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BALDWYN SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

BALDWYN SCHOOL DISTRICT
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JUNE 30, 2005

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INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Superintendent and School Board
Baldwyn School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Baldwyn School District as of and for the year ended June 30, 2005, which collectively comprise the Baldwyn School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Baldwyn School District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Baldwyn School District at June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2006, on our consideration of the Baldwyn School District's internal control over financial reporting and 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 and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the Budgetary Comparison Schedules and corresponding notes on pages 32 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwyn School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements. In addition the Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Brannon Vanstory & Company, PA.

October 19, 2006
Corinth, Mississippi

BALDWYN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

This discussion and analysis of Baldwyn School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. Information contained in this selection is qualified by the more detailed information contained elsewhere in this district's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the district's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

Total net assets increased $143,320, which represents a 4.74% decrease from fiscal year 2004.

General revenues account for $6,038,268 in revenue, or 83.21% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,218,529 or 16.79% of total revenues.

The District had $7,109,956 in expenses; only $1,218,529 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of $6,038,268, were adequate to provide for these programs.

Among major funds, the General Fund had $5,582,365 in revenues and $5,324,746 in expenditures. The General Fund's fund balance decreased $125,571 from the prior year.

Capital assets, net of accumulated depreciation, decreased by $142,983.

Long-term debt decreased by $294,877.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

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

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets 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 years.

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, 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. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the school district's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation 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* issued by the Mississippi Office of the State Auditor. 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 other non-major funds are combined together 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. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process.

The District adopts an annual operating budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund and each major Special Revenue fund.

Additionally, a Schedule of Expenditures of Federal Awards is required by OMB Circular A-133 and can be found in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by $3,168,673 as of June 30, 2005.

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings, building improvements, improvements other than buildings, mobile equipment, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

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 assets for the fiscal year ended June 30, 2005, compared to June 30, 2004.

Table 1
Condensed Statement of Net Assets

	2005	2004	Increase (Decrease)	Percent Increase (Decrease)
Current Assets	$ 1,087,943	$ 1,186,972	$ (99,029)	-8.34%
Captial Assets, Net	7,100,316	7,243,299	(142,983)	-1.97%
Total Assets	8,188,259	8,430,271	(242,012)	-2.87%
Current Liabilities	133,488	223,943	(90,455)	-40.39%
Long-Term Debt Outstanding	4,886,098	5,180,975	(294,877)	-5.69%
Total Liabilities	5,019,586	5,404,918	(385,332)	-7.13%
Net Assets:				
Invested in Capital Assets, Net of Related Debt	2,270,316	2,113,299	157,017	7.43%
Restricted	502,445	346,788	155,657	44.89%
Unrestricted	395,912	565,266	(169,354)	-29.96%
Total Net Assets	$ 3,168,673	$ 3,025,353	$ 143,320	4.74%

Changes in net assets. The District's total revenues for the fiscal year ended June 20, 2005, were $7,256,797. The total cost of all programs and services was $7,109,956. Table 2 presents a summary of the changes in net assets for the fiscal year ended June 30, 2005, compared to June 30, 2004:

Changes in Net Assets

	2005	2004	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Program Revenues	$ 1,218,529	$ 1,363,618	$ (145,089)	-10.64%
General Revenues	6,038,268	5,600,955	437,313	7.81%
Total Revenues	7,256,797	6,964,573	292,224	4.20%
Expenses:				
Instruction	3,939,934	3,923,497	16,437	0.42%
Support Services	2,453,332	2,251,398	201,934	8.97%
Non-Instructional	489,805	503,232	(13,427)	-2.67%
Interest on Long-Term Liabilities	226,885	294,663	(67,778)	-23.00%
Total Expenses	7,109,956	6,972,790	137,166	1.97%
Increase (Decrease) in Net Assets	$ 146,841	$ (8,217)	$ 155,058	-1887.04%

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

Table 3
Net Cost of Governmental Activities

	Total Expenses		Total Percentage Change	Net (Expense) Revenue		Total Percentage Change
	2005	2004		2005	2004	
Instruction	$ 3,939,934	$ 3,923,497	0.42%	$ (3,607,212)	$ (3,342,773)	-7.91%
Support Services	2,453,332	2,251,398	8.97%	(2,047,439)	(1,936,839)	-5.71%
Non-Instructional	489,805	503,232	-2.67%	(9,891)	(34,897)	71.66%
Interest on Long-Term Liabilities	226,885	294,663	-23.00%	(226,885)	(294,663)	23.00%
Total Expenses	$ 7,109,956	$ 6,972,790	1.97%	$ (5,891,427)	$ (5,609,172)	-5.03%

Net cost of governmental activities $5,891,427 was financed by general revenue, which is made up of primarily property and privilege taxes of $1,583,830 and state revenue of $4,261,342.

Investment earnings accounted for $12,728 of general revenues.

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, outflow and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved 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 $981,394, a decrease of $9,220. $627,853 or 63.98% of the fund balance constitutes unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of $353,541 or 36.02% is reserved or designated to indicate that it is not available for spending because it has already been committed.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was $125,571. The fund balance of Other Governmental Funds showed a decrease of $50,562.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Significant changes are noted below.

