



Vicksburg Community Schools

Financial Statements and
Supplementary Information
Year Ended June 30, 2014

Vicksburg Community Schools

Financial Statements and Supplementary Information
Year Ended June 30, 2014

Vicksburg Community Schools

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Independent Auditor's Report

Board of Education
Vicksburg Community Schools
Vicksburg, Michigan

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 Vicksburg Community Schools (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and budgetary comparison for the General Fund 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 management's discussion and analysis on pages 6 through 12 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 District's basic financial statements. The accompanying supplementary combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The accompanying supplementary information is the responsibility of management and was derived from and relates 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 27, 2014 on our consideration of the 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 the District's internal control over financial reporting and compliance.

BDO USA, LLP

Kalamazoo, Michigan

October 27, 2014

Management's Discussion and Analysis

Vicksburg Community Schools

Management's Discussion and Analysis

This section of the Vicksburg Community Schools (the District's) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader understands the District's finances as a whole. The District-wide Financial Statements provide information about the activities of the whole district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant funds - the General Fund and the Building and Site Fund, with all other funds presented in one column as non-major funds. The remaining statement, the Statement of Fiduciary Assets and Liabilities, presents financial information about the activities for which the District acts solely as an agent for the benefit of students and parents.

Reporting the District as a Whole - District-wide Financial Statements

One of the most important questions asked about the District is, "As a whole, what is the District's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The Statement of Net Position and the Statement of Activities report the governmental activities for the District, which encompass all of the District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Vicksburg Community Schools

Management's Discussion and Analysis

Reporting the District's Most Significant Funds - Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the District use the following accounting approach:

Governmental funds - All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances remaining at year-end that are available for spending. They are reported using the accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds in a reconciliation.

The District as Trustee - Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Vicksburg Community Schools
Management's Discussion and Analysis

The District as a Whole

Recall that the Statement of Net Position provided the perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2014 and 2013:

<i>June 30,</i>	<i>Governmental Activities</i>	
	2014	2013
Assets:		
Current assets	\$ 13,019,084	\$ 7,374,634
Capital assets, net	23,571,725	23,892,310
Total Assets	36,590,809	31,266,944
Deferred Outflows of Resources -		
Refunding of bonds	82,022	95,692
Total Assets and Deferred Outflows of Resources	36,672,831	31,362,636
Liabilities:		
Current liabilities	6,678,617	5,775,546
Noncurrent liabilities	21,180,576	17,721,012
Total Liabilities	27,859,193	23,496,558
Net Position:		
Net investment in capital assets	5,140,381	4,186,284
Restricted	600,209	532,555
Unrestricted	3,073,048	3,147,239
Total Net Position	\$ 8,813,638	\$ 7,866,078

The above analysis focuses on the net position. The change in net position of the District's governmental activities is discussed below. The District's net position totaled \$8.8 million at June 30, 2014. Net investment in capital assets totaling a surplus of \$5.1 million, compares the original cost, less depreciation of the District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service becomes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation limiting the District's ability to use the net position for day-to-day operations. The remaining amount of net position of \$3.0 million was unrestricted.

Vicksburg Community Schools

Management's Discussion and Analysis

The \$3.0 million in unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net position balance enables the District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year-to-year.

The results of this year's operations for the District as a whole are reported in the Statement of Activities, which shows the changes in net position for fiscal years 2014 and 2013:

<i>Year ended June 30,</i>	<i>Governmental Activities</i>	
	2014	2013
Revenue:		
Program revenue:		
Charges for services	\$ 945,445	\$ 1,020,513
Federal grants and entitlements	1,090,708	1,060,136
State categoricals	1,294,228	1,240,617
Other operating grants	928,047	908,769
General revenue:		
Property taxes	5,053,808	5,058,312
State foundation allowance	17,939,224	17,075,454
Other	161,104	110,446
Total Revenue	27,412,564	26,474,247
Functions/Program Expenses:		
Instruction	14,376,608	13,842,533
Support services	8,012,305	7,705,355
Community services	260,383	255,176
Food services	1,027,486	1,018,370
Athletics	531,416	493,112
Intergovernmental transfers	71,745	71,453
Interest on long-term debt	953,259	1,260,052
Bond issuance costs	56,407	64,654
Depreciation	1,175,395	1,185,646
Total Expenses	26,465,004	25,896,351
Increase in Net Position	947,560	577,896
Net Position, beginning of year	7,866,078	7,288,182
Net Position, end of year	\$ 8,813,638	\$ 7,866,078

Vicksburg Community Schools

Management's Discussion and Analysis

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$26.5 million. Certain activities were partially funded from those who benefited from the programs with charges for services of \$0.9 million or by other governments and organizations that subsidized certain programs with grants and contributions of \$3.3 million. We paid for the remaining "public benefit" portion of our governmental activities with \$5.0 million in taxes, \$17.9 million in unrestricted state aid, and with our other revenues such as interest and general entitlements.

The District experienced an increase in net position of \$0.95 million during fiscal 2014.

As discussed above, the net cost shows the financial burden placed on the state and the District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the board of education and the administration must annually evaluate the needs of the District and balance those needs with state-prescribed available unrestricted resources.

The District's Funds

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of \$10.25 million, which is an increase of \$5.5 million from last year.

In the General Fund, our principal operating fund, the fund balance remained unchanged at \$2.48 million. This was \$0.2 million better than projected in the District's budget.

The fund balance of the General Fund is available to fund costs related to allowable school operating purposes.

The fund balance in our Special Revenue Fund increased slightly to \$0.38 million, primarily as a result of controlling costs.

The Debt Service Funds showed a slight increase in fund balance to \$0.76 million. Millage rates are determined annually to ensure the District accumulates sufficient resources to pay annual bond issue-related debt service. Durant bond obligations are funded by annual state appropriation, and no fund balance exists for the Durant bonds. The fund balances of the Debt Service Funds are restricted since they may only be used to pay debt service obligations.

The 2014 Building & Site Fund was established during the current year to account for the proceeds from the issuance of \$6.5 million in voter-approved bonds. The June 30, 2014 fund balance of \$6.4 million will be used to fund facility improvements along with security and technology upgrades.

