,640	-	-	67,993	-	221,633
Unemployment benefits	-	-	-	-	18,885	-	18,885
Assigned:							
Activity funds	1,571	-	-	-	-	-	1,571
Unassigned	405,320	-	721,113	-	-	-	1,126,433
Total Fund Balances	406,891	167,122	721,113	168,719	132,266	-	1,596,111
Total Liabilities and Fund Balances	\$ 406,941	\$ 167,122	\$ 721,113	\$ 168,719	\$ 148,827	\$ -	1,612,722

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

NORTH BOLIVAR SCHOOL DISTRICT

Governmental Funds

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

Exhibit C-1

Total fund balances for governmental funds \$ 1,596,111

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	\$ 37,690	
Buildings	1,819,152	
Building improvements	217,550	
Improvements other than buildings	53,083	
Mobile equipment	692,263	
Furniture and equipment	253,552	
Accumulated depreciation	<u>(1,304,007)</u>	1,769,283

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

Limited obligation bonds payable	(765,000)	
Discount on bonds payable	1,257	
Three mills notes payable	(572,000)	
Compensated absences payable	(30,468)	
Accrued interest payable	<u>(19,725)</u>	(1,385,936)

3. In situations where current and advance refunding result in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resources or a deferred inflow of resources.

9,140

Net position of governmental activities

\$ 1,988,598

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

NORTH BOLIVAR SCHOOL DISTRICT
Governmental Funds

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

	Major Funds						Total Governmental Funds
	General Fund	Child Nutrition Fund	16th Section Interest Fund	MAEP Debt Service Fund	Other Governmental Funds	Governmental Funds	
Revenues:							
Local sources	\$ 950,397	\$ 39,052	\$ -	\$ -	\$ 41,768	\$ 1,031,217	
State sources	3,200,626	4,911	-	169,297	249,521	3,624,355	
Federal sources	92,946	522,066	-	-	1,523,210	2,138,222	
Sixteenth section sources	-	-	278,377	-	12	278,389	
Total Revenues	4,243,969	566,029	278,377	169,297	1,814,511	7,072,183	
Expenditures:							
Instruction	2,627,387	-	-	-	986,107	3,613,494	
Support services	1,936,924	56,040	-	-	766,856	2,759,820	
Noninstructional services	21,289	466,206	-	-	76,461	563,956	
Sixteenth section	-	-	57,877	-	-	57,877	
Debt service:							
Principal	-	-	-	150,000	55,000	205,000	
Interest	-	-	-	16,800	18,805	35,605	
Other	-	-	-	998	-	998	
Total Expenditures	4,585,600	522,246	57,877	167,798	1,903,229	7,236,750	
Excess (Deficiency) of Revenues over (under) Expenditures	(341,631)	43,783	220,500	1,499	(88,718)	(164,567)	
Other Financing Sources (Uses):							
Operating transfers in	199,880	-	-	-	61,604	261,484	
Operating transfers out	(61,604)	(10,000)	(180,022)	-	(9,858)	(261,484)	
Total Other Financing Sources (Uses)	138,276	(10,000)	(180,022)	-	51,746	-	
Net Change in Fund Balances	(203,355)	33,783	40,478	1,499	(36,972)	(164,567)	
Fund Balances:							
July 1, 2013, as originally reported	647,040	125,903	680,635	167,220	169,238	1,790,036	
Prior period adjustments	(36,794)	-	-	-	-	(36,794)	
July 1, 2013, as restated	610,246	125,903	680,635	167,220	169,238	1,753,242	
Increase in reserve for inventory	-	7,436	-	-	-	7,436	
June 30, 2014	\$ 406,891	\$ 167,122	\$ 721,113	\$ 168,719	\$ 132,266	\$ 1,596,111	

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

NORTH BOLIVAR SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2014**

Exhibit D-1

Net change in fund balances - total governmental funds \$ (164,567)

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

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

Capital outlay	\$ 12,516	
Depreciation expense	<u>(73,307)</u>	(60,791)

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

Payments of debt principal	205,000	
Amortization of bonds discount	(315)	
Amortization of deferred amount on refunding	(2,285)	
Accrued interest payable	<u>2,774</u>	205,174

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

Change in compensated absences	10,859	
Change in inventory reserve	<u>7,436</u>	<u>18,295</u>

Change in net position of governmental activities \$ (1,889)

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

NORTH BOLIVAR SCHOOL DISTRICT

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities

Exhibit E

June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 296,265
Total Assets	<u>\$ 296,265</u>
Liabilities	
Accounts payable and other accrued liabilities	\$ 293,662
Due to student clubs	2,603
Total Liabilities	<u>\$ 296,265</u>

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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For 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 member board to which each member is elected by the citizens of each defined county district.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2014

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.