General Fund
Budgeted Revenues were adjusted primarily to reflect an increase in state revenues that was not anticipated when the original budget was adopted. Budgeted expenditures were decreased for a variety of reasons, such as the following: the district did not replace some staff positions after employees resigned, and textbook spending was down from the prior year.

Major Special Revenue Funds
All major Special Revenue funds were adjusted to reflect the final allocations from the Mississippi Department of Education. The final allocations to the District were not known until after the original budget was adopted.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and Major Special Revenue funds is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2005, the District's total capital assets were $9,054,566, including land, school buildings, buses, other school vehicles, and furniture and equipment. This amount represents an increase of $69,578 from the previous year. Total accumulated depreciation as of June 30, 2005 was $1,954,250 and total depreciation expense for the year was $208,106, resulting in total net assets of $7,100,316.

Additional information of the District's capital assets can be found in this report. Table 4 shows fiscal year ended June 30, 2005, as compared to fiscal year ended June 30, 2004.

Table 4
Capital Assets at June 30, 2005 and 2004 (Net of Depreciation)

	2005	2004	Increase (Decrease)	Percent Increase (Decrease)
Land	$ 42,149	$ 42,149	$ -	0.00%
Buildings	6,458,618	6,609,533	(150,915)	-2.28%
Building Improvements	53,728	56,970	(3,242)	-5.69%
Improvements other than Buildings	281,638	294,238	(12,600)	-4.28%
Mobile Equipment	253,572	233,195	20,377	8.74%
Furniture and Equipment	10,611	7,214	3,397	47.09%
Totals	$ 7,100,316	$ 7,243,299	$ (142,983)	-1.97%

Debt Administration. At June 30, 2005, the District had $4,886,098 in long-term debt outstanding, of which $315,000 is due within one year.

Table 5 shows fiscal year ended June 30, 2005, as compared to fiscal year ended June 30, 2004:

Table 5
Long-Term Debt Outstanding at June 30, 2005 and June 30, 2004

	2005	2004	Increase (Decrease)	Percent Increase (Decrease)
General Obligation Bonds Payable	$ 3,060,000	$ 3,245,000	$ (185,000)	-5.70%
Limited Obligation Bonds Payable	1,525,000	1,605,000	(80,000)	-4.98%
Three Mill Notes Payable	245,000	280,000	(35,000)	-12.50%
Compensated Absences Payable	56,098	50,975	5,123	10.05%
Totals	$ 4,886,098	$ 5,180,975	$ (294,877)	-5.69%

CURRENT ISSUES

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

The District has committed itself to financial excellence for many years. The millage rate has not changed significantly for the 2005-2006 year. The school district plans to continue its sound fiscal management to meet the challenges of the future.

The latest enrollment figures indicate that student enrollment in the District will continue to increase slightly. Therefore, no decrease in funds for the following year is expected.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Baldwyn School District by writing to 107 West Main Street, Baldwyn, MS 38824, or by telephone at (662) 365-1000.

Exhibit A

BALDWYN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 806,403
Due From Other Governments	162,051
Inventories and Prepaid Items	11,886
Deferred Charges	36,513
Restricted Assets	71,090
Capital Assets, Net	7,100,316
Total Assets	8,188,259
LIABILITIES	
Accounts Payable and Accrued Liabilities	55,224
Deferred Revenue	14,812
Interest Payable on Long Term Liabilities	63,452
Long-Term Liabilities (due within one year)	
Capital Related Liabilities	315,000
Long-Term Liabilities (due beyond one year)	
Capital Related Liabilities	4,515,000
Non-Capital Liabilities	56,098
Total Liabilities	5,019,586
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	2,270,316
Restricted Net Assets:	
Capital Improvements	150,000
School-Based Activities	187,730
Debt Service	144,215
Unemployment Benefits	20,500
Unrestricted	395,912
Total Net Assets	$ 3,168,673

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

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Exhibit B

BALDWYN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activities Total
Governmental Activities:					
Instruction	$ 3,939,934	$ -	$ 332,722	$ -	$ (3,607,212)
Support Services	2,453,332	-	405,893	-	(2,047,439)
Non-Instructional Services	489,805	100,121	379,793	-	(9,891)
Interest on Long-Term Liabilities	226,885	-	-	-	(226,885)
Total Governmental Activities	$ 7,109,956	$ 100,121	$ 1,118,408	$ -	(5,891,427)

General Revenues	
Taxes:	
General Purpose Levies	1,291,136
Debt Service Levies	292,694
Unrestricted Grants and Contributions	
State	4,261,342
Federal	48,612
Unrestricted Investment Earnings	12,728
Other Revenues	131,756
Total General Revenues	6,038,268
Change in Net Assets	146,841
Net Assets - Beginning	3,025,353
Prior Period Adjustments (Note 9)	(3,521)
Net Assets - Beginning, as Restated	3,021,832
Net Assets-Ending	$ 3,168,673

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

BALDWYN SCHOOL DISTRICT
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2005

