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**Yazoo City Municipal School District**

Audited Financial Statements  
For the Year Ended June 30, 2014

**Fortenberry & Ballard, PC**  
Certified Public Accountants

**Yazoo City Municipal School District  
TABLE OF CONTENTS**

	PAGE #
INDEPENDENT AUDITOR’S REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION .....	4
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	8
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Exhibit A - Statement of Net Position .....	20
Exhibit B - Statement of Activities .....	21
Governmental Funds Financial Statements	
Exhibit C - Balance Sheet .....	22
Exhibit C-1 - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	23
Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances .....	24
Exhibit D-1 - Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	25
Fiduciary Funds Financial Statements	
Exhibit E - Statement of Fiduciary Assets and Liabilities .....	26
Notes to the Financial Statements .....	28
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule - General Fund .....	50
Budgetary Comparison Schedule - School Lunch Fund .....	51
Notes to the Required Supplementary Information .....	53
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards .....	55
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds .....	56
<b>OTHER INFORMATION</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years .....	58
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years .....	59
<b>REPORTS ON INTERNAL CONTROL AND COMPLIANCE</b>	
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 <i>Government Auditing Standards</i> .....	61
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 .....	63
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS .....	66
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	70
AUDITEE’S SUMMARY OF PRIOR FEDERAL AUDIT FINDING .....	73

## FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board  
Yazoo City Municipal School District

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yazoo City Municipal School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Yazoo City Municipal 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 District'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.

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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 Yazoo City Municipal 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 8 to 18 and 50 to 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Yazoo City Municipal 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 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 February 20, 2015, on our consideration of the Yazoo City Municipal 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 Yazoo City Municipal School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 20, 2015

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Yazoo City Municipal School District**  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014

The following discussion and analysis of Yazoo City Municipal School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Total net position for 2014 increased \$627,789, including a prior period adjustment of (\$114,640), which represents a 12% increase from fiscal year 2013. Total net position for 2013 increased \$2,965,377, including a prior period adjustment of \$3,761,566, which represents a 121% increase from fiscal year 2012.
- General revenues amounted to \$14,516,832 and \$14,602,990, or 73% and 74% 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 \$5,235,478, or 27% of total revenues for 2014, and \$5,145,033, or 26% of total revenues for 2013.
- The District had \$19,009,881 and \$20,544,212 in expenses for fiscal years 2014 and 2013; only \$5,235,478 for 2014 and \$5,145,033 for 2013 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$14,516,832 for 2014 were adequate to provide for these programs. However, \$14,602,990 for 2013 were not adequate to provide for these programs.
- Among the major funds, the General Fund had \$13,096,666 in revenues and \$13,156,871 in expenditures for 2014, and \$13,055,694 in revenues and \$14,091,193 in expenditures for 2013. The General Fund's fund balance increased by \$181,469, including a prior period adjustment of \$69,396, from 2013 to 2014, and decreased by \$626,055, from 2012 to 2013.
- Capital assets, net of accumulated depreciation, decreased by \$469,527 for 2014, and increased by \$3,290,395 for 2013, including a prior period adjustment of \$3,761,566. The decrease for 2014 was due to the recording of depreciation expense.
- Long-term debt increased by \$885,000 for 2014 and decreased by \$795,000 for 2013. This increase for 2014 was due primarily to the issuance of limited tax notes totaling \$2,100,000. In addition, the liability for compensated absences decreased by \$12,295 in 2014, and decreased by \$7,737 in 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.

**Yazoo City Municipal School District**  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014

**Government-wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may gain a better understanding of the

**Yazoo City Municipal School District**  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014

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

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

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

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

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

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

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

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

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

**Yazoo City Municipal School District**  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014

**Notes to the financial statements**

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

**Required Supplementary Information**

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

**Supplementary Information**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

Net position may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$6,053,607 as of June 30, 2014.

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

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

**Yazoo City Municipal School District**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2014**

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Current assets	\$ 4,443,051	2,602,022	71%
Restricted assets	441,674	126,216	250%
Capital assets, net	<u>7,168,650</u>	<u>7,638,177</u>	(6)%
<b>Total assets</b>	<u>12,053,375</u>	<u>10,366,415</u>	16%
<b>Deferred outflows of resources</b>	<u>56,121</u>	<u>67,452</u>	(17)%
Current liabilities	286,525	110,574	159%
Long-term debt outstanding	<u>5,769,364</u>	<u>4,897,475</u>	18%
<b>Total liabilities</b>	<u>6,055,889</u>	<u>5,008,049</u>	21%
<b>Net position:</b>			
Net investment in capital assets	1,541,670	2,906,712	(47)%
Restricted	3,210,155	1,726,545	86%
Unrestricted	<u>1,301,782</u>	<u>792,561</u>	64%
<b>Total net position</b>	<u>\$ 6,053,607</u>	<u>5,425,818</u>	12%

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

- Decrease in net capital assets in the amount of \$469,527.
- The principal retirement of \$1,215,000 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 \$19,752,310 and \$19,748,023, respectively. The total cost of all programs and services was \$19,009,881 for 2014 and \$20,544,212 for 2013.

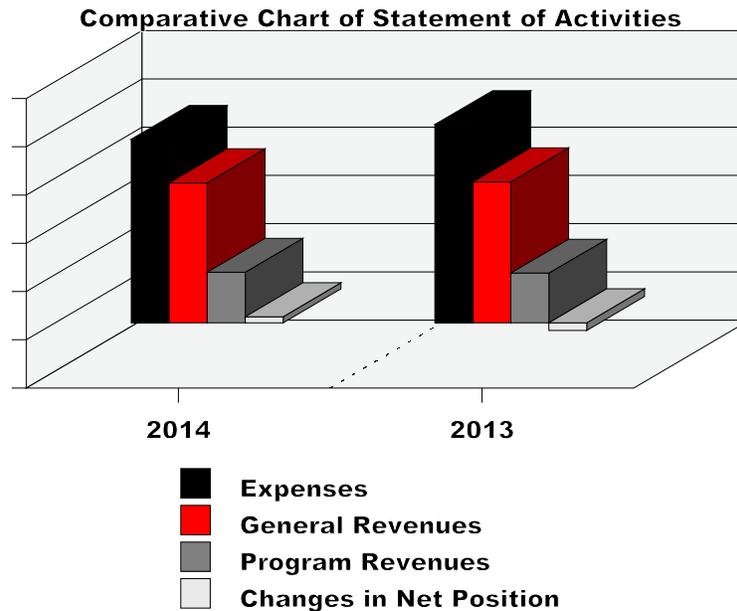
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**Yazoo City Municipal School District**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2014**