Vicksburg Community Schools
Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted shortly before year-end. A schedule showing the District's original and final budget amounts compared to amounts actually paid and received is provided with the basic financial statements.

There were revisions made to the 2013-2014 General Fund original budget. Budgeted revenues were increased by \$0.6 million and budgeted expenditures and other financing uses were increased by \$0.4 million, primarily as a result of routine budgetary revisions over the course of the fiscal year.

Actual General Fund revenues were over the amended budget by \$120,112, which represents a variance of approximately 0.5%. Actual General Fund expenditures and other financing uses were \$109,019 below the amended budget, which represents a variance of approximately 0.5%.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2014, the District had \$23.6 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$0.3 million or 1.3% from last year.

<i>June 30,</i>	2014	2013
Land	\$ 147,402	\$ 147,402
Construction in progress	63,200	-
Buildings and building improvements	35,962,896	35,938,642
Buses and other vehicles	2,569,515	2,214,263
Furniture and equipment	4,567,245	4,580,845
	43,310,258	42,881,152
Less accumulated depreciation	19,738,533	18,988,842
Net Capital Assets	\$ 23,571,725	\$ 23,892,310

This year's additions of \$0.9 million related primarily to school bus and equipment replacements. Detailed information about capital assets may be found in Note 5 to the financial statements.

Vicksburg Community Schools

Management's Discussion and Analysis

Debt

At the end of this year, the District had \$24.3 million in bonds outstanding versus \$19.8 million in the previous year—an increase of 22.5%. Those bonds consisted of the following:

<i>June 30,</i>	2014	2013
General obligation bonds	\$ 16,691,204	\$ 11,860,954
Accrued interest on capital appreciation bonds	7,573,073	7,940,764
	<u>\$ 24,264,277</u>	<u>\$ 19,801,718</u>

The District's general obligation bond rating is A. The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the District's boundaries. If the District issues "Qualified Debt," i.e., debt backed by the state of Michigan, such obligations are not subject to this debt limit. The District's outstanding unqualified general obligation debt of \$24.3 million is significantly below the statutorily imposed limit, which is approximately \$91.6 million.

Detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the District's 2014-2015 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation allowance revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2015 fiscal year is calculated based on 90% and 10% of the October 2014 and February 2015 student counts, respectively. The 2014-2015 budget was adopted in June 2014, based on an estimate of students that would be enrolled in September 2014. Approximately 80% of total General Fund revenue is derived from the foundation allowance. Under state law, the District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the state's ability to fund local school operations. Based on the preliminary student count for September 2014, the actual blended pupil count for 2014-2015 is consistent with the assumption of flat enrollment.

Since the District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the state's ability to collect revenues to fund its appropriation to school districts. The state periodically holds a revenue-estimating conference to estimate revenues. If a future revenue estimating conference determines that revenues will not be sufficient to fund the school aid appropriation, the legislature must revise the appropriation or a pro-ration of state aid will occur. No revenue contingency has been included in the District's preliminary 2014-2015 budget.

Vicksburg Community Schools

Management's Discussion and Analysis

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds received. If you have questions about this report or need additional information, contact:

Business Office
Vicksburg Community Schools
301 South Kalamazoo Avenue
Vicksburg, Michigan 49097

Basic Financial Statements

Vicksburg Community Schools

District-Wide Financial Statements Statement of Net Position

	<i>Primary Government</i>
<i>June 30, 2014</i>	<i>Governmental Activities</i>
Assets:	
Cash and investments (Note 3)	\$ 9,132,454
Accounts receivable	3,700,660
Inventories	12,929
Prepaid expenses	173,041
Total Current Assets	13,019,084
Noncurrent Assets - Capital assets, net of accumulated depreciation (Note 5)	23,571,725
Total Assets	36,590,809
Deferred Outflows of Resources -	
Refunding of bonds	82,022
Total Assets and Deferred Outflows of Resources	36,672,831
Liabilities	
Current Liabilities:	
Accounts payable	484,116
Accrued payroll	2,190,807
Accrued interest	141,885
Unearned revenue	88,287
Current portion of long-term debt (Note 6)	3,773,522
Total Current Liabilities	6,678,617
Noncurrent Liabilities - Long-term debt (Note 6)	21,180,576
Total Liabilities	27,859,193
Net Position:	
Net investment in capital assets	5,140,381
Restricted for debt service	221,030
Restricted for food service	379,179
Unrestricted	3,073,048
Total Net Position	\$ 8,813,638

See accompanying notes to financial statements.

Vicksburg Community Schools

District-Wide Financial Statements Statement of Activities

<i>Year ended June 30, 2014</i>	<i>Expenses</i>	<i>Program Revenues</i>		<i>Net (Expenses)</i>
		<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Revenue and Changes in Net Position</i>
				<i>Total</i>
Functions/Programs:				
Primary government -				
Governmental activities:				
Instruction	\$ 14,376,608	\$ 668	\$ 2,626,125	\$ (11,749,815)
Support services	8,012,305	16,434	65,979	(7,929,892)
Athletics	531,416	130,005	27,893	(373,518)
Community services	260,383	284,145	2,090	25,852
Food services	1,027,486	514,193	590,896	77,603
Intergovernmental transfers	71,745	-	-	(71,745)
Interest on long-term debt	953,259	-	-	(953,259)
Bond issuance costs	56,407	-	-	(56,407)
Unallocated depreciation	1,175,395	-	-	(1,175,395)
Total Governmental Activities	\$ 26,465,004	\$ 945,445	\$ 3,312,983	(22,206,576)
General Revenues:				
Property taxes levied for general purposes				2,402,654
Property taxes levied for debt service				2,651,154
Unrestricted state aid				17,939,224
Investment earnings				1,892
Other				159,212
Total General Revenues				23,154,136
Change in Net Position				947,560
Net Position, beginning of year				7,866,078
Net Position, end of year				\$ 8,813,638

See accompanying notes to financial statements.