	Major Funds			
	General Fund	School Food Service Fund	Title I Fund	Comprehensive School Reform Fund
ASSETS				
Cash and Cash Equivalents	$ 422,181	$ 148,934	$ 8,376	$ 7,688
Investments	-	-	-	-
Due from Other Governments	59,642	-	-	-
Due From Other Funds	17,910	-	-	-
Inventories and Prepaid Items	-	11,886	-	-
Total Assets	499,733	160,820	8,376	7,688
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable and Accrued Liabilities	$ 47,724	$ -	$ -	$ 7,500
Deferred Revenue	-	-	8,376	-
Due To Other Funds	-	-	-	-
Total Liabilities	47,724	-	8,376	7,500
Fund Balances				
Reserved for:				
Inventory	-	11,886	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unemployment	-	-	-	-
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	-	148,934	-	188
General Fund	452,009	-	-	-
Total Fund Balances	452,009	160,820	-	188
Total Liabilities and Fund Balances	$ 499,733	$ 160,820	$ 8,376	$ 7,688

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

Major Funds (Continued)						
Title VI Rural and Low Income Fund	EHA Part B 94-142 Fund	Title IV Safe and Drug Free Fund	Building Repair and Renovation Fund	MAEP Retirement Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 4,508	$ 150,000	$ -	$ 64,716	$ 806,403
-	-	-	-	71,090	-	71,090
6,551	4,740	-	-	81,558	9,560	162,051
-	-	-	-	-	-	17,910
-	-	-	-	-	-	11,886
6,551	4,740	4,508	150,000	152,648	74,276	1,069,340
$ -	$ -	$ -	$ -	$ -	$ -	$ 55,224
-	-	4,508	-	-	1,928	14,812
6,551	4,740	-	-	-	6,619	17,910
6,551	4,740	4,508	-	-	8,547	87,946
-	-	-	-	-	-	11,886
-	-	-	150,000	-	-	150,000
-	-	-	-	152,648	18,507	171,155
-	-	-	-	-	20,500	20,500
-	-	-	-	-	26,722	175,844
-	-	-	-	-	-	452,009
-	-	-	150,000	152,648	65,729	981,394
$ 6,551	$ 4,740	$ 4,508	$ 150,000	$ 152,648	$ 74,276	$ 1,069,340

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Exhibit C-1

BALDWYN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

	Amount
Total Fund Balance - Governmental Funds	$ 981,394
Amounts reported for governmental activities in the statement of net assets are different because:	
1. Capital assets are used in governmental activities, are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of $1,954,250	7,100,316
2. Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds	(4,886,098)
3. Accrued interest on debt not due and payable in the current period and therefore, not reported in the funds	(63,452)
4. Issuance cost of long-term liabilities is reported as an expenditure in the governmental funds, but is deferred and amortized in the Statement of Net Assets	36,513
Total Net Assets - Governmental Activities	$ 3,168,673

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

BALDWYN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Major Funds			
	General Fund	School Food Service Fund	Title I Fund	Comprehensive School Reform Fund
Revenues				
Local Sources	$ 1,424,299	$ 102,768	$ -	$ 188
State Sources	4,109,454	2,681	-	-
Federal Sources	48,612	357,785	231,602	65,000
Total Revenues	5,582,365	463,234	231,602	65,188
Expenditures				
Instruction	3,264,894	-	109,207	-
Support Services	2,009,858	46,179	103,336	65,000
Non-Instructional Services	49,994	395,617	16,494	-
Debt Service:	-			
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	5,324,746	441,796	229,037	65,000
Excess (Deficiency) of Revenues Over Expenditures	257,619	21,438	2,565	188
Other Financing Sources (Uses)				
Operating Transfers In	15,471	-	-	-
Operating Transfers Out	(350,095)	(10,000)	(2,565)	-
Total Other Financing Sources (Uses)	(334,624)	(10,000)	(2,565)	-
Net Change in Fund Balances	(77,005)	11,438	-	188
Fund Balances:				
July 1, 2004	577,580	153,207	-	-
Prior Period Adjustments	(48,566)	-	-	-
July 1, 2004, as Restated	529,014	153,207	-	-
Decrease in Reserve for Inventory	-	(3,825)	-	-
June 30, 2005	$ 452,009	$ 160,820	$ -	$ 188

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

Major Funds (Continued)						
Title VI Rural and Low Income Fund	EHA Part B 94-142 Fund	Title IV Safe and Drug Free Fund	Building Repair and Renovation Fund	MAEP Retirement Funds	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 2,193	$ 298,987	$ 1,828,435
-	-	-	-	-	110,720	4,222,855
38,551	223,714	3,579	-	163,117	73,547	1,205,507
38,551	223,714	3,579	-	165,310	483,254	7,256,797
14,179	53,376	-	-	-	353,652	3,795,308
24,162	167,867	746	-	-	6,554	2,423,702
-	-	2,833	-	-	-	464,938
-	-	-	-	80,000	220,000	300,000
-	-	-	-	76,199	153,480	229,679
38,341	221,243	3,579	-	156,199	733,686	7,213,627
210	2,471	-	-	9,111	(250,432)	43,170
-	-	-	150,000	-	200,094	365,565
(210)	(2,471)	-	-	-	(224)	(365,565)
(210)	(2,471)	-	150,000	-	199,870	-
-	-	-	150,000	9,111	(50,562)	43,170
-	-	-	-	143,537	116,291	990,615
-	-	-	-	-	-	(48,566)
-	-	-	-	143,537	116,291	942,049
-	-	-	-	-	-	(3,825)
$ -	$ -	$ -	$ 150,000	$ 152,648	$ 65,729	$ 981,394

Exhibit D-1

BALDWYN SCHOOL DISTRICT
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, 2005