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

	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 156,335	217,270	(28)%
Operating grants and contributions	<u>5,079,143</u>	<u>4,927,763</u>	3%
Total program revenues	<u>5,235,478</u>	<u>5,145,033</u>	2%
General revenues:			
Property and gaming taxes	2,437,276	2,345,923	4%
Grants and contributions not restricted	11,820,106	12,030,151	(2)%
Unrestricted investment earnings	92,859	75,322	23%
Sixteenth section sources	38,966	4,468	772%
Other	<u>127,625</u>	<u>147,126</u>	(13)%
Total general revenues	<u>14,516,832</u>	<u>14,602,990</u>	(1)%
<b>Total revenues</b>	<u>19,752,310</u>	<u>19,748,023</u>	0%
<b>Expenses:</b>			
Instruction	10,396,318	12,471,111	(17)%
Support services	6,784,685	6,080,539	12%
Non-instructional	1,662,309	1,770,162	(6)%
Sixteenth section	1,920		
Interest on long-term liabilities	<u>164,649</u>	<u>222,400</u>	(26)%
<b>Total expenses</b>	<u>19,009,881</u>	<u>20,544,212</u>	(7)%
Increase (Decrease) in net position	<u>742,429</u>	<u>(796,189)</u>	193%
Net Position, July 1, as previously reported	5,425,818	2,460,441	121%
Prior Period Adjustment	<u>(114,640)</u>	<u>3,761,566</u>	(103)%
Net Position, July 1, as restated	<u>5,311,178</u>	<u>6,222,007</u>	(15)%
Net Position, June 30	<u>\$ 6,053,607</u>	<u>5,425,818</u>	12%

**Yazoo City Municipal School District  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014**



**Governmental activities**

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

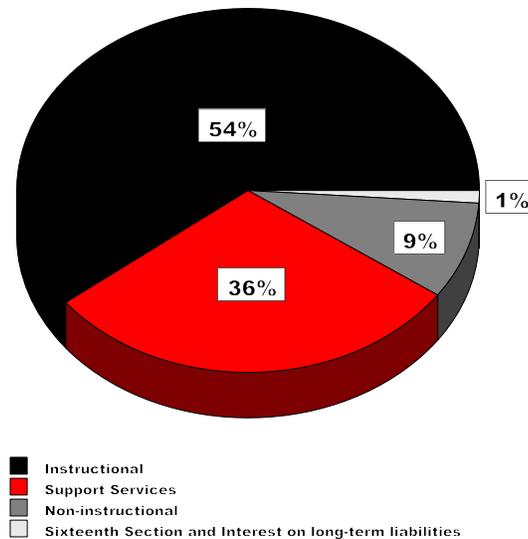
**Table 3  
Net Cost of Governmental Activities**

	<b>Total Expenses</b>		<b>Percentage Change</b>
	<b>2014</b>	<b>2013</b>	
Instruction	\$ 10,396,318	12,471,111	(17)%
Support services	6,784,685	6,080,539	12%
Non-instructional	1,662,309	1,770,162	(6)%
Sixteenth section	1,920	0	
Interest on long-term liabilities	164,649	222,400	(26)%
<b>Total expenses</b>	<b>\$ 19,009,881</b>	<b>20,544,212</b>	<b>(7)%</b>

**Yazoo City Municipal School District**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2014**

	<u><b>Net (Expense) Revenue</b></u>		
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>Percentage Change</b></u>
Instruction	\$ (8,495,490)	(10,135,105)	(16)%
Support services	(5,302,990)	(5,135,862)	3%
Non-instructional	190,614	94,188	102%
Sixteenth section	(1,920)		
Interest on long-term liabilities	(164,617)	(222,400)	(26)%
<b>Total net (expense) revenue</b>	<u><u>\$ (13,774,403)</u></u>	<u><u>(15,399,179)</u></u>	<u><u>(11)%</u></u>

**Chart of Expenses per Statement of Activities**



- Net cost of governmental activities (\$13,774,403 for 2014 and \$15,399,179 for 2013) was financed by general revenue, which is primarily made up of property and gaming taxes (\$2,437,276 for 2014 and \$2,345,923 for 2013) and state and federal revenues (\$11,820,106 for 2014 and \$12,030,151 for 2013).
- Investment earnings amounted to \$92,859 for 2014 and \$75,322 for 2013.

**Yazoo City Municipal School District**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2014**

**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 \$4,636,870, an increase of \$1,974,878, which includes an increase in inventory of \$37,716 and a prior period adjustment of (\$114,640). \$1,030,296, or 22% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance and the sixteenth principal fund's 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 remaining fund balance of \$3,606,574, or 78% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$181,469, including a prior period adjustment of \$69,396. The fund balance of Other Governmental Funds showed an increase in the amount of \$391,769, including a prior period adjustment in the amount of (\$88,436). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund		Increase (Decrease)
School Lunch Fund	\$	(21,695)
Capital Improvement Building and Boilers Fund	\$	1,426,414
Limited Tax Note Payable Fund	\$	28,627
Bond Issue Retirement Fund	\$	(31,706)

**BUDGETARY HIGHLIGHTS**

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

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

**Yazoo City Municipal School District**  
**Management's Discussion and Analysis**  
**For The Year Ended June 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$15,221,733, including land, school buildings, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount stayed the same from 2013. Total accumulated depreciation as of June 30, 2014, was \$8,053,083, and total depreciation expense for the year was \$469,527, resulting in total net capital assets of \$7,168,650.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 602,643	602,643	0%
Buildings	5,889,429	6,083,448	(3)%
Improvements other than buildings	249,197	266,817	(7)%
Mobile equipment	377,608	448,799	(16)%
Furniture and equipment	49,773	236,470	(79)%
<b>Total</b>	<u>\$ 7,168,650</u>	<u>7,638,177</u>	<u>(6)%</u>

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

**Debt Administration.** At June 30, 2014, the District had \$5,766,263 in outstanding long-term debt, of which \$810,000 is due within one year. The liability for compensated absences decreased \$12,295 from the prior year.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
General obligations refunding bonds payable	\$ 2,420,000	2,785,000	(13)%
Limited obligation refunding bonds payable	1,160,000	1,435,000	(19)%
Limited tax notes payable	2,100,000	575,000	265%
Compensated absences payable	86,263	98,558	(12)%
<b>Total</b>	<u>\$ 5,766,263</u>	<u>4,893,558</u>	<u>18%</u>

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

**Yazoo City Municipal School District**  
Management's Discussion and Analysis  
For The Year Ended June 30, 2014

**CURRENT ISSUES AND OTHER INFORMATION**

The Yazoo City Municipal School District is working toward financial stability. The District is proud of its community support of the public schools.