Vicksburg Community Schools

Government Funds Balance Sheet

<i>June 30, 2014</i>	<i>General Fund</i>	<i>Building and Site Fund</i>	<i>2014 Building and Site Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets:					
Cash and investments (Note 3)	\$1,066,188	\$ 232,036	\$ 6,535,046	\$ 1,299,184	\$ 9,132,454
Accounts receivable	3,698,871	-	-	1,789	3,700,660
Due from other funds (Note 4)	196,609	-	-	46,629	243,238
Inventories	3,905	-	-	9,024	12,929
Prepaid expenditures	173,041	-	-	-	173,041
Total Assets	\$5,138,614	\$ 232,036	\$ 6,535,046	\$ 1,356,626	\$13,262,322
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 348,028	\$ 11,113	\$ 118,607	\$ 6,368	\$ 484,116
Accrued payroll	2,190,807	-	-	-	2,190,807
Due to other funds (Note 4)	46,629	4,554	1,000	191,055	243,238
Unearned revenue	73,242	-	-	15,045	88,287
Total Liabilities	2,658,706	15,667	119,607	212,468	3,006,448
Fund Balances:					
Nonspendable -					
Prepaid expenditures and inventories	176,946	-	-	9,024	185,970
Restricted for:					
Food service	-	-	-	370,155	370,155
Debt service	-	-	-	339,972	339,972
Capital projects	-	-	6,415,439	-	6,415,439
Assigned to:					
Debt service	-	-	-	425,007	425,007
Capital projects	-	216,369	-	-	216,369
Unassigned	2,302,962	-	-	-	2,302,962
Total Fund Balances	2,479,908	216,369	6,415,439	1,144,158	10,255,874
Total Liabilities and Fund Balances	\$5,138,614	\$ 232,036	\$ 6,535,046	\$ 1,356,626	\$13,262,322

See accompanying notes to financial statements.

Vicksburg Community Schools

Government Funds Reconciliation of Fund Balance of Governmental Funds to the Net Position of Governmental Activities on the Statement of Net Position

June 30, 2014

Total Fund Balances - Total Governmental Funds (from Page 16) \$ 10,255,874

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds.

These assets consist of:

Capital assets, at cost	\$43,310,258
Accumulated depreciation	<u>(19,738,533)</u>

Net capital assets 23,571,725

Other long-term assets are not available to pay for current
period expenditures and therefore are not reported in the
funds.

These assets consist of -

Deferred outflows - refunding of bonds	82,022
--	--------

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported
in the funds.

Balances are as follows:

Bonds payable	(16,691,204)
Accrued interest on capital appreciation bonds	(7,573,073)
Installment purchase agreement	(503,099)
Other long term liability	(24,000)
Premium on issuance of bonds	(79,407)
Compensated absences	<u>(83,315)</u>

Total long-term liabilities (24,954,098)

Accrued interest payable on long-term debt (141,885)

Net Position of Governmental Activities (from Page 14) \$ 8,813,638

See accompanying notes to financial statements.

Vicksburg Community Schools

Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

<i>Year ended June 30, 2014</i>	<i>General Fund</i>	<i>Building and Site Fund</i>	<i>2014 Building and Site Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:					
Local sources	\$2,194,962	\$ 52	\$ 46	\$ 3,172,372	\$ 5,367,432
State sources	19,193,595	-	-	39,857	19,233,452
Federal sources	539,670	-	-	551,038	1,090,708
Other	1,699,443	21,529	-	-	1,720,972
Total Revenues	23,627,670	21,581	46	3,763,267	27,412,564
Expenditures:					
Instruction	14,379,355	-	-	-	14,379,355
Supporting services	8,363,145	-	-	-	8,363,145
Community services	260,383	-	-	-	260,383
Payments to other governmental units	71,745	-	-	-	71,745
Food service activities	-	-	-	1,027,486	1,027,486
Debt retirement:					
Redemption of principal	246,901	-	-	1,704,750	1,951,651
Interest and fiscal charges	9,574	-	-	1,322,864	1,332,438
Bond issuance costs	-	-	56,407	-	56,407
Capital projects	-	960,186	63,200	-	1,023,386
Total Expenditures	23,331,103	960,186	119,607	4,055,100	28,465,996
Excess (Deficiency) of Revenues Over Expenditures	296,567	(938,605)	(119,561)	(291,833)	(1,053,432)
Other Financing Sources (Uses):					
Bonds issued	-	-	6,535,000	-	6,535,000
Transfers in	75,000	-	-	373,331	448,331
Transfers out	(373,331)	-	-	(75,000)	(448,331)
Total Other Financing Sources (Uses)	(298,331)	-	6,535,000	298,331	6,535,000
Change in Fund Balances	(1,764)	(938,605)	6,415,439	6,498	5,481,568
Fund Balances, beginning of year	2,481,672	1,154,974	-	1,137,660	4,774,306
Fund Balances, end of year	\$2,479,908	\$ 216,369	\$ 6,415,439	\$ 1,144,158	\$ 10,255,874

See accompanying notes to financial statements.

Vicksburg Community Schools

Government Funds Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds (from Page 18) \$ 5,481,568

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

Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation expense:

Capital outlay	\$ 874,309	
Depreciation expense	<u>(1,175,395)</u>	(301,086)

Gains and losses on the disposal of fixed assets are reported in the statement of activities; they are not reported in the governmental funds.	(19,499)
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Repayment of accrued interest on capital appreciation bonds is an expenditure in the governmental funds, but not in the Statement of Activities.	1,070,250
--	-----------

Repayment of bond and note principal is an expenditure in the governmental funds, but not in the Statement of Activities.	1,951,651
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Compensated absences are recorded in the Statement of Activities when incurred; they are not reported in governmental funds until paid.	2,747
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Accrued interest on the capital appreciation bonds is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	(702,559)
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Amortization of deferred outflows are reported in the Statement of Activities; it is not reported in the governmental funds.	(13,670)
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Amortization of bond premiums are reported in the Statement of Activities; it is not reported in the governmental funds.	13,235
--	--------

Accrual of other long-term liability.	(12,000)
---------------------------------------	----------

Proceeds from issuance of bonds is an other financing source in the governmental funds, but not in the Statement of Activities.	(6,535,000)
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Accrued interest is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	11,923
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Change in Net Position of Governmental Activities (from Page 15) \$ 947,560

See accompanying notes to financial statements.