	Amount
Net Change in Fund Balances - Governmental Funds	$ 43,170
Amounts reported for governmental activities in the statement of activities are different because:	
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 purchase amounted to $20,078 and the depreciation expense amounted to $208,106	(188,028)
2. Payments of principal on long-term liabilities is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Activities	300,000
3. Increase in compensated absences is not reported in the governmental funds, but it increases expenses in the Statement of Activities.	(5,123)
4. 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 become due	2,794
5. Decrease in the inventory is reported as a decrease to the reserve for inventory in the governmental funds, but non-instructional expenditures are decreased in the Statement of Activities	(3,825)
6. Issuance cost for long-term liabilities is reported as an expenditure in the Governmental Funds, but is deferred and amortized over the life of the debt in the Government-Wide statements	(2,147)
Change in Net Assets of Governmental Activities	$ 146,841

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

Exhibit E

BALDWYN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	Agency Funds
ASSETS	
Cash and Cash Equivalents	$ 272,076
TOTAL ASSETS	$ 272,076
LIABILITIES	
Accounts Payable and Accrued Liabilities	$ 195,470
Due to Club Funds	76,606
TOTAL LIABILITIES	$ 272,076

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

(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

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the school district's governing board. 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, the City of Baldwyn, Mississippi, 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.

B. Basis of Presentation

The school district's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements:
The Statement of Net Assets and Statement of Activities display information about the School District as a whole. They include all funds of the reporting entity except for fiduciary funds, if applicable. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the school district at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the school district's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the school district, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the school district.

Fund Financial Statements:
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

C. Measurement Focus and Basis of Accounting

In the government-wide Statement of Net Assets 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 recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flow takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Program revenues on the Statement of Activities consist primarily of state appropriations and federal awards.

(1) Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes, state appropriations and federal awards associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. It accounts for all financial resources of the school district, except those required to be accounted for in another fund.

School Food Service Fund - This fund is used to account for the district's food service operations.

Title I Fund - This fund is used to account for the federal resources used to provide remedial education.

Comprehensive School Reform Fund - This fund is used to account for the federal resources used for comprehensive reform in educating students.

Title VI Rural and Low Income Fund - This fund is used to account for the federal resources used for aid to school district in rural and low income areas.

IDEA Part B 94-142 Fund - This fund is used to account for federal resources used to provide services for handicapped and special-needs children.

Title IV Safe and Drug Free Fund - This fund is used to account for federal resources used for drug-free educational materials.

Buildings and Grounds Repair and Renovation Fund - This capital projects fund is used to account for resources used for major repairs and renovations planned by the district.

MAEP Note Retirement Fund - This fund is used to account for state resources pledged to repay debt obligations for limited obligation bonds payable.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of Exhibit C.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted for specific expenditure purposes.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

(1) Summary of Significant Accounting Policies (Continued)

FIDUCIARY FUNDS

C. Measurement Focus and Basis of Accounting (Continued)

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 operation.

D. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting* as issued in 2005 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems, 1990,* issued by the U.S. Department of Education.

E. Encumbrances

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

F. Cash and Other Equivalents

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.

Cash and other deposits consist of amounts on deposit in demand accounts and certificates of deposit with maturities of 12 months or less. Cash and cash equivalents are valued at cost.

G. 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 a maturity greater than 12 months when acquired.

Investments are reported at fair value.

H. Inventories and Prepaid Items

Donated inventories 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.

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

(1) Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements.

Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds.

	Capitalization Policy	Estimated Useful Life
Land	$ -	-
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

J. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, warrants, notes, or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments. In the government-wide Statement of Net Assets, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column. See Note (6) for details.

K. Interfund Transactions and Balances

Interfund transactions and balances are the result of timing differences between the date expenses/expenditures occur and the date payments are made.

Short-term (due within one year) interfund loan receivables are reported as "due from other funds" and are considered available expendable resources.

Transfers are used to (a) move revenues from the fund that statue or budget requires collecting to the fund that statue or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note (4) for details for interfund transactions, including receivables and payables at year-end.

(1) Summary of Significant Accounting Policies (Continued)

L. Equity Classifications

Government-Wide Financial Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following is a description of fund reserves used by the district:

Reserved for inventory - An account that represents a portion of the fund balance which indicates that inventories do not represent available spendable resources even though they are a component of net current assets.

Reserved for capital projects - An account that represents a portion of the fund balance in the capital projects funds which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for debt service - An account that represents that portion of fund balance in the debt service funds which was legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for unemployment benefits - An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

M. Property Taxes

Ad valorem property taxes are levied by the governing authorities of the counties and 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 the annual levies are not recognized until the taxes are actually collected by the tax levying authorities.

N. Mississippi Adequate Education Program Revenues

Revenues from the 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.

(1) Summary of Significant Accounting Policies (Continued)

O. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law or at a greater amount provided by school district policy. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as long-term liabilities 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 compensated absence liability payable from expendable available financial resources only if the payable has matured, for example, an employee retires.

(2) Changes in Accounting Standards

As required, the school district has implemented Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3,* for the current fiscal year. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Appropriate note disclosures have been incorporated to comply with the requirements of this standard.

(3) Cash and Cash Equivalents, Cash with Fiscal Agents and Investments

Cash and Cash Equivalents

The collateral for public entities' 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 Depository Insurance Corporation.