Child Nutrition Fund - This fund is used to account for the district's food service program.

Sixteenth Section Interest Fund - This is a special revenue fund that accounts for investment activity financed through Sixteenth Section property rental activity and timber sales less expenditures for maintenance and improvements to said property.

MAEP Debt Service Fund - This fund is used to account for the debt service activity of the MAEP limited obligation bonds.

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

The District's fiduciary funds include the following:

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

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

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

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.

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2014

FIDUCIARY FUNDS

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

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

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

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

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

Property 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. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

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

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

D. Encumbrances

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

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

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

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.

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

6. Capital Assets

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

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

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

The following schedule details the capitalization thresholds:

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

(*) The threshold amount will correspond with the amounts for the asset classifications, as

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

listed. See Note 5 for details.

7. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of the deferred amount on refunding of \$9,140 at June 30, 2014.

See Note 11 for further details.

8. 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.

9. 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.

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.

10. Fund Balances

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

Governmental fund balance is classified as nonspendable, restricted, 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 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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2014

resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

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

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (assigned or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (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 assigned resources first and then unassigned amounts.

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

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

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.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$1,273,381 and \$296,265, respectively. The bank balance was \$1,837,197.

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.

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$82,535.

Note 3 – Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General fund	Other governmental funds	\$ 16,561
Total		<u>\$ 16,561</u>

The purpose of the inter-fund loans was to cover federal and state funds not received prior to year-end.

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General fund	Other governmental funds	\$ 61,604
Child nutrition fund	General fund	10,000
16th section interest fund	General fund	180,022
Other governmental funds	General fund	9,858
Total		<u>\$ 261,484</u>

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

Note 4 – Restricted Assets

The restricted assets represents the cash balance, totaling \$5,296, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

In addition, the restricted assets represent the cash with fiscal agents, totaling \$82,535, of the MAEP Limited Obligation Bonds Debt Service Fund.

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 37,690	\$ -	\$ -	\$ 37,690
Total non-depreciable capital assets	<u>37,690</u>	<u>-</u>	<u>-</u>	<u>37,690</u>
<u>Depreciable capital assets:</u>				
Buildings	1,819,152	-	-	1,819,152
Building improvements	217,550	-	-	217,550
Improvements other than buildings	53,083	-	-	53,083
Mobile equipment	692,263	-	-	692,263
Furniture and equipment	241,036	12,516	-	253,552
Total depreciable capital assets	<u>3,023,084</u>	<u>12,516</u>	<u>-</u>	<u>3,035,600</u>
<u>Less accumulated depreciation for:</u>				
Buildings	697,932	27,746	-	725,678
Building improvements	-	-	-	-
Improvements other than buildings	10,615	2,123	-	12,738
Mobile equipment	340,788	29,276	-	370,064
Furniture and equipment	181,365	14,162	-	195,527
Total accumulated depreciation	<u>1,230,700</u>	<u>73,307</u>	<u>-</u>	<u>1,304,007</u>
Total depreciable capital assets, net	<u>1,792,384</u>	<u>(60,791)</u>	<u>-</u>	<u>1,731,593</u>
Governmental activities capital assets, net	<u>\$ 1,830,074</u>	<u>\$ (60,791)</u>	<u>\$ -</u>	<u>\$ 1,769,283</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 51,315
Support services	14,661
Non-instructional	7,331
Total depreciation expense - Governmental activities	<u>\$ 73,307</u>

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

Note 6 – Long-term Liabilities

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

	Balance 7/1/2013	Additions	Reductions	Adjustments	Balance 6/30/2014	Amounts due within one year
A. Limited obligation bonds payable	\$ 915,000	\$ -	\$(150,000)	\$ -	\$ 765,000	\$ 150,000
Discount on debt issues	(1,572)	-	315	-	(1,257)	(315)
B. Three mill notes payable	627,000	-	(55,000)	-	572,000	56,000
C. Compensated absences payable	41,327	-	(10,859)	-	30,468	-
Subtotal	1,581,755	-	(215,544)	-	1,366,211	205,685
Less deferred amount of refunding	(11,425)		2,285	9,140	-	-
Total-net	\$ 1,570,330	\$ -	\$(213,259)	\$ 9,140	\$ 1,366,211	\$ 205,685

The adjustment to the deferred amount on refunding was made in order to implement GASB 65. Those deferred costs are reported as deferred outflows of resources on Exhibit A at June 30, 2014.

A. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. State Aid Capital Improvements Refunding Bonds, Series 2011	2.00%	12/5/2011	8/1/2018	\$ 1,020,000	\$ 765,000
Total				<u>\$ 1,020,000</u>	<u>\$ 765,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 150,000	\$ 13,800	\$ 163,800
2016	160,000	10,700	170,700
2017	160,000	7,500	167,500
2018	165,000	2,950	167,950
2019	130,000	1,300	131,300
Total	<u>\$ 765,000</u>	<u>\$ 36,250</u>	<u>\$ 801,250</u>

This debt will be retired from the MAEP debt service fund.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

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

B. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Note	3.05%	9/21/2012	9/21/2022	\$ 627,000	\$ 572,000
Total				<u>\$ 627,000</u>	<u>\$ 572,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 56,000	\$ 17,446	\$ 73,446
2016	58,000	15,738	73,738
2017	60,000	13,969	73,969
2018	62,000	12,139	74,139
2019	64,000	10,248	74,248
2020-2023	272,000	20,954	292,954
Total	<u>\$ 572,000</u>	<u>\$ 90,494</u>	<u>\$ 662,494</u>

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

C. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 7 – Defined Benefit Pension Plan

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 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 \$580,207,

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

\$523,821 and \$480,301, respectively, which equaled the required contributions for each year.

Note 8 – Sixteenth Section Lands

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

Year Ending June 30	Amount
2015	\$ 164,572
2016	164,572
2017	104,204
2018	104,204
Total	<u>\$ 537,552</u>

Note 9 – Contingencies

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

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

Note 10 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2014

contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 11 – Effect of Deferred Amounts on the Governmental Funds Fund Balance

The net investment in capital assets component of net position amount of \$442,680 includes the effect of the deferred amount on refunding. The \$9,140 balance of the deferred amount on refunding at June 30, 2014 will be expensed and decrease the net investment in capital assets component of net position over the remaining 4 years of the debt service requirement of the general obligation bonds payable. The amount expensed in 2014 was \$2,285.

Note 12 - Prior Period Adjustments

A summary of significant net position adjustments is as follows:

Exhibit B - Statement of Activities

Explanations	Amount
1. To remove bond issuance costs deferred in a prior period due to the implementation of GASB 65.	\$ (20,193)
2. To correct beginning receivables.	(36,794)
Total	\$ (56,987)

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

Fund	Explanations	Amount
General Fund	To correct beginning receivables.	\$ (36,794)
	Total	\$ (36,794)

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 North Bolivar School District evaluated the activity of the district through May 12, 2016, (the date the financial statements were available to be issued), and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements:

By action of the Mississippi State Legislature, effective July 1, 2014, the North Bolivar School District was consolidated with the Mound Bayou School District to form the North Bolivar Consolidated School District.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH BOLIVAR SCHOOL DISTRICT
Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 944,535	\$ 936,947	\$ 950,397	\$ (7,588)	\$ 13,450
State sources	3,207,792	3,171,808	3,200,626	(35,984)	28,818
Federal sources	37,000	92,946	92,946	55,946	-
Total Revenues	4,189,327	4,201,701	4,243,969	12,374	42,268
Expenditures:					
Instruction	2,469,480	2,632,989	2,627,387	(163,529)	5,602
Support services	1,773,062	1,934,303	1,936,924	(161,241)	(2,621)
Non-instructional services	8,000	21,288	21,289	(13,288)	(1)
Total Expenditures	4,250,522	4,588,580	4,585,600	(338,058)	2,980
Excess (Deficiency) of Revenues over (under) Expenditures	(61,195)	(386,879)	(341,631)	(325,684)	45,248
Other Financing Sources (Uses):					
Operating transfers in	172,402	263,751	199,880	91,349	(63,871)
Operating transfers out	(124,200)	(125,475)	(61,604)	(1,275)	63,871
Total Other Financing Sources (Uses)	48,202	138,276	138,276	90,074	-
Net Change in Fund Balances	(12,993)	(248,603)	(203,355)	(235,610)	45,248
Fund Balances:					
July 1, 2013, as originally reported	647,040	647,040	647,040	-	-
Prior period adjustments			(36,794)	-	(36,794)
July 1, 2013, as restated	647,040	647,040	610,246	-	(36,794)
June 30, 2014	\$ 634,047	\$ 398,437	\$ 406,891	\$ (235,610)	\$ 8,454