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

Enrollment for the 2013-2014 year decreased by 1% to 2,216 students.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report, contact the Superintendent's Office of the Yazoo City Municipal School District, 1133 Calhoun Avenue, Yazoo City, MS 39194.

## FINANCIAL STATEMENTS

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Statement of Net Position  
June 30, 2014**

**Exhibit A**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,010,303
Due from other governments	1,380,566
Inventories	52,182
Restricted assets	441,674
Capital assets, non-depreciable:	
Land	602,643
Capital assets, net of accumulated depreciation:	
Buildings	5,889,429
Improvements other than buildings	249,197
Mobile equipment	377,608
Furniture and equipment	49,773
Total Assets	<u>12,053,375</u>
<b>Deferred Outflows of Resources</b>	
Deferred amounts on issues	<u>56,121</u>
Total Deferred Outflows of Resources	<u>56,121</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	226,655
Unearned revenue	21,201
Interest payable on long-term liabilities	38,669
Long-term liabilities, due within one year	
Capital related liability:	810,000
Long-term liabilities, due beyond one year	
Capital related liability:	4,870,000
Bond premium, capital related	3,101
Non-capital related liability:	86,263
Total Liabilities	<u>6,055,889</u>
<b>Net Position</b>	
Net Investment in capital assets	1,541,670
Restricted for:	
Expendable:	
School-based activities	1,227,131
Debt service	200,729
Capital improvements	1,588,134
Forestry improvements	3,127
Unemployment benefits	68,818
Non-Expendable:	
Sixteenth section	122,216
Unrestricted	1,301,782
Total Net Position	<u>\$ 6,053,607</u>

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Statement of Activities  
For the Year Ended June 30, 2014**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction	\$ 10,396,318	\$ 70,334	\$ 1,830,494	\$ (8,495,490)
Support services	6,784,685	-	1,481,695	(5,302,990)
Non-instructional	1,662,309	86,001	1,766,922	190,614
Sixteenth section	1,920	-	-	(1,920)
Interest on long-term liabilities	164,649	-	32	(164,617)
<b>Total Governmental Activities</b>	<b>\$ 19,009,881</b>	<b>\$ 156,335</b>	<b>\$ 5,079,143</b>	<b>\$ (13,774,403)</b>

**General Revenues:**

Taxes:

General purpose levies

1,800,647

Debt purpose levies

636,629

Unrestricted grants and contributions:

State

11,781,792

Federal

38,314

Unrestricted investment earnings

92,859

Sixteenth section sources

38,966

Other

127,625

Total General Revenues

14,516,832

Change in Net Position

742,429

Net Position - Beginning, as previously reported

5,425,818

Prior Period Adjustments

(114,640)

Net Position - Beginning, as restated

5,311,178

Net Position - Ending

\$ 6,053,607

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT  
Governmental Funds**

**Balance Sheet  
June 30, 2014**

**Exhibit C**

	Major Funds						
	General Fund	School Lunch Fund	Capital Improvement Building and Boilers Fund	Limited Tax Note Payable Fund	Bond Issue Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 104,285	761,353	1,426,414	298,253	345,860	511,812	3,447,977
Cash with fiscal agents	-	-	-	-	-	4,000	4,000
Due from other governments	197,563	317	-	7,256	22,236	1,124,657	1,352,029
Due from other funds	966,331	-	-	67,360	111,483	98,845	1,244,019
Inventories	-	52,182	-	-	-	-	52,182
Total assets	<u>\$ 1,268,179</u>	<u>813,852</u>	<u>1,426,414</u>	<u>372,869</u>	<u>479,579</u>	<u>1,739,314</u>	<u>6,100,207</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 104,932	118	-	-	-	121,605	226,655
Due to other funds	90,659	102,631	-	344,242	428,409	249,540	1,215,481
Unearned revenue	-	-	-	-	-	21,201	21,201
Total Liabilities	<u>195,591</u>	<u>102,749</u>	<u>-</u>	<u>344,242</u>	<u>428,409</u>	<u>392,346</u>	<u>1,463,337</u>
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Permanent fund purposes	-	-	-	-	-	122,216	122,216
Inventory	-	52,182	-	-	-	-	52,182
<b>Restricted:</b>							
Debt service	-	-	-	28,627	51,170	159,601	239,398
Capital projects	-	-	1,426,414	-	-	161,720	1,588,134
Forestry improvements purposes	-	-	-	-	-	3,127	3,127
Grant activities	-	-	-	-	-	449,344	449,344
Unemployment benefits	-	-	-	-	-	68,818	68,818
Sixteenth section	-	-	-	-	-	66,674	66,674
Food service	-	658,921	-	-	-	10	658,931
<b>Assigned:</b>							
Activity funds	42,292	-	-	-	-	-	42,292
Permanent fund purposes	-	-	-	-	-	315,458	315,458
<b>Unassigned</b>	<u>1,030,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,296</u>
Total Fund Balances	<u>1,072,588</u>	<u>711,103</u>	<u>1,426,414</u>	<u>28,627</u>	<u>51,170</u>	<u>1,346,968</u>	<u>4,636,870</u>
Total Liabilities and Fund Balances	<u>\$ 1,268,179</u>	<u>813,852</u>	<u>1,426,414</u>	<u>372,869</u>	<u>479,579</u>	<u>1,739,314</u>	<u>6,100,207</u>

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

**Governmental Funds**

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

**Exhibit C-1**

<b>Total fund balances for governmental funds</b>	\$	4,636,870
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, net of accumulated depreciation of \$8,053,083.		7,168,650
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation refunding bonds	(2,420,000)	
Limited obligation refunding bonds	(1,160,000)	
Limited tax notes	(2,100,000)	
Compensated absences	(86,263)	
Deferred amounts on issues	56,121	
Bond discounts	500	
Bond premiums	<u>(3,601)</u>	
		(5,713,243)
3. Governmental funds recognize interest on long-term debt when it becomes due, however the Statement of Net Position recognizes interest as it accrues.		(38,669)
4. Rounding difference		<u>(1)</u>
<b>Net position of governmental activities</b>	\$	<u><u>6,053,607</u></u>