Vicksburg Community Schools

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

<i>Year ended June 30, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Local sources	\$ 2,530,500	\$ 2,167,860	\$ 2,194,962	\$ 27,102
State sources	18,985,100	19,123,982	19,193,595	69,613
Federal sources	529,065	520,371	539,670	19,299
Other	878,339	1,695,345	1,699,443	4,098
Total Revenues	22,923,004	23,507,558	23,627,670	120,112
Expenditures:				
Instruction:				
Basic programs	12,018,381	12,175,639	12,119,864	55,775
Added needs	2,336,519	2,158,577	2,150,864	7,713
Adult and continuing education	142,606	116,415	108,627	7,788
Total instruction	14,497,506	14,450,631	14,379,355	71,276
Support services:				
Pupil services	1,190,035	1,188,748	1,186,026	2,722
Instructional staff	630,513	620,365	624,140	(3,775)
General administration	480,771	452,435	448,498	3,937
School administration	1,356,405	1,354,480	1,379,458	(24,978)
Business services	389,567	416,678	408,365	8,313
Operations and maintenance	1,911,064	1,936,438	1,934,493	1,945
Transportation	1,314,977	1,286,409	1,268,616	17,793
Central services	554,325	597,082	582,133	14,949
Student athletics	507,598	540,146	531,416	8,730
Total support services	8,335,255	8,392,781	8,363,145	29,636

See accompanying notes to financial statements.

Vicksburg Community Schools

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

<i>Year ended June 30, 2014</i>	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Expenditures (Concluded):				
Community services	\$ 258,631	\$ 263,269	\$ 260,383	\$ 2,886
Payments to other governmental units	73,000	74,666	71,745	2,921
Debt service - Interest and other	256,275	256,275	256,475	(200)
Total Expenditures	23,420,667	23,437,622	23,331,103	106,519
Other Financing Sources (Uses):				
Transfers in	72,500	72,500	75,000	2,500
Transfers out	-	(373,331)	(373,331)	-
Total Other Financing Sources (Uses)	72,500	(300,831)	(298,331)	2,500
Change in Fund Balance	(425,163)	(230,895)	(1,764)	229,131
Fund Balance, beginning of year	2,481,672	2,481,672	2,481,672	-
Fund Balance, end of year	\$ 2,056,509	\$ 2,250,777	\$ 2,479,908	\$ 229,131

See accompanying notes to financial statements.

Vicksburg Community Schools
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund

<i>June 30, 2014</i>	<i>Student Activities Agency Fund</i>
<hr/>	
Assets -	
Cash and investments (Note 3)	\$ 471,139
<hr/>	
Liabilities -	
Due to student groups	\$ 471,139
<hr/>	

See accompanying notes to financial statements.

Vicksburg Community Schools

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The financial statements of the Vicksburg Community Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity

The District is an independent entity with an elected board of education. The board consists of seven members elected to six-year terms. The board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The financial statements of the District contain all funds for which the District is financially accountable.

The criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, there are no other entities that are included in this report.

The Vicksburg Community Schools Foundation (the Foundation) is a legally separate, tax-exempt organization. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the District in support of its programs. The 17-member board of the Foundation is self-perpetuating and consists of district officials and friends of the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the District, the Foundation meets the criteria to be a component unit of the District. However, because the economic resources received or held by the Foundation that the District is entitled to, or has the ability to otherwise access are not significant, the Foundation assets and net assets have been excluded from the District's financial statements.

Basis of Presentation

District-wide financial statements: The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. The District-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

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

Vicksburg Community Schools

Notes to Financial Statements

Fund financial statements: The fund financial statements provide information about the District's funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position rather than on income determination. The following is a description of the governmental funds of the District:

General Fund: The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund.

Special Revenue Fund: Special Revenue Funds are used to account for revenue sources that are restricted to expenditures for specified purposes. The District operates one special revenue fund: Food Service.

Debt Service Funds: Debt Retirement Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund: Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The District's Building and Site and 2014 Building and Site Funds are considered major funds.

Fiduciary Funds: The Agency Fund is used to account for assets held by the District in a trustee capacity for individuals or school-related organizations. The Agency Fund is custodial in nature and does not involve measurement of results of operations. The District operates one agency fund, which is the Student Activities Fund.

Measurement Focus and Basis of Accounting

District-wide Financial Statements - The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Vicksburg Community Schools

Notes to Financial Statements

Fund Financial Statements - 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. Revenues are considered available if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers revenues available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, are recorded only when payment is due.

Assets, Liabilities, and Net Position

Cash and Investments - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less. Investments are stated at fair value. To the extent that cash from various funds has been pooled in a single investment account, the related investment income is generally allocated to each fund based on relative participation in the account.

Inventories - Inventories are stated at cost using the first-in, first-out method, except USDA donated commodities, which are recorded at fair market value. Inventories consist primarily of food, cafeteria supplies, teaching, and maintenance supplies. Governmental fund inventories are reported as assets until consumed, at which time an expenditure is recorded.

Capital Assets - Capital assets, which include property, buildings, equipment, and buses, are reported in the District-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their market value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10-40 years
Furniture and equipment	5-20 years
Buses	10-15 years

The District evaluates its capital assets for impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Assets to be disposed of would be recognized at the lower of carrying value or fair value less the estimated cost of disposal. Assets held and in use are viewed for impairment whenever indicators of impairment exist. All recognized impairment losses, whether for assets to be disposed of or assets to be held and used, are recorded as operating expenses. No impairments have been identified as of June 30, 2014.

Vicksburg Community Schools

Notes to Financial Statements

Deferred Outflows/Inflows of Resources -

Deferred outflows of resources represent a consumption of net position that applies to a future period and is not recognized as expense until then. In the district-wide financial statements, deferred interest on refunding is reported as a deferred outflow of resources. The deferred interest on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not recognized as revenue until then.

Compensated Absences - District employees are granted vacation and sick leave in varying amounts based on length of service. Sick leave is accumulated at different rates for various categories of employees. Unused sick leave accumulates from year-to-year to a maximum that varies for different categories of employees. Unused sick leave is not paid to employees upon termination. Vacation days are paid to employees for unused days up to twice their yearly allowance at the time of severance from employment.