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

NORTH BOLIVAR SCHOOL DISTRICT
Required Supplementary Information

Budgetary Comparison Schedule
Child Nutrition Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances	
				Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 31,250	\$ 39,052	\$ 39,052	\$ 7,802	\$ -
State sources	4,500	4,911	4,911	411	-
Federal sources	457,817	522,066	522,066	64,249	-
Total Revenues	493,567	566,029	566,029	72,462	-
Expenditures:					
Support services	54,182	56,039	56,040	(1,857)	(1)
Noninstructional services	411,084	466,206	466,206	(55,142)	-
Total Expenditures	465,246	522,245	522,246	(56,999)	(1)
Excess (Deficiency) of Revenues over (under) Expenditures	28,321	43,784	43,783	15,463	(1)
Other Financing Sources (Uses):					
Operating transfers out	(10,000)	(10,000)	(10,000)	-	-
Total Other Financing Sources (Uses)	(10,000)	(10,000)	(10,000)	-	-
Net Change in Fund Balances	18,321	33,784	33,783	15,463	(1)
Fund Balances:					
July 1, 2013	125,903	125,903	125,903	-	-
Increase in reserve for inventory	-	7,436	7,436	7,436	-
June 30, 2014	\$ 144,224	\$ 167,123	\$ 167,122	\$ 22,899	\$ (1)

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

NORTH BOLIVAR SCHOOL DISTRICT
 Required Supplementary Information

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Sixteenth section sources	\$ 224,948	\$ 278,377	\$ 278,377	\$ 53,429	\$ -
Total Revenues	224,948	278,377	278,377	53,429	-
Expenditures:					
Sixteenth section	55,864	57,877	57,877	(2,013)	-
Total Expenditures	55,864	57,877	57,877	(2,013)	-
Excess (Deficiency) of Revenues over (under) Expenditures	169,084	220,500	220,500	51,416	-
Other Financing Sources (Uses):					
Operating transfers out	(100,000)	(180,022)	(180,022)	(80,022)	-
Total Other Financing Sources (Uses)	(100,000)	(180,022)	(180,022)	(80,022)	-
Net Change in Fund Balances	69,084	40,478	40,478	(28,606)	-
Fund Balances:					
July 1, 2013	680,635	680,635	680,635	-	-
June 30, 2014	\$ 749,719	\$ 721,113	\$ 721,113	\$ (28,606)	\$ -

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

NORTH BOLIVAR SCHOOL DISTRICT

Notes to the Required Supplementary Information
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

SUPPLEMENTARY INFORMATION

NORTH BOLIVAR SCHOOL DISTRICT

Supplementary Information

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 164,957
National school lunch program	10.555	372,780
Summer food service program for children	10.559	1,135
Total child nutrition cluster		<u>538,872</u>
Total passed-through Mississippi Department of Education		<u>538,872</u>
Total U.S. Department of Agriculture		<u>538,872</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	77,761
Total Federal Communications Commission		<u>77,761</u>
<u>U.S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	973,201
Career and technical education - grants to states	84.048	11,529
Twenty-first century community learning centers	84.287	92,974
Rural education	84.358	16,984
Improving teacher quality-State Grants	84.367	101,086
Subtotal		<u>1,195,774</u>
Special education cluster:		
Special education - grants to states	84.027	294,731
Special education - preschool grants	84.173	13,876
Total special education cluster		<u>308,607</u>
Total passed-through Mississippi Department of Education		<u>1,504,381</u>
Total U.S. Department of Education		<u>1,504,381</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through the Mississippi Department of Education:		
Medical assistance program	93.778	15,184
Total passed-through Mississippi Department of Education		<u>15,184</u>
Total U.S. Department of Health and Human Services		<u>15,184</u>
 Total for All Federal Awards		 <u>\$ 2,136,198</u>

NOTES TO SCHEDULE

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.
4. Donated commodities of \$36,182 are included in the National School Lunch Program.