The carrying amount of the school district's deposits with financial institutions in the governmental funds and fiduciary funds was $806,403 and $272,076, respectively. The carrying amount of deposits reported in the government-wide statements was: Cash and cash equivalents $806,403. The bank balance was $1,412,379.

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 formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above the 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, 2005, none of the district's bank balance of $1,412,379 was exposed to custodial credit risk.

(3) Cash and Cash Equivalents, Cash with Fiscal Agents and Investments (Continued)

Investments

As of June 30, 2005, the district had the following investments. All investments are in an internal investment pool.

Investment Type	Maturities (in Years)	Fair Market Value	Rating
Hancock Bank Treasury Money Market	Less than 1	$ 71,090	AAA
Total Investments		$ 71,090	

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

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

Custodial Credit Risk - Investments - Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk. As of June 30, 2005, none of the district's investment balance was exposed to custodial credit risk.

Concentration of Credit Risk - Disclosures of investments by amount and issuer for any issuer that represents five percent (5.00%) or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments. As of June 30, 2005, the district had no investments requiring such disclosure.

(4) Interfund Transactions and Balances

The following is a summary of interfund transactions and balances:

A. Due From/Due To Other Funds

	Due From	Due To
Governmental Funds		
General Fund	$ 17,910	$ -
Title VI Rural and Low Income Fund	-	6,551
EHA Part B 94-142 Fund	-	4,740
Other Governmental Funds	-	6,619
Total All Funds	$ 17,910	$ 17,910

All due from/due to balances were to eliminate deficit cash balances.

(4) Interfund Transactions and Balances (Continued)

A. Transfers In/Transfers Out

	Transfers In	Transfers Out
Governmental Funds		
General Fund	$ 15,471	$ 350,095
School Food Service Fund	-	10,000
Title I Fund		2,565
Title VI Rural and Low Income Fund		210
EHA Part B 94-142 Fund	-	2,471
Building Repair and Renovation Fund	150,000	-
Other Governmental Funds	200,094	224
Total All Funds	$ 365,565	$ 365,565

The transfers in to the General Fund were to transfers indirect costs of federal programs. The transfer in to the Building Repair and Renovation Fund was to establish a reserve fund for repair and renovations of school grounds. The transfers in to the Other Governmental Funds were primarily to support the operation of the vocational fund.

(5) Capital Assets

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

	Balance 7/1/04	Additions	Retirements	Completed Construction	Balance 6/30/05
Non-Depreciable Capital Assets					
Land	42,149	-	-	-	42,149
Total Non-Depreciable Capital Assets	42,149	-	-	-	42,149
Depreciable Aapital Assets:					
Buildings	7,803,836	-	-	-	7,803,836
Building Improvements	106,565	-	-	-	106,565
Improvements other than Buildings	314,991	-	-	-	314,991
Mobile Equipment	601,680	14,350	-	49,500	665,530
Furniture and Equipment	115,767	5,728	-	-	121,495
Total Depreciable Capital Assets	8,942,839	20,078	-	49,500	9,012,417
Less Accumulated Depreciation for:					
Buildings	1,194,303	150,915	-	-	1,345,218
Building Improvements	49,595	3,242	-	-	52,837
Improvements other than Buildings	20,753	12,600	-	-	33,353
Mobile Equipment	368,485	39,018	-	4,455	411,958
Furniture and Equipment	108,553	2,331	-	-	110,884
Total Accumulated Depreciation	1,741,689	208,106	-	4,455	1,954,250
Total Depreciable Capital Assets, Net	7,201,150	(188,028)	-	45,045	7,058,167
Governmental Activities Capital Assets, Net	$ 7,243,299	$ (188,028)	$ -	$ 45,045	$ 7,100,316

(5) Capital Assets (Continued)

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	$ 146,574
Support Services	40,658
Non-Instructional	20,874
Total Depreciation Expense	$ 208,106

(6) Long-Term Liabilities

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

	Balance 7/1/04	Additions	Reductions	Balance 6/30/05	Amounts Due Within One Year
A. General Obligation Bonds Payable	$ 3,245,000	$ -	$ 185,000	$ 3,060,000	$ 195,000
B. Limited Obligation Bonds Payable	1,605,000	-	80,000	1,525,000	85,000
C. Three Mill Notes Payable	280,000	-	35,000	245,000	35,000
D. Compensated Absences Payable	50,975	5,123	-	56,098	-
Total	$ 5,180,975	$ 5,123	$ 300,000	$ 4,886,098	$ 315,000

A. General Obligation Bonds Payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Obligation Bonds, Series 2001	Varies	6/1/2001	12/1/2012	$ 1,230,000	$ 910,000
General Obligation Bonds, Series 2002	Varies	7/1/2002	7/1/2022	$ 2,295,000	$ 2,150,000
Total				$ 3,525,000	$ 3,060,000

(6) Long-Term Liabilities (Continued)

A. Limited Obligation Bonds Payable (continued).

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

Year Ending June 30,	Principal	Interest	Total
2006	$ 195,000	$ 130,166	$ 325,166
2007	195,000	121,609	316,609
2008	210,000	112,708	322,708
2009	220,000	103,239	323,239
2010	230,000	93,340	323,340
2011 - 2015	845,000	340,544	1,185,544
2016 - 2020	680,000	189,199	869,199
2020 - 2023	485,000	33,951	518,951
Total	$ 3,060,000	$ 1,124,756	$ 4,184,756

The amount of bonded indebtedness that can be incurred by the school district is limited by state statute. 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 state statutes, have been met. As of June 30, 2005, the amount of outstanding bonded indebtedness was equal to 9.93% of property assessments as of October 31, 2004. This debt will be retired from the 2001 General Obligation Bonds Refinance Fund and the Debt Service 2002 Bond Issue Fund.