Long-Term Debt - In the District-wide financial statements, long-term debt, and other long-term liabilities are reported as liabilities under the accrual basis of accounting.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Net Position - Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

Restricted resources are used to fund appropriations only after the unrestricted resources are depleted.

Fund Balance - Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The District's fund balance is classified in the following categories:

Nonspendable fund balance - represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The District reports nonspendable fund balance for inventories and prepaid expenditures.

Restricted fund balance - restricted for specific purposes imposed by grantors, bondholders, constitutional provisions, or enabling legislation. The District reports restricted fund balance in the Food Service Fund and 2014 Building and Site Fund.

Vicksburg Community Schools

Notes to Financial Statements

Assigned fund balance - intended to be used for specific purposes but does not meet the criteria for restricted or committed fund balance. The District reports assigned fund balance in the Building and Site Fund and Debt Service Funds.

Unassigned fund balance - the residual fund balance of the General Fund.

Property Taxes - Properties are assessed as of December 31, and approximately one-half of the related property taxes are levied and become a lien on July 1. The remaining taxes are levied and become a lien on December 1. These taxes are due on September 14 and February 14, respectively, with the final collection date of February 28, before they are added to the county delinquent tax rolls.

Interfund Activity - Outstanding balances between funds are reported as due from/to other funds at year-end.

Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated the period from July 1, 2014, through October 27, 2014, the date the financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the financial statements. During the period there were no matters identified that had a significant impact on the financial statements as presented.

2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and all Special Revenue Funds. All annual appropriations lapse at year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

Vicksburg Community Schools

Notes to Financial Statements

During the year ended June 30, 2014, the District incurred expenditures, which were in excess of the amounts budgeted in the General Fund as follows:

	<i>Budget</i>	<i>Actual</i>	<i>Variance</i>
Instructional staff	\$ 620,365	\$ 624,140	\$ (3,775)
School administration	\$ 1,354,480	\$ 1,379,458	\$ (24,978)
Debt service - interest and other	\$ 256,275	\$ 256,475	\$ (200)

The fund balance was sufficient to cover the excess expenditures.

3. Cash and Investments

Deposits

State statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts are made with banks doing and having a place of business in the state of Michigan that are also members of a federal or national insurance corporation.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for mitigating custodial credit risk. At June 30, 2014, the District's bank balances were \$9,644,831, of which \$9,383,550 was uninsured and uncollateralized.

The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide \$250,000 of insurance per depositor, per insured bank.

Credit Risk

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations.

State statutes authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances, and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Pool Act and mutual funds composed entirely of the above investments.

The District had no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. At June 30, 2014, none of the District's investments were subject to concentration of credit risk.

Vicksburg Community Schools

Notes to Financial Statements

4. Interfund Transactions

Interfund receivables and payables at June 30, 2014, are as follows:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
General Fund	\$ 196,609	\$ 46,629
Building and Site Fund	-	4,554
2014 Building and Site Fund	-	1,000
Nonmajor Governmental Funds	46,629	191,055
	\$ 243,238	\$ 243,238

All balances are expected to be collected within one year.

Interfund transfers for the year ended June 30, 2014, were as follows:

	<i>Transfer In</i>	<i>Transfer Out</i>
General Fund	\$ 75,000	\$ 373,331
Nonmajor Governmental Funds	373,331	75,000
	\$ 448,331	\$ 448,331

The Food Service Fund transferred \$75,000 to the General Fund for reimbursement of indirect costs.

The General Fund transferred \$373,331 to the 2005 Debt Service Fund and the 2007 Debt Service Fund for the purposes of making principal and interest debt payments.

Vicksburg Community Schools

Notes to Financial Statements

5. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2014.

	<i>Balance, July 1, 2013</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance, June 30, 2014</i>
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 147,402	\$ -	\$ -	\$ 147,402
Construction in progress	-	63,200	-	63,200
Capital assets being depreciated:				
Buildings and improvements	35,938,642	24,254	-	35,962,896
Furniture and equipment	4,580,845	16,400	30,000	4,567,245
Buses	2,214,263	770,455	415,203	2,569,515
Totals at historical cost	42,881,152	874,309	445,203	43,310,258
Less accumulated depreciation:				
Buildings and improvements	14,765,552	880,182	-	15,645,734
Furniture and equipment	2,618,990	176,084	10,501	2,784,573
Buses	1,604,300	119,129	415,203	1,308,226
Total accumulated depreciation	18,988,842	1,175,395	425,704	19,738,533
Net Capital Assets	\$ 23,892,310	\$(301,086)	\$ 19,499	\$23,571,725

Depreciation for the year ended June 30, 2014, was \$1.2 million. The District determined it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Vicksburg Community Schools

Notes to Financial Statements

6. Long-Term Debt

The following is a summary of changes in long-term debt for the District for the year ended June 30, 2014:

	<i>Balance, July 1, 2013</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, June 30, 2014</i>	<i>Due Within One Year</i>
Bonds payable	\$11,860,954	\$6,535,000	\$(1,704,750)	\$16,691,204	\$ 2,263,864
Bond premium	92,642	-	(13,235)	79,407	13,235
Compensated absences	86,062	-	(2,747)	83,315	5,300
Accrued interest on capital appreciation bonds	7,940,764	702,559	(1,070,250)	7,573,073	1,241,136
Installment purchase agreement	750,000	-	(246,901)	503,099	249,987
Other	12,000	12,000	-	24,000	-
	\$20,742,422	\$7,249,559	\$(3,037,883)	\$24,954,098	\$ 3,773,522

Bonds payable at June 30, 2014, are comprised of the following individual issues:

2014 General Obligation - Unlimited Tax Bonds due in annual installments of \$90,000 to \$925,000 through November 2024; interest at 0.40% to 2.60%.	\$ 6,535,000
2013 Refunding Bonds due in annual installments of \$370,000 to \$900,000, through May 2020; interest at 1.00% to 1.75%.	3,770,000
1993 Capital Appreciation Bonds due in annual installments of \$1,700,000 to \$2,700,000, through May 2020; interest at 6.14% to 6.19%.	3,011,204
2007 General Obligation - Limited Tax Bonds due in annual installments of \$100,000 to \$250,000, through May 2025; interest at 4.15% to 4.25%.	1,835,000
2005 General Obligation - Limited Tax Bonds due in annual installments of \$190,000 to \$250,000, through May 2021; interest at 3.75% to 4.00%.	1,540,000
	\$ 16,691,204

The installment purchase agreement consists of a 2012 Purchase Agreement for buses, \$750,000, due in annual installments of \$256,276 including interest at 1.25% through June, 2016.