NORTH BOLIVAR SCHOOL DISTRICT

Supplementary Information

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds

For the Year Ended June 30, 2014

<u>Expenditures</u>	<u>Total</u>	<u>Instruction and Other Student Instructional Expenditures</u>	<u>General Administration</u>	<u>School Administration</u>	<u>Other</u>
Salaries and fringe benefits	\$ 5,105,756	3,684,027	435,165	341,403	645,161
Other	2,130,994	733,974	107,433	4,815	1,284,772
Total	\$ 7,236,750	4,418,001	542,598	346,218	1,929,933
Total number of students *	600				
Cost per student	\$ 12,061	7,363	904	577	3,217

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

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

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

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

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

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

OTHER INFORMATION

NORTH BOLIVAR SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 950,397	\$ 942,184	\$ 937,365	\$ 897,720
State sources	3,200,626	3,254,246	3,288,920	3,207,464
Federal sources	92,946	136,680	62,621	93,771
Total Revenues	4,243,969	4,333,110	4,288,906	4,198,955
Expenditures:				
Instruction	2,627,387	2,366,524	1,969,441	1,983,282
Support services	1,936,924	1,816,238	1,989,830	2,067,298
Noninstructional services	21,289	17,113	21,809	18,334
Facilities acquisition and construction	-	151,950	-	-
Debt service:				
Principal	-	-	10,543	21,093
Total Expenditures	4,585,600	4,351,825	3,991,623	4,090,007
Excess (Deficiency) of Revenues over (under) Expenditures	(341,631)	(18,715)	297,283	108,948
Other Financing Sources (Uses):				
Insurance loss recoveries	-	139,676	15,460	76,741
Sale of other property	-	350	-	-
Sale of transportation equipment	-	-	210	-
Operating transfers in	199,880	22,940	20,539	23,159
Operating transfers out	(61,604)	(62,891)	(155,188)	(87,944)
Other financing uses	-	(702)	(22,337)	-
Total Other Financing Sources (Uses)	138,276	99,373	(141,316)	11,956
Net Change in Fund Balances	(203,355)	80,658	155,967	120,904
Fund Balances:				
Beginning of period, as previously reported	647,040	566,382	410,415	289,511
Prior period adjustments	(36,794)	-	-	-
Beginning of period, as restated	610,246	566,382	410,415	289,511
End of Period	\$ 406,891	\$ 647,040	\$ 566,382	\$ 410,415

*SOURCE - PRIOR YEAR AUDIT REPORTS

NORTH BOLIVAR SCHOOL DISTRICT

Other Information

Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Funds

Last Four Years

UNAUDITED

	2014	2013*	2012*	2011*
Revenues:				
Local sources	\$ 1,031,217	\$ 1,020,728	\$ 1,001,115	\$ 952,277
State sources	3,624,355	3,628,789	3,725,209	3,638,801
Federal sources	2,138,222	2,105,129	2,983,436	2,584,611
Sixteenth section sources	278,389	264,100	168,261	128,229
Total Revenues	7,072,183	7,018,746	7,878,021	7,303,918
Expenditures:				
Instruction	3,613,494	3,445,603	3,997,123	3,653,489
Support services	2,759,820	3,010,790	2,675,867	2,689,940
Noninstructional services	563,956	542,734	573,779	528,520
Sixteenth section	57,877	55,903	30,698	12,497
Facilities acquisition and construction	-	217,550	-	-
Debt service:				
Principal	205,000	172,000	193,543	197,093
Interest	35,605	20,465	34,200	62,050
Other	998	-	27,485	-
Total Expenditures	7,236,750	7,465,045	7,532,695	7,143,589
Excess (Deficiency) of Revenues over (under) Expenditures	(164,567)	(446,299)	345,326	160,329
Other Financing Sources (Uses):				
Proceeds of loans	-	627,000	-	-
Refunding bonds issued	-	-	1,020,000	-
Payment to bond escrow agent	-	-	(990,993)	-
Discount of refunding bonds issued	-	-	(2,202)	-
Insurance loss recoveries	-	139,676	15,460	76,741
Sale of other property	-	350	-	-
Sale of transportation equipment	-	-	210	-
Operating transfers in	261,484	85,831	175,727	113,603
Operating transfers out	(261,484)	(85,831)	(175,727)	(113,603)
Other financing uses	-	(702)	(22,337)	-
Total Other Financing Sources (Uses)	-	766,324	20,138	76,741
Net Change in Fund Balances	(164,567)	320,025	365,464	237,070
Fund Balances:				
Beginning of period, as previously reported	1,790,036	1,473,141	1,107,220	867,431
Prior period adjustments	(36,794)	-	-	-
Beginning of period, as restated	1,753,242	1,473,141	1,107,220	867,431
Increase (Decrease) in reserve for inventory	7,436	(3,130)	457	2,719
End of Period	\$ 1,596,111	\$ 1,790,036	\$ 1,473,141	\$ 1,107,220