**YAZOO CITY MUNICIPAL 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	School Lunch Fund	Capital Improvement Building and Boilers Fund	Limited Tax Note Payable Fund	Bond Issue Retirement Fund	Other Governmental Funds	
<b>Revenues:</b>							
Local sources	\$ 2,015,283	116,550	-	235,867	401,057	460	2,769,217
State sources	10,974,954	16,880	-	-	-	1,273,386	12,265,220
Federal sources	106,429	1,702,819	-	-	-	2,824,781	4,634,029
Sixteenth section sources	-	-	-	-	-	38,966	38,966
<b>Total Revenues</b>	<b>13,096,666</b>	<b>1,836,249</b>	<b>-</b>	<b>235,867</b>	<b>401,057</b>	<b>4,137,593</b>	<b>19,707,432</b>
<b>Expenditures:</b>							
Instruction	8,283,536	-	-	-	-	1,899,120	10,182,656
Support services	4,870,109	116,880	-	-	-	1,558,349	6,545,338
Noninstructional services	-	1,559,812	-	-	-	135,988	1,695,800
Sixteenth section	-	-	-	-	-	1,920	1,920
Debt service:							
Principal				575,000	365,000	275,000	1,215,000
Interest	3,226	-	-	28,873	65,763	31,675	129,537
Other	-	-	25,013	1,940	2,000	1,304	30,257
<b>Total Expenditures</b>	<b>13,156,871</b>	<b>1,676,692</b>	<b>25,013</b>	<b>605,813</b>	<b>432,763</b>	<b>3,903,356</b>	<b>19,800,508</b>
Excess (Deficiency) of Revenues over (under) Expenditures	(60,205)	159,557	(25,013)	(369,946)	(31,706)	234,237	(93,076)
<b>Other Financing Sources (Uses):</b>							
Notes issued	-	-	1,451,427	398,573	-	250,000	2,100,000
Insurance recovery	44,878	-	-	-	-	-	44,878
Operating transfers in	197,400	-	-	-	-	368,644	566,044
Operating transfers out	(70,000)	(123,368)	-	-	-	(372,676)	(566,044)
<b>Total Other Financing Sources (Uses)</b>	<b>172,278</b>	<b>(123,368)</b>	<b>1,451,427</b>	<b>398,573</b>	<b>-</b>	<b>245,968</b>	<b>2,144,878</b>
<b>Net Change in Fund Balances</b>	<b>112,073</b>	<b>36,189</b>	<b>1,426,414</b>	<b>28,627</b>	<b>(31,706)</b>	<b>480,205</b>	<b>2,051,802</b>
<b>Fund Balances:</b>							
July 1, 2013, as previously reported	891,119	732,798	-	-	82,876	955,199	2,661,992
Prior period adjustment	69,396	(95,600)	-	-	-	(88,436)	(114,640)
July 1, 2013, as restated	960,515	637,198	-	-	82,876	866,763	2,547,352
Increase in inventory	-	37,716	-	-	-	-	37,716
<b>June 30, 2014</b>	<b>\$ 1,072,588</b>	<b>711,103</b>	<b>1,426,414</b>	<b>28,627</b>	<b>51,170</b>	<b>1,346,968</b>	<b>4,636,870</b>

**YAZOO CITY MUNICIPAL 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**

<b>Net change in fund balances - total governmental fund:</b>	\$	2,051,802
Amounts reported for governmental activities in the statement of activities are		
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets' depreciation expense amounted to \$469,527.		(469,527)
2. Proceeds of long-term liabilities are reported in the governmental funds, but not in the Statement of Activities		(2,100,000)
3. Payment of principal on long-term liabilities is reported as an expenditures in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position		1,215,000
4. Expenses in the Statement of Activities not normally paid with expendable available financial resources are not reported as expenditures in the governmental funds		
Amortization of bond discount	\$	(84)
Amortization of bond premium		900
Amortization of deferred amounts on issue:		(11,331)
Compensated absences		12,295
		1,780
5. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due		5,659
6. Increases or decreases in inventory directly affects fund balance in the fund statements, but is adjusted through expenses in the Statement of Activities.		37,716
7. Rounding difference		(1)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>742,429</b>

YAZOO CITY MUNICIPAL SCHOOL DISTRICT

**Fiduciary Funds**

**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2014**

**Exhibit E**

	Agency Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 672,802
Accrued interest receivable	740
Due from other funds	124,321
Other receivable	3,390
Total Assets	<u>\$ 801,253</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 626,506
Due to other funds	152,859
Due to student clubs	21,888
Total Liabilities	<u>\$ 801,253</u>

**Yazoo City Municipal School District**

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

## **Yazoo City Municipal School District**

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

### **Note 1 - Summary of Significant Accounting Policies**

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

#### **A. Financial Reporting Entity**

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand alone government." The school district is a related organization of, but not a component unit of, Yazoo City since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

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

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

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

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

## Yazoo City Municipal School District

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

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

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

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

The school district reports the following major governmental funds:

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

School Lunch Fund - This fund is used to account for financial resources received and spent under the federal child nutrition program.

Capital Improvement Building and Boilers Fund - This fund is used to account for financial resources to be used for capital improvements to buildings and the purchase of school buses.

Limited Tax Note Payable Fund - This fund accounts for financial resources to be used for retirement of the limited tax notes.

## Yazoo City Municipal School District

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

Bond Issue Retirement Fund - This fund serves to account for funds from a bond that was issued for capital improvements.

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

The District's fiduciary funds include the following:

Payroll Clearing 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 Funds - These various 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.

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.

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 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.

## Yazoo City Municipal School District

Notes to the Financial Statements  
For the 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. 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 city 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

## Yazoo City Municipal School District

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

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

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

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

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

#### **D. Encumbrances**

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

#### **E. Assets, liabilities, 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.

## Yazoo City Municipal School District

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

### 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.

#### 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.

## Yazoo City Municipal School District

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

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

# Yazoo City Municipal School District

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

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

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

### 7. Deferred Outflows/Inflows 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school district has incurred a deferred outflow which is presented as a deferred amounts on issues. See Note 15 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are no deferred inflows presented by the school district.