Vicksburg Community Schools

Notes to Financial Statements

The 1993 bond issue consisted of capital appreciation bonds. The bonds mature annually through 2020. Interest accrues on these bonds semi-annually in November and May.

Debt Service Requirements

The annual requirements to service the outstanding bonds and installment purchase agreement to maturity including both principal and interest are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,513,851	\$ 1,536,192	\$ 4,050,043
2016	2,391,282	1,703,570	4,094,852
2017	1,857,322	1,863,316	3,720,638
2018	1,747,923	2,020,085	3,768,008
2019	1,465,000	2,181,583	3,646,583
2020-2024	6,048,925	2,755,220	8,804,145
2025	1,170,000	22,585	1,192,585
	<u>\$ 17,194,303</u>	<u>\$ 12,082,551</u>	<u>\$ 29,276,854</u>

Current Refunding

During 2013, the District issued \$4,770,000 in general obligation bonds with interest rates ranging from 1.0% to 1.75%. The proceeds of these bonds were used to advance refund \$4,795,000 of outstanding 2003 Refunding Bonds. The net proceeds of \$4,803,988 (after payment of \$58,654 in underwriting fees and other issuance costs) less a net discount of \$6,000 and plus an additional \$95,893 of debt service monies were used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the District's long-term obligations. The advanced refunding reduced the total debt service payments by \$462,290 which represents an estimated economic gain of \$447,063.

7. Employee Retirement System - Defined Benefit Plan

Plan Description

The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the nine-member board of the MPSERS. The MPSERS was established by the state of Michigan to provide retirement, survivor and disability benefits to public school employees. In addition, the health plan provides all retirees with the option of receiving health, dental and vision coverage. The MPSERS was established by Public Act 136 of 1945 and currently operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by contacting the Michigan Public School Employees' Retirement System, P.O. Box 30171, Lansing, Michigan 48909.

Vicksburg Community Schools

Notes to Financial Statements

The regular retirement benefit is based on a member's years of credited service and final average compensation. Final average compensation is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months, divided by the service credit accrued during that same period.

Pension Benefits

Employer contributions to the pension system are established by the School Finance Reform Act. Under the Act, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. For the period from July 1, 2013 through September 30, 2013, employees has the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus with PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PFH
Pension contributions	15.21%	15.02%	15.02%	12.78%	12.78%	12.78%	15.21%
Health contributions	9.11%	9.11%	8.18%	8.18%	9.11%	8.18%	8.18%
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF employer contributions	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

For the period from October 1, 2013 through June 30, 2014, employees had the following plan options with the corresponding employer contribution rates:

	Basic MIP with Premium Subsidy	Pension Plus with Premium Subsidy	Pension Plus with PHF*	Pension Plus to DC with PHF*	Basic MIP DB to DC with DB Health	Basic MIP DB to DC with PHF	Basic MIP with PFH
Pension contributions	18.34%	18.11%	18.11%	15.44%	15.44%	15.44%	18.34%
Health contributions	6.45%	6.45%	5.52%	5.52%	6.45%	5.52%	5.52%
DC employer contributions	0.00%	1.00%	1.00%	3.00%	4.00%	4.00%	0.00%
PHF employer contributions	0.00%	0.00%	2.00%	2.00%	0.00%	2.00%	2.00%

* First worked September 4, 2012 or later.

Depending on the plan selected, employee contributions range from 0% to 7.0% of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

Vicksburg Community Schools

Notes to Financial Statements

The District's contributions to MPERS for the current and two preceding years were as follows:

<i>Year ended June 30,</i>	<i>Employer Contribution</i>
2014	\$ 3,670,742
2013	\$ 3,268,951
2012	\$ 2,837,671

Other Post Employment Benefits

Retirees have the option of health coverage, which is currently funded on a cash disbursement basis. Beginning in 2013, it is funded on a prefunded basis. A significant portion of the premium is paid by MPERS, with the balance deducted from the monthly pension of each retiree health care recipient. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Public Act 75 of 2010 requires each actively employed member of MPERS after June 30, 2010, to contribute 3.0% (or 1.5%) of their compensation to offset employer contributions for health care benefits of current retirees. For each school year that begins on or after July 1, 2011, members shall contribute 3.0% of compensation into the health care funding account. Effective April 1, 2011, a court order eliminated this requirement. The court order is being appealed by the state of Michigan.

Public Act 300 of 2012 allows active members who earned service credit in the 12 months ended September 3, 2012 a voluntary election. Members can continue to contribute 3.0% of their compensation to keep the premium subsidy benefit, or they can elect the Personal Healthcare Fund. Members electing the Personal Healthcare Fund will establish a portable, tax-deferred fund that can be used for paying healthcare expenses in retirement. Member contributions are 2.0% of compensation with a 2.0% employer match contributed into a 401(k) account. Members who first work on or after September 4, 2012 are enrolled in the Personal Healthcare Fund.

8. Risk Management and Benefits

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees, and natural disasters. The District does not consider the cost of general liability insurance to be economically justifiable, and participates in the MASB SET/SEG Risk Sharing Pool for liability, auto, property damage, errors and omissions, and workers' compensation insurance risks. The District pays an annual premium to the pool for its general insurance coverage. The pooling agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event.

The pooling agreement allows the pool to make additional assessments to make the pool self-sustaining. There have been no such assessments in any of the past three fiscal years. It is not possible to estimate the amount of possible future assessments. The MASB SET/SEG has published its own financial report for the year ended June 30, 2014, which can be obtained from the Controller, MASB SET/SEG, 415 West Kalamazoo, Lansing, Michigan 48933.

Vicksburg Community Schools

Notes to Financial Statements

The District participates with the Western Michigan Health Insurance Pool to provide health benefits to all eligible staff members. The West Michigan Health Insurance Pool is a self insurance program with 49 public entities pooling together to insure various groups of employees for health insurance including medical coverage, of which hospitalization is a component, and a prescription drug coverage. The pool pays the first \$200,000 of claims for each participant. These claims are paid out of a loss fund collected from member districts. Excess insurance has been purchased to cover individual and aggregate claims.