B. Limited Obligation Bonds Payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement, Series 1998	Varies	6/1/1998	6/1/2018	$ 1,900,000	$ 1,525,000
Total				$ 1,900,000	$ 1,525,000

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 37-151-7, Miss. Code Ann. (1972). The State Aid Capital Improvement Bonds are not included in the computation of the debt limit percentage.

(6) Long-Term Liabilities (Continued)

B. Limited Obligation Bonds Payable (continued).

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

Year Ending June 30,	Principal	Interest	Total
2006	$ 85,000	$ 72,129	$ 157,129
2007	90,000	68,389	158,389
2008	95,000	64,339	159,339
2009	100,000	60,064	160,064
2010	105,000	55,464	160,464
2011 - 2015	605,000	198,570	803,570
2016 - 2018	445,000	44,118	489,118
Total	$ 1,525,000	$ 563,073	$ 2,088,073

This debt will be retired from the MAEP Retirement Fund.

C. Three Mill Notes Payable.

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Limited Tax Notes, Series 2001	4.50%	11/29/2001	12/1/2011	$ 325,000	$ 245,000
Total				$ 325,000	$ 245,000

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

June 30,	Principal	Interest	Total
2006	$ 35,000	$ 11,178	$ 46,178
2007	35,000	9,581	44,581
2008	35,000	7,984	42,984
2009	35,000	6,405	41,405
2010	35,000	4,791	39,791
2011 - 2012	70,000	4,791	74,791
Total	$ 245,000	$ 44,730	$ 289,730

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

D. Compensated Absences Payable.

As more fully explained in Note 1(O), 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.

(7) Defined Benefit Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to 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 information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800 444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the school district is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Baldwyn School District's contributions to PERS for the years ending June 30, 2005, 2004, and 2003, were $399,314, $336,294, and $323,916, respectively, which equaled the required contributions for each year.

(8) 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 noted 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.

(9) Prior Period Adjustments/Exhibits

A summary of significant fund equity adjustments is as follows:

Exhibit B – Statement of Activities

Explanation	Amount
To correct a prior year error in recording capital assets	$ 45,045
To correct a prior year error in recording prepaid items	(48,566)
Total	$ (3,521)

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

Fund	Explanation	Amount
General Fund	To correct a prior year error in recording prepaid items	$ (48,566)
	Total	$ (48,566)

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Local Sources	$ 1,422,853	$ 1,424,299	$ 1,424,299	$ 1,446	$ -
State Sources	4,086,767	4,109,454	4,109,454	22,687	-
Federal Sources	47,352	48,612	48,612	1,260	-
Total Revenues	5,556,972	5,582,365	5,582,365	25,393	-
Expenditures					
Instruction	3,389,807	3,265,656	3,264,894	124,151	762
Support Services	2,004,364	2,009,858	2,009,858	(5,494)	-
Non-Instructional Services	48,000	49,994	49,994	(1,994)	-
Total Expenditures	5,442,171	5,325,508	5,324,746	116,663	762
Excess (Deficiency) of Revenues over Expenditures	114,801	256,857	257,619	142,056	762
Other Financing Sources (Uses)					
Operating Transfers In	17,538	15,471	15,471	(2,067)	-
Operating Transfers Out	(64,397)	(350,095)	(350,095)	(285,698)	-
Total Other Financing Sources (Uses)	(46,859)	(334,624)	(334,624)	(287,765)	-
Net Change in Fund Balance	67,942	(77,767)	(77,005)	(145,709)	762
Fund Balances					
July 1, 2004	577,580	577,580	577,580	-	-
Prior Period Adjustments	(48,566)	(48,566)	(48,566)	-	-
July 1, 2004, as Restated	529,014	529,014	529,014	-	-
June 30, 2005	$ 596,956	$ 451,247	$ 452,009	$ (145,709)	$ 762

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE SCHOOL FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Local Sources	$ 129,987	$ 102,768	$ 102,768	$ (27,219)	$ -
State Sources	2,900	2,681	2,681	(219)	-
Federal Sources	291,000	357,785	357,785	66,785	-
Total Revenues	423,887	463,234	463,234	39,347	-
Expenditures					
Instruction	37,168	-	-	37,168	-
Support Services	44,913	46,179	46,179	(1,266)	-
Non-Instructional Services	408,035	398,895	395,617	9,140	3,278
Total Expenditures	490,116	445,074	441,796	45,042	3,278
Excess (Deficiency) of Revenues over Expenditures	(66,229)	18,160	21,438	84,389	3,278
Other Financing Sources (Uses)					
Operating Transfers Out	(10,000)	(10,000)	(10,000)	-	-
Total Other Financing Sources (Uses)	(10,000)	(10,000)	(10,000)	-	-
Net Change in Fund Balance	(76,229)	8,160	11,438	84,389	3,278
Fund Balances					
July 1, 2004	153,207	153,207	153,207	-	-
Decrease in Reserve for Inventory	-	-	(3,825)	-	(3,825)
June 30, 2005	$ 76,978	$ 161,367	$ 160,820	$ 84,389	$ (547)