### 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).

## Yazoo City Municipal School District

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

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, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

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

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

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

## Yazoo City Municipal School District

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

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

*Unassigned fund balance* is the residual classification for the general fund and the spendable portion of the sixteenth section principal fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The school district has chosen to show a positive unassigned fund balance in the sixteenth section principal fund since the spendable portion of it has not been restricted, committed, or assigned. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

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 are imposed by statutes as follows:

## Yazoo City Municipal School District

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

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

#### 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 \$3,447,977 and \$672,802, respectively. The bank balance was \$5,052,317.

*Custodial Credit Risk - Deposits.* Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$5,052,317 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$4,000.

**Yazoo City Municipal School District**

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

**Note 3 - Interfund Receivables, Payables, and Transfers**

The following is a summary of interfund transactions and balances:

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

Receivable Fund	Payable Fund	Amount
General Fund	School Lunch Fund	\$ 64,426
	Limited Tax Note Payable Fund	344,242
	Bond Issue Retirement Fund	334,112
	Fiduciary Fund	152,859
	Other Governmental Funds	70,692
Other Governmental Funds	General Fund	59,374
	Other Governmental Funds	5
	Bond Issue Retirement Fund	39,466
Fiduciary Fund	Bond Issue Retirement Fund	54,831
	School Lunch Fund	38,205
	General Fund	31,285
Limited Tax Note Payable Fund	Other Governmental Funds	67,360
Bond Issue Retirement Fund	Other Governmental Funds	111,483
Total		<u>\$ 1,368,340</u>

The primary purpose of the inter-fund receivables and payables are to close out the federal programs at year end and other normal day to day operations.

**B. Interfund Transfers**

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 74,032
	School Lunch Fund	123,368
Other Governmental Funds	General Fund	70,000
	Other Governmental Funds	298,644
Total		<u>\$ 566,044</u>

The transfers were in part for indirect cost transfers. All transfers were consistent with the activities of the fund making the transfer.

# Yazoo City Municipal School District

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

## Note 4 - Restricted Assets

The restricted assets represents the cash with fiscal agents balance, totaling \$4,000, of the MAEP Retirement Fund. In addition, the restricted assets represent the cash balance, totaling \$437,674, of the Sixteenth Section Principal Fund (Permanent Fund) which is legally restricted and may not be used for purposes that support the district's programs.

## Note 5 - Capital Assets

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

	Balance 7-1-2013	Additions	Balance 6-30-2014
<u>Non-depreciable capital assets:</u>			
Land	\$ 602,643		602,643
Total non-depreciable capital assets	<u>602,643</u>	<u>0</u>	<u>602,643</u>
<u>Depreciable capital assets:</u>			
Buildings	11,497,443		11,497,443
Improvements other than buildings	629,300		629,300
Mobile equipment	1,353,096		1,353,096
Furniture and equipment	1,139,251		1,139,251
Total depreciable capital assets	<u>14,619,090</u>	<u>0</u>	<u>14,619,090</u>
<u>Less accumulated depreciation for:</u>			
Buildings	5,413,995	194,019	5,608,014
Improvements other than buildings	362,483	17,620	380,103
Mobile equipment	904,297	71,191	975,488
Furniture and equipment	902,781	186,697	1,089,478
Total accumulated depreciation	<u>7,583,556</u>	<u>469,527</u>	<u>8,053,083</u>
Total depreciable capital assets, net	<u>7,035,534</u>	<u>(469,527)</u>	<u>6,566,007</u>
Governmental activities capital assets, net	<u>\$ 7,638,177</u>	<u>(469,527)</u>	<u>7,168,650</u>

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 222,916
Support services	242,237
Non-instructional	4,374
Total depreciation expense	<u>\$ 469,527</u>

# Yazoo City Municipal School District

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

## Note 6 - Long-Term Liabilities

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

	Balance 7-1-2013	Additions	Reductions	Balance 6-30-2014	Amounts due in one year
A. General obligation refunding bonds payable	\$ 2,785,000		365,000	2,420,000	375,000
B. Limited obligation refunding bonds payable	1,435,000		275,000	1,160,000	280,000
C. Limited tax notes payable	575,000	2,100,000	575,000	2,100,000	155,000
D. Compensated absences payable	98,558		12,295	86,263	
Total	\$ <u>4,893,558</u>	<u>2,100,000</u>	<u>1,227,295</u>	<u>5,766,263</u>	<u>810,000</u>

	Balance 7-1-2013	Change	Balance 6-30-2014	Amounts due in one year
Bond Premiums	\$ 4,501	(900)	3,601	(900)
Bond Discounts	(584)	84	(500)	84
Total	\$ <u>3,917</u>	<u>(816)</u>	<u>3,101</u>	<u>(816)</u>

### A. General obligation refunding bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General obligation refunding bonds, Series 2011	1-3.25%	06-07-11	09-01-20	\$ <u>3,480,000</u>	<u>2,420,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 375,000	58,362	433,362
2016	385,000	50,762	435,762
2017	390,000	42,037	432,037
2018	405,000	31,594	436,594
2019	410,000	19,875	429,875
2020 - 2021	<u>455,000</u>	<u>7,838</u>	<u>462,838</u>
Total	\$ <u>2,420,000</u>	<u>210,468</u>	<u>2,630,468</u>

## Yazoo City Municipal School District

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

This debt will be retired from the Bond Issue Retirement Fund.

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

### B. Limited obligation refunding bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement refunding bond, Series 2011	2.0%	07-01-11	02-01-18	\$ <u>1,880,000</u>	<u>1,160,000</u>

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

Year Ending June 30	Principal	Interest	Total
2015	\$ 280,000	26,176	306,176
2016	285,000	20,576	305,576
2017	295,000	14,876	309,876
2018	<u>300,000</u>	<u>7,500</u>	<u>307,500</u>
Total	\$ <u>1,160,000</u>	<u>69,128</u>	<u>1,229,128</u>

This debt will be retired from the MAEP Bond Issue Fund.