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

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

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

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

Superintendent and School Board
North Bolivar Consolidated School District
Mound Bayou, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Bolivar School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise North Bolivar School District's basic financial statements, and have issued our report thereon dated May 12, 2016.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness. [Finding 2014-001].

Compliance and Other Matters

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

However, we did note certain immaterial instances of noncompliance with state laws and regulations that we reported to management of the school district in a separate letter dated May 12, 2016, which is included in this report.

The North Bolivar School District's response to the finding identified in our audit is described in the accompanying Auditee Corrective Action Plan. We did not audit North Bolivar School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

May 12, 2016

CUNNINGHAM CPAs, PLLC
Certified Public Accountants & Consultants

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

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

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

Superintendent and School Board
North Bolivar Consolidated School District
Mound Bayou, Mississippi

Report on Compliance for Each Major Federal Program

We have audited North Bolivar 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 North Bolivar School District's major federal programs for the year ended June 30, 2014. North Bolivar School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, North Bolivar School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the North Bolivar 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 North Bolivar 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 North Bolivar School District's internal control over compliance.

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

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

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

May 12, 2016

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

CUNNINGHAM CPAs, PLLC

Certified Public Accountants & Consultants

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

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

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

Superintendent and School Board
North Bolivar Consolidated School District
Mound Bayou, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Bolivar School District as of and for the year ended June 30, 2014, which collectively comprise North Bolivar School District's basic financial statements and have issued our report thereon dated May 12, 2016. 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 disclosed the following instances of noncompliance with other state laws and regulations:

Finding

Code Section 37-61-21, Miss. Code Ann. (1972), states that final budget revisions, pertinent to a fiscal year, shall be approved on or before October 15th of each year. The District failed to amend its FY 2014 budget by the required October 15th deadline. In addition, the District failed to file its year-end financial statements (FETS) with the State Department of Education by October 15, 2014, as required by the same code section.

Recommendation

Code Section 37-61-21 should be followed.

School District's Response

The District shall have the final budget revisions approved on or before October 15th of each year and shall submit its FETS reports by the due date.

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

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

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



Cunningham CPAs, PLLC

Belzoni, Mississippi

May 12, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NORTH BOLIVAR SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

NORTH BOLIVAR SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Section II: Financial Statement Findings

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

Material Weakness:

Finding 2014-001:

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

- (1) During our testing of cash and the bank reconciliation process, we noted the bank accounts were not properly reconciled to the general ledger at June 30, 2014. Failure to prepare accurate bank reconciliations could lead to misappropriation of assets that go undetected by management.
- (2) During our testing of revenue, we found that the district had not recorded year-end receivables for ad valorem taxes, state revenues and/or federal revenues. This resulted in audit adjustments of approximately \$140,000.
- (3) During our testing of expenditures, the district was unable to locate five invoices selected in our sample for testing, which points to a general weakness in internal controls as it relates to the purchasing function.
- (4) During our testing of debt service, we noted the district failed to record the MAEP Limited Obligation Bonds debt service activity, including receipts from the Mississippi Department of Education and disbursement for principal and interest to Hancock Bank. Audit adjustments were made to correct this oversight.

Recommendation

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

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.

North Bolivar Consolidated School District
201 Green Street
Mound Bayou, MS 38762
Johnnie Vick – Superintendent
Johnny Dumas – Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section .315(c) of OMB Circular A-133, the North Bolivar School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended June 30, 2014:

<u>Finding</u>	<u>Correction Action Plan Details</u>
2014-001	<p>a. Name of Contact Person Responsible for Corrective Action:</p> <p>Johnny Dumas, Business Manager, 662-741-2555</p> <p>b. Corrective Action Planned:</p> <p>Management will implement policies or procedures to establish an internal control system that will ensure strong financial accountability, proper safeguarding of assets, and accurate accounting records.</p> <p>c. Anticipated Completion Date:</p> <p>Immediately.</p>