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE TITLE I FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Federal Sources	$ 247,763	$ 231,602	$ 231,602	$ (16,161)	$ -
Total Revenues	247,763	231,602	231,602	(16,161)	-
Expenditures					
Instruction	115,827	109,207	109,207	6,620	-
Support Services	110,883	103,336	103,336	7,547	-
Non-Instructional Services	17,232	16,494	16,494	738	-
Total Expenditures	243,942	229,037	229,037	14,905	-
Excess (Deficiency) of Revenues over Expenditures	3,821	2,565	2,565	(1,256)	-
Other Financing Sources (Uses)					
Operating Transfers Out	(3,461)	(2,565)	(2,565)	896	-
Total Other Financing Sources (Uses)	(3,461)	(2,565)	(2,565)	896	-
Net Change in Fund Balance	360	-	-	(360)	-
Fund Balances					
July 1, 2004	-	-	-	-	-
June 30, 2005	$ 360	$ -	$ -	$ (360)	$ -

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE COMPREHESIVE SCHOOL REFORM FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Local Sources	$ -	$ 188	$ 188	$ 188	$ -
Federal Sources	-	57,500	65,000	57,500	7,500
Total Revenues	-	57,688	65,188	57,688	7,500
Expenditures					
Support Services	-	57,500	65,000	(57,500)	(7,500)
Total Expenditures	-	57,500	65,000	(57,500)	(7,500)
Excess (Deficiency) of Revenues over Expenditures	-	188	188	188	-
Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	-	188	188	188	-
Fund Balances					
July 1, 2004	-	-	-	-	-
June 30, 2005	$ -	$ 188	$ 188	$ 188	$ -

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE TITLE VI RURAL AND LOW INCOME FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Federal Sources	$ 5,327	$ 38,551	$ 38,551	$ 33,224	$ -
Total Revenues	5,327	38,551	38,551	33,224	-
Expenditures					
Instruction	5,264	14,179	14,179	(8,915)	-
Support Services	-	24,162	24,162	(24,162)	-
Total Expenditures	5,264	38,341	38,341	(33,077)	-
Excess (Deficiency) of Revenues over Expenditures	(63)	210	210	147	-
Other Financing Sources (Uses)					
Operating Transfers Out	-	(210)	(210)	(210)	-
Total Other Financing Sources (Uses)	-	(210)	(210)	(210)	-
Net Change in Fund Balance	(63)	-	-	(63)	-
Fund Balances					
July 1, 2004	-	-	-	-	-
June 30, 2005	$ (63)	$ -	$ -	$ (63)	$ -

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE EHA PART B 94-142 FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Federal Sources	$ 248,085	$ 223,714	$ 223,714	$ (24,371)	$ -
Total Revenues	248,085	223,714	223,714	(24,371)	-
Expenditures					
Instruction	41,866	53,376	53,376	(11,510)	-
Support Services	192,638	167,867	167,867	24,771	-
Total Expenditures	234,504	221,243	221,243	13,261	-
Excess (Deficiency) of Revenues over Expenditures	13,581	2,471	2,471	(11,110)	-
Other Financing Sources (Uses)					
Operating Transfers Out	(3,555)	(2,471)	(2,471)	1,084	-
Total Other Financing Sources (Uses)	(3,555)	(2,471)	(2,471)	1,084	-
Net Change in Fund Balance	10,026	-	-	(10,026)	-
Fund Balances					
July 1, 2004	-	-	-	-	-
June 30, 2005	$ 10,026	$ -	$ -	$ (10,026)	$ -

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

BALDWYN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE TITLE IV SAFE AND DRUG FREE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Original to Final	Final to Actual
Revenue					
Federal Sources	$ 10,921	$ 3,579	$ 3,579	$ (7,342)	$ -
Total Revenues	10,921	3,579	3,579	(7,342)	-
Expenditures					
Instruction	2,000	-	-	2,000	-
Support Services	2,791	746	746	2,045	-
Non-Instructional Services	6,001	2,833	2,833	3,168	-
Total Expenditures	10,792	3,579	3,579	7,213	-
Excess (Deficiency) of Revenues over Expenditures	129	-	-	(129)	-
Other Financing Sources (Uses)					
Transfers Out	(129)	-	-	129	-
Total Other Financing Sources (Uses)	(129)	-	-	129	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balances					
July 1, 2004	-	-	-	-	-
June 30, 2005	$ -	$ -	$ -	$ -	$ -

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

BALDWYN SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005

Budgetary Comparison Schedule

(1) Basis of Presentation

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

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statue, final budget revisions must be approved on or before the date established by the Mississippi Department of Education. 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.

(3) Individual Fund Disclosures

The Comprehensive School Reform Fund was not budgeted originally, since this was a new fund to account for a grant that was applied for and received after the original budget was adopted. This fund was also not budgeted at the time the grant was awarded, and this unbudgeted fund is in violation of state law. However, the school district has no liability associated with this violation. This fund also had an excess of expenditures over the final budget in the amount of $7,500. This excess of expenditures over budget is not in violation of state law since the excess resulted from an auditors' adjustment.