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

# Yazoo City Municipal School District

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

## C. Limited tax notes payable

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited tax notes, Series 2001	4.4-5.7%	03-01-01	03-01-16	\$ 1,925,000	0
Limited tax notes, Series 2014-A	1.94%	05-15-14	05-15-19	250,000	250,000
Limited tax notes, Series 2014-B	2.79%	05-15-14	05-15-27	1,850,000	1,850,000
				\$ <u>4,025,000</u>	<u>2,100,000</u>

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

### 1. Limited tax notes issue of 2001:

This debt was paid off and retired from the Limited Tax Note Fund.

### 2. Limited tax notes issue of 2014-A:

Year Ending June 30	Principal	Interest	Total
2015	\$ 50,000	4,850	54,850
2016	50,000	3,880	53,880
2017	50,000	2,910	52,910
2018	50,000	1,940	51,940
2019	50,000	970	50,970
Total	\$ <u>250,000</u>	<u>14,550</u>	<u>264,550</u>

This debt will be retired from the Limited Tax Note Fund.

### 3. Limited tax notes issue of 2014-B:

Year Ending June 30	Principal	Interest	Total
2015	\$ 105,000	51,615	156,615
2016	110,000	48,686	158,686
2017	115,000	45,617	160,617
2018	125,000	42,408	167,408
2019	130,000	38,921	168,921
2020 - 2024	765,000	135,594	900,594
2025 - 2027	500,000	27,342	527,342
Total	\$ <u>1,850,000</u>	<u>390,183</u>	<u>2,240,183</u>

## Yazoo City Municipal School District

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

This debt will be retired from the Limited Tax Note Fund.

Year Ending June 30		Principal	Interest	Total
2015	\$	155,000	56,465	211,465
2016		160,000	52,566	212,566
2017		165,000	48,527	213,527
2018		175,000	44,348	219,348
2019		180,000	39,891	219,891
2020 - 2024		765,000	135,594	900,594
2025 - 2027		500,000	27,342	527,342
Total	\$	<u>2,100,000</u>	<u>404,733</u>	<u>2,504,733</u>

### D. 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 - Prior Year Defeasance of Debt

In prior years, the Yazoo City Municipal School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds and notes are not included in the district's financial statements. On June 30, 2014, \$2,390,000 of bonds outstanding are defeased.

### Note 8 - Defined Benefit Pension Plan

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

# Yazoo City Municipal School District

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

Funding Policy. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate 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 \$1,652,362, \$1,660,332, and \$1,458,487, respectively, which equaled the required contributions for each year.

## Note 9 - Prior Period Adjustments

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

### Exhibit B - Statement of Activities

<u>Explanation(s)</u>	<u>Amount</u>
See explanation below.	\$ <u>(114,640)</u>

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

<u>Major Funds</u>	<u>Explanation(s)</u>	<u>Amount</u>
General Fund	To properly state expenditures in 2014, by reversing 2013 accounts payable.	\$ 62,102
General Fund	To correctly present payroll tax liability	2,301
General Fund	To record revenue in the correct fund	3,902
General Fund	To eliminate negative cash balance	1,091
School Lunch Fund	To record fiscal year 2013 indirect cost for food service in fiscal year 2014	(95,600)
Other Governmental Funds	To correctly present claims payable	(2,457)
Other Governmental Funds	To correctly present indirect cost for fiscal year 2013	(36,494)
Other Governmental Funds	To record reimbursable unemployment benefits for 2010-2013 fiscal year ends	(49,485)
Total		\$ <u>(114,640)</u>

## 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.

## Yazoo City Municipal School District

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

### 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 member's employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The District has not had an additional assessment for excess losses incurred by the pool.

### Note 11 - 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		Principal
2015	\$	38,400
2016		38,400
2017		38,400
Total	\$	<u>115,200</u>

## **Yazoo City Municipal School District**

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

### **Note 12 - Insurance Loss Recoveries**

The Yazoo City Municipal School District received \$44,878 in insurance loss recoveries related to building damage from a storm during the 2013 - 2014 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as other general revenue.

### **Note 13 - 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 ultimately liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

### **Note 14 - 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 Yazoo City Municipal School District evaluated the activity of the district through the date the report was available to be issued, and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statement.

## **Yazoo City Municipal School District**

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

### **Note 15 - Effect of Deferred Amounts on Net Position**

The net investment in capital assets net position amount of \$1,541,670 includes the effect of deferring the recognition of expenses resulting from a deferred outflow from advance refunding of school district debt. The \$56,121 balance of the deferred outflow of resources at June 30, 2014 will be recognized as an expense and decrease the net investment in capital assets net position over the next 6 years.

REQUIRED SUPPLEMENTARY INFORMATION

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Exhibit 1

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 1,856,339	2,021,563	2,015,283	165,224	(6,280)
State sources	11,172,485	10,974,954	10,974,954	(197,531)	0
Federal sources	91,968	106,429	106,429	14,461	0
Total Revenues	<u>13,120,792</u>	<u>13,102,946</u>	<u>13,096,666</u>	<u>(17,846)</u>	<u>(6,280)</u>
<b>Expenditures:</b>					
Instruction	9,432,539	8,283,534	8,283,536	1,149,005	(2)
Support services	4,672,766	4,888,672	4,870,109	(215,906)	18,563
Debt service:					
Interest	0	3,226	3,226	(3,226)	0
Total Expenditures	<u>14,105,305</u>	<u>13,175,432</u>	<u>13,156,871</u>	<u>929,873</u>	<u>18,561</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(984,513)</u>	<u>(72,486)</u>	<u>(60,205)</u>	<u>912,027</u>	<u>12,281</u>
<b>Other Financing Sources (Uses):</b>					
Insurance Recovery	0	44,878	44,878	44,878	0
Operating transfers in	0	293,171	197,400	293,171	(95,771)
Operating transfers out	(150,000)	(165,771)	(70,000)	(15,771)	95,771
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>172,278</u>	<u>172,278</u>	<u>322,278</u>	<u>0</u>
Net Change in Fund Balances	<u>(1,134,513)</u>	<u>99,792</u>	<u>112,073</u>	<u>1,234,305</u>	<u>12,281</u>
<b>Fund Balances:</b>					
July 1, 2013, as previously reported	1,428,762	884,839	891,119	(543,923)	6,280
Prior period adjustment	0	69,396	69,396	69,396	0
July 1, 2013, as restated	<u>1,428,762</u>	<u>954,235</u>	<u>960,515</u>	<u>(474,527)</u>	<u>6,280</u>
June 30, 2014	<u>\$ 294,249</u>	<u>1,054,027</u>	<u>1,072,588</u>	<u>759,778</u>	<u>18,561</u>