9. Bonded Construction Fund and Bond Compliance

The District's 2014 Building and Site Funds includes capital project activities funded with bonds issued after May 1, 1994. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

Supplementary Information

Vicksburg Community Schools

Nonmajor Governmental Funds Combining Balance Sheet

<i>June 30, 2014</i>	<i>Special Revenue Fund</i>	<i>Debt Service Funds</i>		<i>Total</i>
	<i>Food Service</i>	<i>1991 Debt</i>	<i>2005 Debt</i>	
Assets:				
Cash and investments	\$ 512,049	\$ 362,128	\$ 425,007	\$ 1,299,184
Accounts receivable	545	1,244	-	1,789
Due from other funds	42,071	4,558	-	46,629
Inventories	9,024	-	-	9,024
Total Assets	\$ 563,689	\$ 367,930	\$ 425,007	\$ 1,356,626
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 6,368	\$ -	\$ -	\$ 6,368
Due to other funds	163,097	27,958	-	191,055
Unearned revenue	15,045	-	-	15,045
Total Liabilities	184,510	27,958	-	212,468
 Fund Balances:				
Nonspendable -				
Inventory	9,024	-	-	9,024
Restricted	370,155	339,972	-	710,127
Assigned to -				
Debt service	-	-	425,007	425,007
Total Fund Balances	379,179	339,972	425,007	1,144,158
Total Liabilities and Fund Balances	\$ 563,689	\$ 367,930	\$ 425,007	\$ 1,356,626

Vicksburg Community Schools

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

<i>Year ended June 30, 2014</i>	<i>Special Revenue Fund</i>	<i>Debt Service Funds</i>			<i>Total</i>
	<i>Food Service</i>	<i>1991 Debt</i>	<i>2005 Debt</i>	<i>2007 Debt</i>	
Revenues:					
Local sources:					
Property taxes	\$ -	\$2,651,154	\$ -	\$ -	\$2,651,154
Food sales	513,184	-	-	-	513,184
Other	1,219	6,753	62	-	8,034
State sources	39,857	-	-	-	39,857
Federal sources	551,038	-	-	-	551,038
Total Revenues	1,105,298	2,657,907	62	-	3,763,267
Expenditures:					
Food service activities	1,027,486	-	-	-	1,027,486
Athletic activities	-	-	-	-	-
Auditorium activities	-	-	-	-	-
Principal payments on debt	-	1,429,750	185,000	90,000	1,704,750
Interest payments on debt	-	1,142,209	67,222	81,108	1,290,539
Other expenditures	-	31,250	1,075	-	32,325
Total Expenditures	1,027,486	2,603,209	253,297	171,108	4,055,100
Excess (Deficiency) of Revenues Over Expenditures	77,812	54,698	(253,235)	(171,108)	(291,833)
Other Financing Sources (Uses):					
Transfers from other funds	-	-	202,223	171,108	373,331
Transfers to other funds	(75,000)	-	-	-	(75,000)
Total Other Financing Sources (Uses)	(75,000)	-	202,223	171,108	298,331
Changes in Fund Balance	2,812	54,698	(51,012)	-	6,498
Fund Balances, beginning of year	376,367	285,274	476,019	-	1,137,660
Fund Balances, end of year	\$ 379,179	\$ 339,972	\$425,007	\$ -	\$1,144,158

Vicksburg Community Schools

Agency Funds Statement of Changes in Assets and Liabilities

	<i>Balance, July 1, 2013</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance, June 30, 2014</i>
<hr/>				
Assets -				
Cash and investments	\$ 447,219	\$1,015,918	\$ 991,998	<u>\$ 471,139</u>
Liabilities -				
Due to student groups	\$ 447,219	\$1,015,918	\$ 991,998	<u>\$ 471,139</u>

Vicksburg Community Schools
Schedule of Bonded Indebtedness

	1993 Capital Appreciation Bonds		2013 Refunding Bonds		2005 General Obligation		2007 General Obligation		2014 General Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 458,864	\$ 1,241,136	\$ 900,000	\$ 53,338	\$ 190,000	\$ 60,285	\$ 100,000	\$ 77,372	\$ 615,000	\$ 97,772	\$ 2,263,864	\$ 1,529,903
2016	483,170	1,416,830	785,000	44,338	200,000	53,160	110,000	73,223	560,000	112,855	2,138,170	1,700,406
2017	497,322	1,602,678	675,000	36,448	210,000	45,460	120,000	68,657	355,000	110,073	1,857,322	1,863,316
2018	512,923	1,787,077	570,000	24,675	220,000	37,375	135,000	63,678	310,000	107,280	1,747,923	2,020,085
2019	525,000	1,975,000	470,000	14,700	230,000	28,685	150,000	58,075	90,000	105,123	1,465,000	2,181,583
2020	533,925	2,166,075	370,000	6,475	240,000	19,600	160,000	51,850	-	104,515	1,303,925	2,348,515
2021	-	-	-	-	250,000	10,000	175,000	45,050	925,000	95,727	1,350,000	150,777
2022	-	-	-	-	-	-	195,000	37,613	920,000	77,050	1,115,000	114,663
2023	-	-	-	-	-	-	210,000	29,325	920,000	56,580	1,130,000	85,905
2024	-	-	-	-	-	-	230,000	20,400	920,000	34,960	1,150,000	55,360
2025	-	-	-	-	-	-	250,000	10,625	920,000	11,960	1,170,000	22,585
	\$3,011,204	\$10,188,796	\$3,770,000	\$179,974	\$1,540,000	\$254,565	\$1,835,000	\$535,868	\$6,535,000	\$913,895	\$16,691,204	\$12,073,098



Vicksburg Community Schools

Additional Reports Required by
OMB Circular A-133
Year Ended June 30, 2014

Vicksburg Community Schools

Additional Reports Required by *OMB Circular A-133*
Year Ended June 30, 2014

Vicksburg Community Schools

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Vicksburg Community Schools
Vicksburg, Michigan

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 Vicksburg Community Schools (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 2014.

Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Kalamazoo, Michigan

October 27, 2014



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by *OMB Circular A-133*

Board of Education
Vicksburg Community Schools
Vicksburg, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of Vicksburg Community Schools (the District) 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 the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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



Opinion on Each Major Federal Program

In our opinion, the 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 District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 District's internal control over compliance.

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

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

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



Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vicksburg Community Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 27, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

Kalamazoo, Michigan

October 27, 2014

Schedule of Expenditures of Federal Awards

Vicksburg Community Schools

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

<i>Federal Grantor Pass Through Grantor Program/Project Number</i>	<i>Federal CFDA Number</i>	<i>Grant Award</i>	<i>(Memo Only) Prior Year Expenditures</i>	<i>Accrued Revenue June 30, 2013</i>	<i>Current Year Receipts</i>	<i>Current Year Expendi- tures</i>	<i>Adjust- ment</i>	<i>Accrued Revenue June 30, 2014</i>
U.S. Department of Education:								
<i>Passed Through Michigan Department of Education:</i>								
<i>Title I Part A:</i>								
Project 131530-1213	84.010	\$ 372,167	\$ 347,126	\$ 74,767	\$ 83,096	\$ 8,329	\$ -	\$ -
Project 141530-1314	84.010	351,017	-	-	270,372	341,762	-	71,390
Total Title I				74,767	353,468	350,091	-	71,390
<i>Title II Part A Improving Teacher Quality:</i>								
Project 130520-1213	84.367	85,573	59,864	7,058	10,973	3,915	-	-
Project 140520-1314	84.367	129,928	-	-	78,609	122,717	-	44,108
Total Title II Part A Improving Teacher Quality				7,058	89,582	126,632	-	44,108
<i>Total Passed Through Michigan Department of Education</i>				<i>81,825</i>	<i>443,050</i>	<i>476,723</i>	<i>-</i>	<i>115,498</i>
<i>Passed Through Kalamazoo Regional Educational Service Agency (KRESA):</i>								
IDEA - 140450-1314	84.027	43,524	-	-	43,524	43,524	-	-

See accompanying independent auditor's report and notes to Schedule of Expenditures of Federal Awards.

Vicksburg Community Schools

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

<i>Federal Grantor Pass Through Grantor Program/Project Number</i>	<i>Federal CFDA Number</i>	<i>Grant Award</i>	<i>(Memo Only) Prior Year Expenditures</i>	<i>Accrued Revenue June 30, 2013</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Adjust- ment</i>	<i>Accrued Revenue June 30, 2014</i>
U.S. Department of Education (Concluded):								
<i>Passed Through Kalamazoo Regional Educational Service Agency (KRESA) (Concluded):</i>								
<i>Carl D. Perkins Vocational Education:</i>								
Project 143520-141220	84.048	\$ 14,993	\$ -	\$ -	\$ 14,993	\$ 14,993	\$ -	\$ -
<i>Total Passed Through KRESA</i>					-	58,517	58,517	-
Total U.S. Department of Education					81,825	501,567	535,240	-
U.S. Department of Health and Human Services:								
<i>Passed through Michigan Department of Community Health:</i>								
<i>Medicaid Outreach:</i>								
Community Mental Health Outreach Claims	93.778	4,430	-	-	4,430	4,430	-	-
Total U.S. Department of Health and Human Services					-	4,430	4,430	-
U.S. Department of Agriculture:								
<i>Passed Through Michigan Department of Education:</i>								
<i>Child Nutrition Cluster:</i>								
<i>National School Lunch Program - Cash Assistance:</i>								
Project 131960	10.555	42,521	-	-	42,521	42,521	-	-
Project 141960	10.555	325,520	-	-	325,520	325,520	-	-

See accompanying independent auditor's report and notes to Schedule of Expenditures of Federal Awards.

Vicksburg Community Schools

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

<i>Federal Grantor Pass Through Grantor Program/Project Number</i>	<i>Federal CFDA Number</i>	<i>Grant Award</i>	<i>(Memo Only) Prior Year Expenditures</i>	<i>Accrued Revenue June 30, 2013</i>	<i>Current Year Receipts</i>	<i>Current Year Expenditures</i>	<i>Adjust- ment</i>	<i>Accrued Revenue June 30, 2014</i>	
U.S. Department of Agriculture (Concluded):									
<i>Passed Through Michigan Department of Education (Concluded):</i>									
Child Nutrition Cluster (Concluded):									
<i>National Summer School Lunch Program:</i>									
Project 130900	10.559	\$ 7,491	\$ -	\$ -	\$ 7,491	\$ 7,491	\$ -	\$ -	
Project 131900	10.559	773	-	-	773	773	-	-	
<i>Non-Cash Assistance:</i>									
Entitlement Commodities	10.555	67,854	-	-	67,854	67,854	-	-	
<i>National School Lunch - Breakfast Program:</i>									
Project 131970	10.553	9,719	-	-	9,719	9,719	-	-	
Project 141970	10.553	87,949	-	-	87,949	87,949	-	-	
Total Nutrition Cluster					-	541,827	541,827	-	-
<i>Child and Adult Care Food Program:</i>									
Project 141920	10.558	8,822	-	-	8,300	8,822	-	522	
Project 142010	10.558	389	-	-	366	389	-	23	
Total Child and Adult Care Food Program					-	8,666	9,211	-	545
Total U.S. Department of Agriculture					-	550,493	551,038	-	545
Total Federal Awards					\$ 81,825	\$1,056,490	\$ 1,090,708	\$ -	\$116,043

See accompanying independent auditor's report and notes to Schedule of Expenditures of Federal Awards.

Vicksburg Community Schools

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2014

Note 1

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2

Management has utilized the MDE Cash Management System (CMS) Grant Auditor Report (GAR) in preparing the Schedule of Expenditures of Federal Awards.

Note 3

Inventory values are based on the USDA value for donated food commodities and include spoilage.

See accompanying independent auditor's report.

Vicksburg Community Schools

Summary of Auditor's Results and Schedule of Findings and Questioned Costs Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of OMB <i>Circular A-133</i> ?	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Title I	84.010

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

None.

See accompanying independent auditor's report.