BALDWYN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass-Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
U.S. Department of Agriculture		
Passed-Through Mississippi Department of Education:		
Non-Cash Assistance:		
Food Donation	10.550	$ 27,662
Child Nutrition Cluster:		
School Breakfast Program	10.553	101,969
National School Lunch Program	10.555	222,326
Total Child Nutrition Cluster		324,295
Total Passed-Through Mississippi Department of Education		351,957
Total U.S. Department of Agriculture		351,957
Federal Communications Commission		
Administered through the Universal Service Administratvie Company		
The Schools and Libraries Program of the Universal Service Fund	32.XXX	23,282
Total Federal Communications Commission		23,282
U.S. Department of Education		
Passed-Through Mississippi Department of Education:		
Special Education Cluster:		
Special Education - Grants to States	84.027	223,714
Special Education - Preschool Grants	84.173	17,556
Total Special Education Cluster		241,270
Title I Grants to Local Educational Agencies	84.010	231,602
Vocational Education - Basic Grants to States	84.048	1,693
Safe and Drug-Free Schools and Communities - State Grants	84.186	3,579
Education for Homeless Children and Youth	84.196	-
Twenty-First Century Community Learning Centers	84.287	-
State Grants for Innovative Programs	84.298	4,982
Education Technology State Grants	84.318	4,193
Comprehensive School Reform Demonstration	84.332	65,000
Rural Education	84.358	38,551
Improving Teacher Quality - State Grants	84.367	45,123
Total		635,993
Total Passed-Through Mississippi Department of Education		635,993
Total U.S. Department of Education		635,993
Total for All Federal Awards		$ 1,011,232

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.

Schedule 2

BALDWYN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL, ADMINISTRATIVE AND OTHER EXPENDITURES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

Expenditures	Total	Instructional	Administrative	Other
Salaries and fringe benefits	$ 5,129,774	$ 3,515,169	$ 622,425	$ 992,180
Other	2,083,853	280,139	287,188	1,516,526
Total	$ 7,213,627	$ 3,795,308	$ 909,613	$ 2,508,706
Total number of students *	953			
Cost per student	$ 7,569	$ 3,982	$ 954	$ 2,632

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

Instruction - Includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers' aides or classroom assistants of any type – all the 1000 function codes.

Administrative - Includes expenditures for the following functions: Support Services - General Administrative (2300s); Support Services - School Administration (2400s); and Support Services – Business (2500s).

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

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

Superintendent and School Board
Baldwyn School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Baldwyn School District as of and for the year ended June 30, 2005, which collectively comprise Baldwyn School District's basic financial statements and have issued our report thereon dated October 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the school district's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baldwyn School 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the school district in a separate letter dated October 19, 2006, which is included in this report.

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

Brawner Vanstory & Company, P.A.

October 19, 2006
Corinth, Mississippi

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Baldwyn School District

Compliance

We have audited the compliance of the Baldwyn School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Baldwyn School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Baldwyn School District's management. Our responsibility is to express an opinion on the school district's compliance based on our audit.

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. Our audit does not provide a legal determination on the school district's compliance with those requirements.

In our opinion, Baldwyn School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Baldwyn School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the school district's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not note any matters involving internal control over compliance and its operation that we consider to be material weaknesses.

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

Brannen Vanatoy & Company, P.A.

October 19, 2006
Corinth, Mississippi

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Superintendent and School Board
Baldwyn School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Baldwyn School District as of and for the year ended June 30, 2005, which collectively comprise Baldwyn School District's basic financial statements and have issued our report thereon dated October 19, 2006. We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Section 37-9-18(3), Miss. Code Ann. (1972), states in part, "the auditor shall test to insure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported $19,898 of classroom supply funds carried over from previous years.

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 instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding
During our audit, we noted that the Comprehensive School Reform Fund, a new fund to account for a new grant was not budgeted before money was expended. The fund was created during the year, after the original budget was adopted.

Recommendation
We recommend the school district comply with Section 37-61-19, Miss. Code Ann. (1972), which requires a fund to be budgeted before any expenditures are incurred in that fund.

Response
We concur. The business manager will, in the future, be sure that all funds have a legally adopted budget before any expenditures are incurred.

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

Brannon Vanstory & Company, P.A.

October 19, 2006
Corinth, Mississippi

BALDWYN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005

Section 1: Summary of Auditors' Results

Financial Statements:

1.	Type of auditors' report issued on the financial statements:	Unqualified
2.	Material noncompliance relating to the financial statements?	No
3.	Internal control over financial reporting:	
	a. Material weakness (es) identified?	No
	b. Reportable conditions identified that are not considered to be material weaknesses?	No

Federal Awards:

4.	Type of auditors' report issued on compliance for major federal programs:	Unqualified
5.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Reportable conditions identified that are not considered to be material weaknesses?	No
6.	Any audit findings reported as required by Section__.510 (a) of OMB Circular A-133?	No
7.	Federal programs identified as major programs:	
	a. Child Nutrition Cluster CFDA #10.553 CFDA #10.555	
8.	The dollar threshold used to distinguish between type A and type B programs:	$300,000
9.	Auditee qualified as a low-risk auditee?	Yes
10.	Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section ___.315(b) of OMB Circular A-133?	No

Section 2: Financial Statement Findings

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

Section 3: Federal Award Findings and Questioned Costs

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