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

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Exhibit 2

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

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 119,860	119,860	116,550	0	(3,310)
State sources	17,000	17,000	16,880	0	(120)
Federal sources	1,671,645	1,671,645	1,702,819	0	31,174
Total Revenues	<u>1,808,505</u>	<u>1,808,505</u>	<u>1,836,249</u>	<u>0</u>	<u>27,744</u>
<b>Expenditures:</b>					
Support services	125,777	125,777	116,880	0	8,897
Noninstructional services	1,637,891	1,637,891	1,559,812	0	78,079
Facilities acquisition and construction	1,252	1,252	0	0	1,252
Total Expenditures	<u>1,764,920</u>	<u>1,764,920</u>	<u>1,676,692</u>	<u>0</u>	<u>88,228</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>43,585</u>	<u>43,585</u>	<u>159,557</u>	<u>0</u>	<u>115,972</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers out	(123,368)	(123,368)	(123,368)	0	0
Total Other Financing Sources (Uses)	<u>(123,368)</u>	<u>(123,368)</u>	<u>(123,368)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(79,783)</u>	<u>(79,783)</u>	<u>36,189</u>	<u>0</u>	<u>115,972</u>
<b>Fund Balances:</b>					
July 1, 2013, as previously reported	732,798	732,798	732,798	0	0
Prior period adjustment	(95,262)	(95,262)	(95,600)	0	(338)
July 1, 2013, as restated	<u>637,536</u>	<u>637,536</u>	<u>637,198</u>	<u>0</u>	<u>(338)</u>
Increase in inventory	0	0	37,716	0	37,716
June 30, 2014	<u>\$ 557,753</u>	<u>557,753</u>	<u>711,103</u>	<u>0</u>	<u>153,350</u>

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

## **Yazoo City Municipal School District**

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

### Budgetary Comparison Schedules

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

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

## SUPPLEMENTARY INFORMATION

**Yazoo City Municipal School District**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2014

**Schedule 1**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 454,805
National School Lunch Program	10.555	1,248,015
Total Child Nutrition Cluster		<u>1,702,820</u>
Total passed-through the Mississippi Department of Education		<u>1,702,820</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>		<u><u>1,702,820</u></u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	68,116
<b>TOTAL U. S. DEPARTMENT OF DEFENSE</b>		<u>68,116</u>
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>		
Administered through the Universal Service Administrative Company:		
The Schools and Libraries Program of the Universal Service Fund	32.xxx	34,993
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>		<u>34,993</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	1,940,273
Career and Technical Education - Basic Grants to States	84.048	50,619
Education for Homeless Children and Youth	84.196	1,967
Rural Education	84.358	3,407
Improving Teacher Quality - State Grants	84.367	206,114
Sub-total		<u>2,202,380</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	558,290
Special Education - Preschool Grants	84.173	24,169
Total Special Education Cluster		<u>582,459</u>
Total passed-through the Mississippi Department of Education		<u>2,784,839</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>		<u><u>2,784,839</u></u>
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
Passed through the Mississippi Department of Education:		
Medical Assistance Program	93.778	3,321
Total passed-through the Mississippi Department of Education		<u>3,321</u>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>3,321</u>
<b>TOTAL FOR ALL FEDERAL AWARDS</b>		<u><u>\$ 4,594,089</u></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.

**Yazoo City Municipal School District**

**Schedule 2**

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

<b>Expenditures</b>	<b>Total</b>	<b>Instruction and Other Student Instructional Expenditures</b>	<b>General Administration</b>	<b>School Administration</b>	<b>Other</b>
Salaries and fringe benefits	\$ 14,650,332	10,150,785	888,645	1,439,930	2,170,972
Other	5,150,176	1,664,744	324,584	10,548	3,150,300
<b>Total</b>	<b>\$ 19,800,508</b>	<b>11,815,529</b>	<b>1,213,229</b>	<b>1,450,478</b>	<b>5,321,272</b>
Total number of students *	<u>2,216</u>				
Cost per student	\$ <u>8,935</u>	<u>5,332</u>	<u>547</u>	<u>655</u>	<u>2,401</u>

For purpose 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; Support Services - Business.

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

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

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

## OTHER INFORMATION

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

General Fund

Last Four Years

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 2,015,283	1,976,462	1,928,094	1,514,221
Intermediate sources	0	0	3,836	25,834
State sources	10,974,954	10,933,633	11,122,547	10,524,189
Federal sources	106,429	141,697	934,845	181,323
Sixteenth section sources	0	3,902	0	0
Total Revenues	<u>13,096,666</u>	<u>13,055,694</u>	<u>13,989,322</u>	<u>12,245,567</u>
<b>Expenditures:</b>				
Instruction	8,283,536	9,648,275	8,789,055	7,324,716
Support services	4,870,109	4,442,882	5,364,187	4,321,648
Noninstructional	0	36	0	310
Debt service:				
Interest	3,226	0	0	0
Total Expenditures	<u>13,156,871</u>	<u>14,091,193</u>	<u>14,153,242</u>	<u>11,646,674</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(60,205)</u>	<u>(1,035,499)</u>	<u>(163,920)</u>	<u>598,893</u>
<b>Other Financing Sources (Uses):</b>				
Insurance recovery	44,878	68,462	5,860	7,821
Operating transfers in	197,400	455,993	121,208	128,058
Other financing sources	0	0	2,376	15,710
Operating transfers out	(70,000)	(115,011)	(61,512)	(201,865)
Total Other Financing Sources (Uses)	<u>172,278</u>	<u>409,444</u>	<u>67,932</u>	<u>(50,276)</u>
Net Change in Fund Balances	<u>112,073</u>	<u>(626,055)</u>	<u>(95,988)</u>	<u>548,617</u>
<b>Fund Balances:</b>				
July 1, as previously reported	891,119	1,517,174	1,613,162	1,064,545
Prior period adjustment	69,396	0	0	0
July 1, as restated	<u>960,515</u>	<u>1,517,174</u>	<u>1,613,162</u>	<u>1,064,545</u>
June 30,	<u>\$ 1,072,588</u>	<u>891,119</u>	<u>1,517,174</u>	<u>1,613,162</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

**YAZOO CITY MUNICIPAL SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances

"UNAUDITED"

All Governmental Funds

Last Four Years

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 2,769,217	2,678,780	2,573,491	2,146,504
Intermediate sources	0	0	3,836	25,834
State sources	12,265,220	12,383,128	12,647,436	11,950,561
Federal sources	4,634,029	4,574,786	6,291,846	8,452,675
Sixteenth section sources	38,966	42,868	32,566	33,066
Total Revenues	<u>19,707,432</u>	<u>19,679,562</u>	<u>21,549,175</u>	<u>22,608,640</u>
<b>Expenditures:</b>				
Instruction	10,182,656	12,253,388	11,931,736	12,870,573
Support services	6,545,338	5,844,953	7,029,050	6,321,042
Noninstructional services	1,695,800	1,756,992	1,744,592	1,686,356
Sixteenth section	1,920	0	0	0
Debt service:				
Principal	1,215,000	795,000	675,000	625,000
Interest	129,537	140,966	114,272	316,391
Other	30,257	4,940	31,452	63,795
Total Expenditures	<u>19,800,508</u>	<u>20,796,239</u>	<u>21,526,102</u>	<u>21,883,157</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(93,076)</u>	<u>(1,116,677)</u>	<u>23,073</u>	<u>725,483</u>
<b>Other Financing Sources (Uses):</b>				
Notes issued	2,100,000	0	0	0
Refunding bonds issued	0	0	1,880,000	3,480,000
Premiums on refunding bonds issued	0	0	6,301	26,748
Payment to refunded bond escrow agent	0	0	(1,861,546)	(3,443,567)
Insurance recovery	44,878	68,462	5,860	7,821
Operating transfers in	566,044	898,259	557,612	673,431
Other financing sources	0	0	2,376	15,710
Operating transfers out	(566,044)	(898,259)	(557,612)	(673,431)
Other financing uses	0	0	0	(13,840)
Total Other Financing Sources (Uses)	<u>2,144,878</u>	<u>68,462</u>	<u>32,991</u>	<u>72,872</u>
Net Change in Fund Balances	<u>2,051,802</u>	<u>(1,048,215)</u>	<u>56,064</u>	<u>798,355</u>
<b>Fund Balances:</b>				
July 1, as previously reported	2,661,992	3,713,255	3,657,491	2,874,550
Prior period adjustment	(114,640)	0	0	0
July 1, as restated	<u>2,547,352</u>	<u>3,713,255</u>	<u>3,657,491</u>	<u>2,874,550</u>
Increase (Decrease) in inventory	37,716	(3,048)	(300)	(15,414)
June 30,	<u>\$ 4,636,870</u>	<u>2,661,992</u>	<u>3,713,255</u>	<u>3,657,491</u>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

## REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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  
Yazoo City Municipal School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yazoo City Municipal School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Yazoo City Municipal School District's basic financial statements, and have issued our report thereon dated February 20, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 20, 2015

Certified Public Accountants

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Yazoo City Municipal School District

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

We have audited Yazoo City Municipal 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 Yazoo City Municipal School District's major federal programs for the year ended June 30, 2014. The Yazoo City Municipal School District's major federal programs are identified in the summary of the 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 Yazoo City Municipal School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In our opinion, the Yazoo City Municipal 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 Yazoo City Municipal 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 Yazoo City Municipal 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 the school district's internal control over compliance.

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

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

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC  
February 20, 2015

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC  
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board  
Yazoo City Municipal School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Yazoo City Municipal School District as of and for the year ended June 30, 2014, which collectively comprise Yazoo City Municipal School District's basic financial statements and have issued our report thereon dated February 20, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure 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 the following instance of noncompliance. The noncompliance is reported in finding number 2 below. The district reported \$21,958 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure 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.

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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 immaterial instance of noncompliance with other state laws and regulations. Our findings and recommendations and your responses are as follows:

**Finding 1:**

Criteria:

Section 31-7-305, Miss. Code Ann. (1972), states “payments should be delivered to the vendor no later than 45 days of receipt of an undisputed invoice and receipt, inspection and approval of the goods and services.”

Condition:

During our test of expenditures, we noted that the payment of four invoices out of 40 were over the 45-day statutory limitation.

Cause:

There were policies or procedures in place to ensure these invoices were paid in a timely manner. However, personnel did not follow District’s policies.

Effect:

This caused the District to be in noncompliance with Section 31-7-305, Miss. Code Ann. (1972).

Recommendation:

We recommend that the school district comply with Section 31-7-305, Miss. Code Ann. (1972), and ensure that all payments are made timely.

Response:

The Superintendent and Business Manager met with personnel involved and will ensure that from now on they will comply with Section 31-7-305, Miss. Code Ann. (1972), and ensure that all payments are made timely.

**Finding 2:**

Criteria:

Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), specifies, “all unexpended amounts will be carried forward, combined with the following year’s allocation of Education Enhancement Fund instructional supplies funds and reallocated for the following year.”

Condition:

The district had \$21,958 carryover of 2013 Education Enhancement (Classroom Supplies) monies of which \$2,634 was not spent at the end of fiscal year ended June 30, 2014.

Cause:

The lack of training concerning Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972) requirements.

Effect:

Students did not receive the full benefit of the intended classroom supply budget during the year.

Recommendation:

The District should implement policies and procedures to ensure compliance with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972).

Response:

The District has already instigated measures to comply with Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972).

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 ensure that corrective action has been taken.

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

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

*FORTENBERRY & BALLARD, PC*

Fortenberry & Ballard, PC  
February 20, 2015

Certified Public Accountants

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Yazoo City Municipal School District**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2014

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.367	Improving Teacher Quality - State Grants

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? No.

Section II: Financial Statements Findings

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

### Section 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.

**AUDITEE'S SUMMARY OF PRIOR FEDERAL AUDIT FINDING**

# YAZOO CITY MUNICIPAL SCHOOL DISTRICT

## “Building An Academic Dynasty”

Arthur Carlidge, Superintendent

Post Office Box 127

Yazoo City, Mississippi 39194

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~ ~ ~ ~

### AUDITEE’S SUMMARY OF PRIOR FEDERAL AUDIT FINDING

As required by Section \_\_\_\_315(b) of OMB Circular A-133, the Yazoo City Municipal School District has prepared and hereby submits the following summary of prior federal audit finding as of June 30, 2014:

<u>Finding</u>	<u>Status</u>
2013-1	Corrected
2013-2	In progress of correction
2013-3	Corrected